

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

MICROSOFT CORPORATION,

Defendant.

Civil Action No. 98-1232 (CKK)

Next Court Deadline:

March 13, 2007 Status Conference

**JOINT STATUS REPORT ON MICROSOFT'S
COMPLIANCE WITH THE FINAL JUDGMENTS**

The United States of America, Plaintiff in *United States v. Microsoft*, CA No. 98-1232 (CKK), and the Plaintiffs in *New York, et. al. v. Microsoft*, CA No. 98-1233 (CKK), the States of New York, Ohio, Illinois, Kentucky, Louisiana, Maryland, Michigan, North Carolina, and Wisconsin (the "New York Group"), and the States of California, Connecticut, Florida, Iowa, Kansas, Massachusetts, Minnesota, Utah, and the District of Columbia (the "California Group") (collectively "Plaintiffs"), together with Defendant Microsoft, hereby file a Joint Status Report on Microsoft's Compliance with the Final Judgments, pursuant to this Court's Order of May 14, 2003.

I. INTRODUCTION

At the December 1, 2006 Status Conference, the Court directed the Plaintiffs to file a Status Report updating the Court on activities relating to Microsoft's compliance with the Final Judgments entered in *New York, et. al. v. Microsoft*, CA No. 98-1233 (CKK), and in *United States v. Microsoft*, CA No. 98-1232 (CKK).¹

The last Status Report, filed November 21, 2006, served as a six-month report, containing certain relevant information requested by the Court. Order at 1-3 (May 14, 2003). This Report is an interim report relating only to recent enforcement activities. Section II of this Report discusses Plaintiffs' efforts to enforce the Final Judgments; this section was authored by Plaintiffs. Section III discusses Microsoft's efforts to comply with the Final Judgments; this section was authored by Microsoft. Neither Plaintiffs nor Microsoft necessarily adopts the views expressed by the other.

¹ Plaintiffs filed previous reports on April 17, 2003, July 3, 2003, October 17, 2003, January 16, 2004, April 14, 2004, July 9, 2004, October 8, 2004, January 25, 2005, June 1, 2005, October 19, 2005, February 8, 2006, May 12, 2006, August 30, 2006, and November 21, 2006 to inform the Court as to the Plaintiffs' efforts to enforce the Final Judgments and Microsoft's efforts to comply with the Final Judgments. Plaintiffs also filed a Supplemental Joint Status Report on November 18, 2005.

II. UPDATE ON PLAINTIFFS' EFFORTS TO ENFORCE THE FINAL JUDGMENTS

A. Section III.E (Communications Protocol Licensing)

Plaintiffs' work concerning Section III.E and the Microsoft Communications Protocol Program ("MCP") continues to center on efforts to improve the technical documentation provided to licensees. In particular, Plaintiffs, in conjunction with The Technical Committee ("TC") and Craig Hunt, the California Group's technical expert, are focused on monitoring Microsoft's project to rewrite the technical documentation that has been described in detail in recent status reports.² As part of this project, Microsoft has committed to rewriting the technical documentation pursuant to an agreed-upon specification, providing additional support to licensees in the form of "plugfests" and interoperability labs, developing a test suite to enable testing of the completeness and accuracy of the documentation, and supporting the TC's testing efforts.

As previously reported, the initial availability version of the first set of new documents resulting from Microsoft's rewrite project — Milestone 1 — was provided to the TC on October 24, 2006. The TC's initial review of the documents concluded that the discipline and structure inherent in using the prescribed templates had succeeded in producing documentation that is easier to use than the prior version of the documentation. The TC provided feedback to Microsoft to facilitate improvement of the rewritten documents and clarification of the specification. Microsoft agreed to make a number of clarifications to the specification and

² The TC is working closely with Mr. Hunt on all of these technical documentation issues. References to Microsoft working with the TC in this section should be taken to include Mr. Hunt as well.

improvements in the documents and Microsoft's writing process; a few of the exact details of these changes are still being worked out between Microsoft and the TC. Microsoft is rolling out these improvements as it releases new documents and will go back and apply them to documents that already have been released. Plaintiffs are satisfied with Microsoft's cooperation in this respect and look forward to finalizing the remaining outstanding issues shortly.

