

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: May 12, 2006 Joint
Status Report

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

Defendant Microsoft hereby files its Supplemental Status Report on Microsoft's Compliance with the Final Judgments, pursuant to the joint proposal by Microsoft and the Plaintiffs, and approved by the Court at the Status Conference on November 18, 2005, that Microsoft file monthly reports detailing the status of its parser development project and its cooperation with the Technical Committee's ("TC") prototype implementation and validation projects.

As agreed upon by the parties, Microsoft's Supplemental Status Reports generally will be divided into three areas. *First*, Microsoft will provide an update regarding its parser development efforts, including whether the project is proceeding on pace with the schedule outlined in the November 18, 2005 Supplemental Joint Status Report. *Second*, Microsoft will report on its efforts in support of the TC's prototype implementation and validation projects. And, *third*, Microsoft will update the Court on any substantive issues raised by the TC and/or

parser writers with regard to the technical documentation, as well as Microsoft's activities in accordance with the revised Service Level Goals ("SLGs").

I. MICROSOFT'S PARSER DEVELOPMENT EFFORTS

Microsoft's parser development and delivery efforts remain on schedule. Most importantly, Microsoft will deliver the parsers for the first cluster of protocols in final form on schedule at the end of April. These protocol parsers should provide an additional useful tool to assist licensees in developing their implementations of Microsoft's protocols. In addition, Microsoft remains on schedule for the delivery of other clusters of protocol parsers in pre-release (test) form.

As discussed in the previous status reports, Microsoft is developing and delivering protocol parsers to Microsoft Communications Protocol Program ("MCP") licensees on a rolling basis, with additional parsers becoming available each month. Parsers will be delivered first in pre-release form, with the final version of each parser delivered to licensees approximately two months after delivery of the pre-release version. Microsoft refers to a group of parsers released in a particular month as a "cluster." There are a total of four clusters on the current delivery schedule.

Microsoft now has successfully delivered pre-release versions of the Netmon application and the pre-release versions of Cluster One and Cluster Two parsers in accordance with the parser delivery schedule. On March 21, 2006 Microsoft provided the Cluster Two CDs to the TC in Redmond, and provided the TC with a presentation demonstrating usage and functionality.

That same day, Microsoft shipped individually-customized Cluster Two packages to each MCPP licensee. These customized packages are based upon the specific task licensed by the MCPP licensee. In addition to the parsers, each package contained a demonstration and support video and other information to assist licensees in understanding and using the parsers. Microsoft also has created a customized support plan for each licensee and developed an infrastructure that will allow licensees (and the TC) to provide feedback to Microsoft and receive technical support.

Based on its work to date, the Netmon team expects that the Cluster Three parsers also will be delivered on time, according to the schedule below. (Minor scheduling changes along the lines of those previously reported above for Clusters One and Two remain possible for the remaining clusters, as well as the Netmon features required to support them.) Microsoft will keep the Plaintiffs and Court apprised as to Microsoft's progress in delivering these clusters and as to any scheduling modifications; however, Microsoft does not anticipate that these changes will materially alter the overall delivery schedule. Taking into account the modifications discussed above, the current anticipated delivery schedule remains on track and is as follows:¹

¹ As described in the previous reports, several protocols have been moved between clusters due to various dependencies and a small number of protocols have been dropped for technical reasons. Specifically, since the previous Status Report, one additional protocol was added to Cluster Three. This additional protocol, which was inadvertently omitted from the original schedule that was compiled by Microsoft and the TC, relates to Rights Management Services ("RMS"). After discovering this omission, Microsoft added the RMS protocol to the delivery schedule and has since completed a preliminary version of the protocol.

Release Date	Pre-Released Protocols²	Final Protocols
February 2006	21	-
March 2006	23	-
April 2006	19	21
May 2006	19	23
June 2006	-	19
July 2006	-	19

Microsoft has continued to add staff as additional qualified personnel are identified. The parser development and Netmon development teams now have a total of 42 members working at Microsoft's headquarters in Redmond, Washington and its facilities in China.

II. MICROSOFT'S COOPERATION WITH THE TC'S PROJECTS

As described in the previous Status Reports, the first test pass in support of the TC's data collection effort in India occurred in January. The second test pass took place on schedule in March. The TC is evaluating the data captured during these tests. Microsoft will continue to provide support to the TC as it is requested.

Test data also has been collected at five separate test labs in Redmond where Microsoft performs testing of certain Windows components. Microsoft and the TC worked together to install the equipment in the five Redmond test labs and completed that work on March 10, 2006. As a result, the March test pass captured the test data as planned.

² In some instances, the Microsoft parser development team has found that more than one parser is required to parse a "protocol." Accordingly, the table below has been clarified to indicate the number of "protocols" being released rather than the number of "parsers."