Microsoft produced the initial availability versions of the Milestone 2 and Milestone 3 technical documents on schedule on December 18, 2006 and February 21, 2007, respectively. The TC's initial review of the Milestone 2 documents suggests that their overall quality is meaningfully higher than that of the Milestone 1 documents. Plaintiffs are encouraged that Microsoft was able to build on the progress it made in Milestone 1 by releasing Milestone 2 documents of a higher standard of quality. (The Milestone 3 documents were produced quite recently and Plaintiffs are not yet in a position to provide an initial report on their quality.) It remains imperative that Microsoft apply all necessary resources and energy to the rewrite project to ensure that future documents are of a high quality.

It is premature, however, to draw any final conclusions about the quality of the Milestone 1 and Milestone 2 documents. Significant additional testing — including the TC's review of outstanding Technical Documentation Issues (“TDIs”) and implementation work, and eventual validation testing — is necessary to assess their completeness and accuracy. As Plaintiffs described in the prior Joint Status Reports, there are two important matters to observe over time to assess the quality of the new technical documents and the success of the rewrite project.

First, with the final release (or “online build”) of each set of technical documents, Microsoft must provide an explanation of how the new documents address each outstanding TDI

that reads on those documents. For each 60-day TDI, the TC will analyze Microsoft's report to determine whether the issue has been adequately resolved; the TC will also sample Microsoft's replies for the non-60-day TDIs as a check on the quality of the documents. If the rewritten documents resolve a substantial majority of the old TDIs — as determined by the TC's review — that will be a significant step towards demonstrating that the rewrite project is achieving its goals. On January 19, 2007, Microsoft produced the "online build" and accompanying memorandum addressing outstanding TDIs for Milestone 1. The TC determined that the rewritten documentation resolved 15 of the 19 60-day TDIs filed against the old documentation. Microsoft and the TC are discussing the other four TDIs. The TC has not yet conducted its sample of the non-60-day TDI responses from Milestone 1 to assess their quality.

Second, the TC has begun using these rewritten documents in their prototype implementation work, providing a practical test of the documents' quality. A key element to analyze will be the number and seriousness of new TDIs generated by the TC during this implementation work. If the TDI filing rate is substantially lower than that associated with using the old documents — and the seriousness of the new TDIs is also reduced — this would be an indicator that the new documentation is higher in quality than the prior version. To enable the Court to track Microsoft's progress on this front, beginning with this Joint Status Report Microsoft will provide details on the number of TDIs filed against the revised technical documents. Microsoft has committed to fully resolve all TDIs filed by the TC against the new documents within 60 days. This will only be possible if Microsoft devotes the necessary resources to providing answers to the TC, and if the new documents are of sufficient quality that

the number — and especially the complexity and severity — of the TDIs filed against them is lower than with the old technical documents.

Finally, as Microsoft reported in its February 15, 2007 Supplemental Status Report, Microsoft has stated that it was necessary to modify the project schedule by: (1) adding a new milestone to the project — Milestone Longhorn — between Milestone 3 and Milestone 4; (2) adjusting the allocation of the documents to particular milestones; and (3) adding just under two months to the overall schedule for the rewrite project. Microsoft determined that there are a number of protocols that must be documented in addition to those originally planned, either because they were added to Longhorn Server after the initial schedule was developed, or because they were inadvertently overlooked in preparation of the original technical documentation and the schedule for the rewrite project. Plaintiffs are concerned that Microsoft has not been able to meet its original schedule and are particularly troubled that at this late hour in the program Microsoft is still discovering protocols that should have been included in the original documentation. Plaintiffs are discussing this matter with Microsoft and will report to the Court further at the Status Conference.

B. Section III.C, III.D and III.H (Competing Middleware and Defaults)

Plaintiffs, with the assistance of the TC, continue to monitor developments regarding Windows Vista, Microsoft's successor to the Windows XP operating system, to assure compliance with the Final Judgments. This includes extensive testing by the TC of the final versions of Windows Vista, Windows Media Player 11, and Internet Explorer 7 to discover any middleware-related issues that were either introduced in the release version of Vista or not previously discovered by the TC or Microsoft.

As detailed in prior status reports, the TC and Microsoft have increased their cooperation in several ways to help ensure that middleware ISVs achieve “Vista-readiness.” As described in more detail in Microsoft’s section of this Status Report, the TC and Microsoft have continued to meet with middleware ISVs since the filing of the last Status Report. This work will continue on a proactive basis now that Microsoft has released the final version of Vista.

The TC’s ISV Tool, first reported to the Court in the October 26, 2005 Joint Status Report, continues to prove very useful to ISVs who are modifying middleware products for Vista. The TC has created another software program, referred to as the “Client Simulator.” The Client Simulator does not include any actual middleware functionality other than registering correctly as middleware in Vista and conforming to all Microsoft and TC recommendations for Vista middleware behavior. The Client Simulator is being used by the TC to test Vista’s handling of middleware defaults.

The Client Simulator can also be used by ISVs as an example of the recommended operation of Vista-ready middleware. The TC will be providing the Client Simulator to interested ISVs and posting the program and its source code on the TC’s website. Thus, the source code of the Client Simulator will be available to ISVs as a model for their code, or for incorporation in their products.

At the last status conference, Plaintiffs reported that they had just received a middleware-related complaint. Since then, Plaintiffs have been investigating this complaint, including obtaining significant additional information from Microsoft and the complainant. Plaintiffs have not yet completed their investigation, but expect to do so by the time of the next Joint Status Report.

As has been reported in the press, Plaintiffs have received reports and testimony of the class action plaintiffs' expert in *Comes v. Microsoft Corp.*, No. CL 82311 (Iowa D. Ct.), containing allegations that Microsoft has failed to disclose certain APIs as required by Section III.D of the Final Judgments. Plaintiffs are investigating the matters raised by the *Comes* expert and expect to report to the Court on the results of that analysis in the next Joint Status Report.

III. UPDATE ON MICROSOFT'S COMPLIANCE WITH THE FINAL JUDGMENTS

In this section of the report, Microsoft focuses on its compliance work relating to Sections III.E and III.H of the Final Judgments. In addition, this section briefly summarizes the activities of the compliance officers under the Final Judgments, as well as the inquiries and complaints received by Microsoft since the November 21, 2006 Joint Status Report.

A. Section III.E (Communications Protocol Licensing)

1. MCPP Status Update

In total, there are 35 companies licensing communications protocols pursuant to Section III.E of the Final Judgments. Since the previous Joint Status Report, one additional firm has executed a royalty-bearing MCPP license, increasing the total number of royalty licensees to 27. The new licensee is Compuware Corporation, which is an internationally-recognized provider of enterprise software and IT services, including IT management, application development, quality assurance, and application service management. Compuware has signed a license for the proxy and firewall protocols. In addition, a current licensee, Cisco Systems, Inc., has executed an additional license for general server protocols. Microsoft is in discussions with other prospective licensees and will continue to update the Court and the Plaintiffs on any new developments.

In addition to these 27 licensees, another company, Juniper Networks, has taken advantage of the royalty-free protocol license offered on MSDN, bringing the total number of royalty-free licensees to eight. Also, two additional MCPP licensees now are shipping products under the MCPP, bringing the total number of MCPP licensees shipping products to 14.

Since the last Joint Status Report, Microsoft has continued to promote offers for MCPP licensees to receive Technical Account Manager support and to obtain access to Windows source code at no additional charge. To date, seven licensees have signed up with Microsoft to receive free Technical Account Manager support and five licensees have signed up for Windows source code access. Microsoft is in contact with several other MCPP licensees who are considering signing up for one or both of these offers. In addition, four licensees have signed the “Longhorn Server Development Agreement,” which provides licensees with access to information and documentation for the forthcoming Longhorn Server product.

2. *Technical Documentation*

a. *Microsoft’s Progress in Modifying the Technical Documentation*

As explained in Microsoft’s February Supplemental Status Report, Microsoft proposed a newly revised schedule for the Initial Availability release of the revised MCPP documentation, which is as follows:

Milestone	September 2006 Schedule		Revised Schedule	
	Initial Availability to Licensees	Number of Documents	Initial Availability to Licensees	Number of Documents
Milestone 1	10/25/2006	29	Delivered	31
Milestone 2	12/15/2006	32	Delivered	24
Milestone 3	2/22/2007	33	Delivered	38
Longhorn Milestone	n/a	n/a	4/3/2007	30
Milestone 4	4/11/2007	23	5/11/2007	35
Milestone 5	5/29/2007	27	7/20/2007	38

Microsoft delivered the Initial Availability Milestone 1 documents to licensees as planned on or before October 25, 2006 and the Online Build on January 19, 2007. The Initial Availability documents for Milestone 2 were delivered to licensees on December 18, 2006 and the Online Build was produced during the early morning hours of March 3, 2007. The Initial Availability Milestone 3 documents were delivered to licensees on February 21, 2007. The feedback from the TC regarding the quality of this newly rewritten documentation has been positive. As described in further detail below, Microsoft has resolved a substantial majority of the pre-existing technical documentation issues (“TDIs”) related to the Milestone 1 Online Build documents. The Milestone 2 Online Build documents are still being evaluated by the TC, although preliminary feedback from the TC regarding the quality of the Milestone 2 documentation also has been positive.