In addition, Microsoft remains on schedule to produce versions of the technical documentation containing changes to the XML markup in accordance with the schedule presented by Microsoft in the November 18, 2005 Supplemental Joint Status Report. Under that schedule (restated below), Microsoft delivered the latest round of technical documentation containing changes to the XML markup to the TC on March 14, 2006. Microsoft is on schedule to meet the remaining target dates.

Target Date	Microsoft Deliverable	Date Delivered
End of January	10% of MCPP protocols	February 1, 2006
End of February	25% of MCPP protocols	February 28, 2006
End of March	40% of MCPP protocols	March 14, 2006
End of April	60% of MCPP protocols	N/A
End of May	80% of MCPP protocols	N/A
End of June	100% of MCPP protocols and 100% of the royalty-free documents	N/A

Microsoft has four employees working full time on the XML markup.

III. STATUS OF TECHNICAL DOCUMENTATION ISSUES

As described in the previous report, Microsoft has put in place an improved infrastructure to address newly identified bugs as quickly, accurately, and expeditiously as possible under the revised SLGs. Below is an overview of: 1) Microsoft's progress in resolving bugs since the previous Status Report, including its efforts to further improve the infrastructure and level of internal quality control; and 2) an update on Microsoft's staffing.

A. *Microsoft's Progress in Resolving Bugs*

Since the previous report, a total of 235 bugs have been closed. At the same time, both Microsoft and the TC have identified new bugs. As a result, the total number of outstanding bugs is currently 410.

As noted in the previous report, Microsoft proposed technical documentation ("fixes") for nearly half of all outstanding "bugs." As part of this effort, Microsoft proposed fixes for 58 of the 71 bugs that the TC has reclassified as "high priority" bugs and has committed to resolve these within 60 days. The 60-day period for resolving these bugs expires on April 20, 2006 and April 21, 2006.

Since the previous report, Microsoft has received valuable feedback from the TC regarding the proposed bug fixes. Although the TC did not accept most of the proposed bug fixes for purposes of closing the bugs, Microsoft has worked closely with the TC to understand the nature of the TC's concerns. This dialogue has been helpful, and Microsoft believes it now has a better understanding of the TC's expectations and will proceed accordingly.

Of the 58 60-day proposed bug fixes submitted by Microsoft to the TC in March, the TC responded by notifying Microsoft that: a) five successfully unblocked the issue; b) 35 required additional information from Microsoft; c) three did not provide the appropriate fix; d) four resulted in changes to the documentation that created new issues; e) four contained some information that was technically incorrect; and f) seven were not relevant to the question as presented by the TC.

After reviewing a sampling of the 247 proposed bug fixes that Microsoft submitted for non-60-day bugs, the TC classified: a) 42 percent as "non-responsive;" b) 35 percent as "fixed;" and c) 24 percent as "incomplete." The TC has engaged the services of a third-party auditing

firm to assess the non-60-day proposed bug fixes. In the interim, Microsoft is continuing to work on resolving all outstanding non-60-day bugs and will evaluate its progress further when the results of the audit become available.

During a series of recent discussions, including a candid and productive meeting with the Plaintiffs and the TC in Redmond on April 5, 2006, Microsoft gained a better understanding of the information that the TC expects to receive as part of a proposed bug fix. Specifically, progress was made in narrowing a contextual gap in the way Microsoft has been developing bug fixes and the way the TC reviews them. In the course of Microsoft's development and testing work, with which its engineers are familiar, Microsoft typically approaches bug fixing and associated documentation in an environment in which a protocol has already been implemented. As a result, engineers at Microsoft rarely need to provide other developers with broad explanations of the code and its underlying architecture. Rather, engineers at Microsoft typically focus on providing a bug fix that simply corrects the specific problem. By contrast, the TC approaches the documentation from a different perspective. The TC wants the bug fixes proposed by Microsoft to provide a clear understanding of the bug fix itself, as well as the software context in which the bug fix is made. Thus a broader explanation of the underlying code and architecture is in many instances necessary for the TC to determine whether a bug has been "fixed." Microsoft accordingly has enlisted numerous internal engineers and software architects to support the process for resolving bugs and to provide the TC with the additional information it requests.

As a result of these differences, the expectations Microsoft and the TC have had for how the bug fixes should look have not been fully aligned. Accordingly, Microsoft and TC engineers plan to work side by side for a period of time, beginning next week, to confirm both parties'

understanding of specific bugs and to validate Microsoft's approach to resolving those bugs.

This is in contrast to the previous approach, which involved Microsoft receiving feedback from the TC on a bug fix only after it had been submitted to the TC by Microsoft.

Microsoft is continuing to consult with the TC during this iterative process to ensure that any new submissions of proposed bug fixes are consistent with the TC's expectations. As might be predicted, this revised process has temporarily slowed down the rate of proposed resolutions by Microsoft, but the result will be that future submissions are more likely to meet the TC's requirements. As a result, as of March 31, 2006, Microsoft had not yet resubmitted any of the 58 60-day proposed bug fixes that the TC deemed insufficient.