As explained in Microsoft’s February Supplemental Status Report, adjustments in the rewrite schedule were made to accommodate additional work that Microsoft did not anticipate when it proposed the original rewrite schedule in September 2006. As a result, the number of

pages of documentation that Microsoft now expects to deliver as part of the rewrite project is significantly larger — likely thousands of pages larger — than Microsoft originally anticipated in Fall 2006.

The increase in the volume of the documentation is due to two primary factors: 1) the need to document new protocols that Microsoft identified as part of an internal audit, and 2) a conclusion by Microsoft that overall quality of the documentation could be improved by providing more comprehensive and detailed descriptions for a certain number of existing protocols. Each of these factors is discussed below.

First, as explained in the previous Status Report, Microsoft conducted an internal audit, including a review of Longhorn Server development, to determine whether additional protocols should be added to the MCPP documentation rewrite project. A similar audit was conducted at the time the MCPP was created to identify the protocols that should be made available for license. This latest audit was designed to verify and update the results of that initial MCPP audit. This latest audit identified ten new protocols that relate to the Longhorn Server product, which still is under development.³ The audit also identified ten additional protocols that are not new for Longhorn, but that Microsoft determined should be added to the MCPP and reflected in the rewritten documentation.

Second, as the rewrite project progressed, Microsoft concluded that it could enhance the rewritten documentation for certain existing protocols by providing more detailed and comprehensive descriptions. This increased significantly the number of pages that Microsoft

³ In the previous Status Report, Microsoft reported that it had identified 11 additional Longhorn Protocols as a result of the internal audit. Based on an additional review of the audit results, that number has since been revised to ten.

expected to produce in connection with the existing documentation. In some instances, Microsoft concluded that the overall quality of the documentation also would improve by describing certain protocols with multiple documents.

After careful consideration, Microsoft concluded that adding this additional work to the already tight documentation schedule would risk compromising the quality of the documents produced. As Microsoft has indicated in past Status Reports and to the Plaintiffs, the schedule as previously proposed contained virtually no buffer. Microsoft further indicated that unforeseen obstacles that emerge during the rewrite project could impact the timing of the schedule, but that Microsoft would not allow the quality of the rewritten documentation to be compromised. Accordingly, Microsoft proposed to the TC and the Plaintiffs adding a “Longhorn Milestone” and adjusting the remaining Milestones accordingly. This new Milestone will ensure that Microsoft will deliver the Longhorn protocols to licensees prior to the last major Longhorn Server Beta. Adding this additional Milestone will provide Microsoft with the minimum time it needs to ensure that the quality of the rewritten documentation continues to be very high.

As explained in its previous Supplemental Status Report, Microsoft believes that the revised schedule still is aggressive in light of the number of documents and pages that Microsoft will produce, but can be achieved without compromising the quality of the rewritten documentation. Accordingly, this adjustment to the schedule does not reflect a decrease in effort, but an increase in the amount of work that Microsoft needs to complete. Microsoft remains fully committed to the project and will work with the Plaintiffs in a cooperative fashion to ensure that the objectives set forth in the schedule are achieved.

b. *Current Status of Microsoft's Progress in Resolving TDIs through February 28, 2007*

As noted in previous Status Reports, Microsoft has endeavored to address the TDIs in the old technical documentation in the course of writing the new technical documentation.

Accordingly, Microsoft reviewed the Milestone 1 documentation to ensure that all previously existing TDIs relating to the Milestone 1 Online Build documentation (including those that were previously closed and those that were not addressed in the old documentation) were addressed in the rewritten documentation. Based on this review, Microsoft has closed a substantial majority of the TDIs addressed by the Milestone 1 documentation. Specifically, Microsoft closed all 98 non-60 Day TDIs in the old documentation. The TC has reviewed and closed 15 of the 19 60-day TDIs, and the remaining four are still under discussion.

The current status of TDIs in the old documentation for the previous months is set forth below. The TDI charts included in Joint and Supplemental Status Reports reflect Microsoft's progress in addressing TDIs during the previous month. Therefore, only the ten TDIs addressed by Milestone 1 that were closed during the previous month are reflected in the chart below. The remaining TDIs were closed during prior months (including prior to the release of the rewritten documentation) and reflected in previous Status Reports.

Old Document TDIs		
	As of 01/31/2007	Period Ending 02/28/2007
60-Day TDIs Submitted by TC		
Submitted this period		0
Closed this period		10
Outstanding	185	175
Other TDIs Submitted by TC		
Submitted this period		11
Closed this period		0
Outstanding	636	647
TC Subtotal Outstanding	821	822
TDIs Identified by MS		
Identified this period		0
Closed this period		0
Outstanding	93	93
Total Outstanding	914	915

Microsoft will continue to update the Court regarding its progress in resolving TDIs in the old documentation. Moreover, the TC will continue to identify TDIs in documentation that has not yet been rewritten.

Given the volume and complexity of the new technical documentation, it is inevitable that additional TDIs will emerge in the newly rewritten documentation, even as TDIs in the old documentation are being resolved. By way of context, the Milestone 1 documentation consists of over 2800 pages of complex technical information. Microsoft and the TC therefore have established a structure for identifying and resolving TDIs in the new documentation. Under this new structure, the TC will identify all TDIs in the new Online Build documentation according to three priority levels.

“Priority 1” TDIs are those that either block the TC’s implementation of the protocol or impair the ability of the TC to assess the quality of the documentation. Priority 1 TDIs will be

addressed by Microsoft within seven days. Within those seven days, Microsoft will either resolve or develop a “workaround” for the TDI so that it no longer interferes with the TC’s implementation project. In the case of a “workaround,” Microsoft still will submit permanent resolution for the TDI within 60 days of when the TDI initially was filed. “Priority 2” TDIs do not completely block the TC’s implementation of the protocol, but impact the TC’s ability to finalize its implementation or review of the protocol. Priority 2 TDIs will be resolved by Microsoft within 60 days. “Priority 3” TDIs relate to minor issues such as typographical errors and will be addressed by Microsoft within 60 days.

In addition to TDIs identified by the TC, Microsoft will update the Court regarding the number of TDIs that have been submitted by licensees and self-identified by Microsoft. These TDIs will be resolved by Microsoft within 60 days.

The current status of TDIs identified in rewritten documentation through February 28, 2007 is noted in the chart below. Of the 183 TDIs noted below, 153 have been addressed by Microsoft and are either awaiting review by the TC or final quality control review by Microsoft before being formally closed.⁴

⁴ Microsoft has proposed resolutions to the TC for 78 of the 100 outstanding TDIs identified by the TC (including 16 of the 19 Priority 1 TDIs). The TC is in the process of reviewing these proposed resolutions. In addition, Microsoft has preliminarily resolved 75 of the 83 TDIs self-reported by Microsoft. These 75 TDIs are awaiting final internal quality control review by Microsoft.

Rewritten Document TDIs		
	Prior to 2/1/07	2/1/07-2/28/07
Priority 1 TDIs Submitted by the TC		
Submitted this period		8
Closed this period		3
Outstanding	14	19
Priority 2 TDIs Submitted by the TC		
Submitted this period		33
Closed this period		33
Outstanding	53	53
Priority 3 TDIs Submitted by the TC		
Submitted this period		19
Closed this period		7
Outstanding	16	28
TC Outstanding	83	100
TDIs Identified by Microsoft		
Identified this period		74
Closed this period		13
Microsoft Outstanding	22	83
TDIs Identified by Licensees		
Identified this period		0
Closed this period		0
Licensee Outstanding	0	0
Total Outstanding	105	183

3. *Technical Documentation Testing*

a. *Protocol Test Suite*

Microsoft has continued its efforts to develop a preliminary cluster of test suites and expects to complete this work by the March 31, 2007 target date. Once completed, the TC will review the development of these preliminary test suites and provide feedback to Microsoft. Microsoft will incorporate this feedback into the preliminary cluster of test suites and then will select an additional batch of protocols for the development of a second cluster of test suites.

Microsoft anticipates delivering clusters of test suites to the TC and to licensees on a quarterly basis. The protocols to be included in the quarterly releases will be prioritized to correspond to the release of the rewritten technical documentation and to emphasize those protocols that are likely to be of greatest value to licensees.