In addition to addressing the contextual gap, Microsoft has taken a number of other steps to further improve the process for addressing bugs in the technical documentation. This includes adding additional internal audit and quality control reviews, involving senior product team engineers and architects, prior to a bug fix being submitted to the TC. Microsoft is optimistic that these efforts, taken together with the other efforts described above, will translate into a higher resolution rate for future bug fixes.

Microsoft would like to note that the TC has been very responsive in providing feedback to Microsoft, particularly with respect to the 60-day bug fixes, and generally has provided a response to Microsoft within two business days of a proposed 60-day bug fix being submitted by Microsoft. Of the proposed bug fixes submitted to the TC by Microsoft but that have not yet been closed (including 60-day and non-60-day bugs), 36 were submitted just prior to the filing of this report. Accordingly, the TC has not had an opportunity to fully evaluate these proposed fixes and provide a response to Microsoft. Similarly, 62 of the new bugs received since the last

report were submitted to Microsoft just prior to the filing of this report and have not yet been evaluated by Microsoft.³ As both Microsoft and the TC continue their efforts to improve coordination, Microsoft anticipates that the exchange of bugs and bug fixes will take place at a more even rate throughout each month.

The two charts below indicate the status of the 60-day and non-60 day bugs. At the Plaintiffs' request, below is one chart that is based on a monthly reporting period (as of March 31, 2006). Also, below is an additional chart that depicts the current status (as of April 14, 2006) and reflects the cumulative progress to date in closing bugs.

³ The large number of bugs being submitted to Microsoft in this instance was due to a technical problem with the TC and Microsoft bug tracking systems. This issue has now been resolved.

As of March 31, 2006

Bug Type	Previous Report	New Bugs	Bugs Closed	Proposed Fixes Submitted by Microsoft But Not Yet Closed	Remaining Open Bugs (includes proposed fixes submitted by Microsoft but not yet closed)
<i>60-Day Bugs Submitted by the TC</i>	71	5	4	7	72
<i>Other Bugs Submitted by the TC</i>	236	25	54	0	207
<i>TC subtotal</i>	307	30	58	7	279
<i>Bugs Identified by Microsoft</i>	91	100	81	0	110
<i>TOTAL</i>	398	130	139	7	389

As of April 14, 2006

Bug Type	Previous Report	New Bugs	Bugs Closed	Proposed Fixes Submitted by Microsoft But Not Yet Closed	Remaining Open Bugs (includes proposed fixes submitted by Microsoft but not yet closed)
<i>60-Day Bugs Submitted by the TC</i>	71	11	6	19	76
<i>Other Bugs Submitted by the TC</i>	236	81	79	0	238
<i>TC subtotal</i>	307	92	85	19	314
<i>Bugs Identified by Microsoft</i>	91	155	150	0	96
<i>TOTAL</i>	398	247	235	19	410

B. *Documentation Team Staffing*

Since the previous report, Microsoft has increased the level of executive oversight and coordination and consultation with Microsoft's internal product development engineers. To lead this effort, Microsoft has assigned two senior executives to oversee and coordinate the documentation effort: Robert Muglia (Senior Vice President for Microsoft's Server and Tools Business) and Jawad Khaki (Corporate Vice President for Microsoft's Windows Networking & Device Technologies). Mr. Muglia is an 18-year Microsoft veteran and is responsible for Microsoft's Server and Tools Business, which is part of Microsoft's Platform Products & Services Division. Among other things, Mr. Muglia has direct responsibility for overseeing the development and marketing of Microsoft's infrastructure and developer software, including Microsoft Windows Server, Microsoft SQL Server, Microsoft Visual Studio, Microsoft Management Servers and others. Mr. Khaki, a 17-year veteran of Microsoft, oversees the development of Networking & Device Technologies for Microsoft Windows platforms. Mr. Khaki is an expert in the development of integrated communication and device technologies and oversees, among other things, the networking and device advances in Windows Vista. Mr. Muglia and Mr. Khaki are experts in the relevant technologies and are personally engaged in overseeing Microsoft's protocol documentation work.

Microsoft also has recently hired four more full-time employees, including two programmer-writers and two managers, for the protocol documentation team. This effort continues to be supplemented by almost 50 Microsoft employees who were temporarily reassigned from Windows Vista and other projects to work full-time on the documentation effort. In addition, there are 17 full-time members of the protocol documentation team and 16 other full-

time employee members of Microsoft's Competitive and Regulatory Affairs team who devote a substantial amount of time and resources 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.

Respectfully submitted,

/s/ Charles F. Rule
CHARLES F. RULE (D.C. Bar No. 370818)
Fried, Frank, Harris, Shriver & Jacobson LLP
1001 Pennsylvania Avenue, NW
Suite 800
Washington, DC 20004-2505
(202) 639-7300

STEVE L. HOLLEY
RICHARD C. PEPPERMAN II
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
(212) 558-4000
*Counsel for Defendant
Microsoft Corporation*