In addition to this work, Microsoft has continued work on plans to capture network traffic generated by the test suites and to provide these captures to the TC for its validation project.

b. *Interoperability Lab*

On August 30, 2006, Microsoft announced to MCPP licensees the availability, at no charge, of Microsoft's Interoperability Lab in the Microsoft Enterprise Engineering Center for testing licensee implementations of MCPP protocols. The Interoperability Lab offers direct access to Microsoft product development teams and technical support from Microsoft's engineering staff to address issues that may arise during testing. Microsoft has initiated a series of in-person visits to licensees in order to promote the availability of these services. These visits and other efforts to promote this resource have been successful in generating interest among

licensees. Since the last report, one Proxy/Firewall licensee has scheduled a visit to the Interoperability Lab during June 2007. In addition, four licensees have expressed interest in participating, and Microsoft is working with each of them to plan and schedule future participation. This includes one File Sharing licensee that has tentatively committed to visit the lab during the second half of 2007.

c. *Plug-fests*

As noted in the previous Status Report, Microsoft hosted its first plug-fest, which was for licensees of the Media Streaming protocols, on December 12-14, 2006. There are two additional plug-fests currently being planned. The File Server Protocols plug-fest is scheduled to take place from April 30-May 3, 2007. Three licensees have signed up for this event, and several others have expressed interest. The initial Authentication and Certificate Services Protocols plug-fest will be held during the second or third quarter of 2007.

4. *Technical Documentation Team Staffing*

Robert Muglia, the Senior Vice President for Microsoft's Server and Tools Business, continues to manage the documentation effort along with additional senior product engineering team managers.

Altogether, approximately 313 Microsoft employees and contingent staff are involved in work on the MCPP technical documentation. Given the substantial overlap between the MCPP and the European Work Group Server Protocol Program, all of these 313 individuals devote their efforts to work that relates to both programs or that is exclusive to the MCPP. Of these, approximately 150 product team engineers and program managers are actively involved in the creation and review of the technical content of the documentation. In addition, there are

approximately 24 full-time employees and 46 contingent staff working as technical writers, editors, and production technicians. In addition, as the protocol testing effort has started, there are now 20 full-time employees and 44 contingent staff and vendor staff working as software test designers, test engineers, and test architects. There also are approximately 29 technical architects, managers, and employees from the Windows product development organization and the Competitive and Regulatory Affairs team who devote a substantial amount of time and effort to the technical documentation and the MCPP in general. Significant attention and involvement in the technical documentation and the MCPP extend through all levels of the Microsoft organization and draw upon the resources of numerous product engineering, business, technical, and legal groups, as well as company management.

B. ISV Readiness for Windows Vista

As discussed in Microsoft's previous Supplemental Status Reports, Windows Vista handles middleware settings on a "per user" rather than the previous "per machine" basis. This change to the operating system necessitates that middleware ISVs change various settings in order to take advantage of the newly revised Middleware functionality in Windows Vista. Accordingly, the TC and Microsoft have cooperated in various ways to encourage middleware ISVs to achieve "Vista-readiness" prior to the shipment of Windows Vista.

Microsoft worked closely with the TC to notify 30 ISVs identified by the TC in each of the four Middleware categories — Internet browsers, media players, e-mail clients, and instant messaging — of the need to prepare their middleware applications for Windows Vista and of the various opportunities made available to the ISVs by Microsoft and the TC, including a Vista-Readiness Lab in Redmond. Twenty-six of the 30 ISVs responded positively, taking advantage

of or indicating interest in the offered opportunities. The four remaining ISVs that chose not to take advantage of the Vista-Readiness Lab are receiving support from Microsoft by e-mail and phone.

In light of this progress and the release of Windows Vista, Microsoft will update the Court on significant developments in future Joint Status Reports rather than Microsoft providing a detailed overview in its monthly Supplemental Status Reports.

C. Compliance Officers

Since the Initial Status Report was filed on July 3, 2003, the compliance officers have continued to ensure that newly-appointed Microsoft officers and directors receive copies of the Final Judgments and related materials (ongoing), that Microsoft officers and directors receive annual briefings on the meaning and requirements of the Final Judgments (annual training sessions are scheduled for the Spring 2007), that annual certifications are completed for the most recent year (completed by December 2006), and that required compliance-related records are maintained (ongoing). In addition, the compliance officers are actively engaged in Microsoft's extensive and ongoing training programs and commit to monitor matters pertaining to the Final Judgments.

D. Complaints and Inquiries Received by Microsoft

Microsoft has received 52 complaints or inquiries since the November 21, 2006 Joint Status Report. None of these complaints or inquiries was related to any of Microsoft's compliance obligations under the Final Judgments. Twenty-one of the inquiries were received from the same person and were all in connection with the same non-substantive issue.

Dated: March 6, 2007

Respectfully submitted,

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