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: July 17, 2006 Supplemental 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.[1]

As agreed upon by the parties, this Supplemental Status Report 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 existing prototyping and validation projects. *Third,* Microsoft will update the Court on its progress in revising the technical documentation.

[1] The TC as referenced in this report is meant to include Craig Hunt, the California Group's technical expert.

I. MICROSOFT'S PARSER DEVELOPMENT EFFORTS

Microsoft's parser development and delivery efforts remain on schedule. On May 31, 2006, Microsoft shipped the final version of Cluster Two parsers and the preliminary version of Cluster Four parsers to the licensees and the TC. In addition, Microsoft remains on schedule for the delivery of the remaining clusters of protocol parsers in final form. Microsoft now has successfully delivered pre-release versions of the Network Monitor ("Netmon") application and the pre-release versions of Cluster One, Cluster Two, Cluster Three, and Cluster Four parsers, as well as the final version of Cluster One and Cluster Two parsers, in accordance with the parser delivery schedule. Based on its work to date, the Netmon team expects that the remaining final parsers also will be delivered on time, according to the schedule below:[2]

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

Microsoft has recently identified, as part of an ongoing audit and review process, a small set of parsers for protocols that was inadvertently excluded during the development of the

[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 has been clarified to indicate the number of "protocols" being released rather than the number of "parsers." Moreover, as described in the previous reports, several protocols have been moved between clusters due to various dependencies, a small number of protocols have been dropped for technical reasons, and Microsoft has added two protocols. Specifically, Rights Management Services, which was inadvertently omitted from the original schedule that was compiled by Microsoft and the TC, was added to Cluster Three. Similarly, Direct Play v.4 was deemed to be in scope, and a parser for it has been added to Cluster Four. ActiveDataTablegram was moved from Cluster Three to Cluster Four. Because of the changes, there are 21 protocols now planned for delivery in Cluster Four.

original project plan. Microsoft will deliver parsers for those protocols and improved versions of Netmon in maintenance releases throughout the remainder of 2006 and through 2007. Engineering plans and schedules are still under development; however, the team currently is expecting to provide maintenance releases about once per quarter.

The parser development and Netmon development teams currently have approximately 40 members working at Microsoft's headquarters in Redmond, Washington and its facilities in China.

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

Microsoft expects to produce versions of the technical documentation containing changes to the XML markup one week later than the schedule presented by Microsoft in the November 18, 2005 Supplemental Status Report. Pursuant to that schedule (restated below), Microsoft delivered the latest round of technical documentation containing changes to the XML markup to the TC on May 31, 2006. Microsoft expects to complete the XML markup project by July 6, 2006.

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	May 1, 2006
End of May	80% of MCPP protocols	May 31, 2006
End of June	100% of MCPP protocols and 100% of the royalty-free documents	N/A

Microsoft currently has nine individuals working full-time on the XML markup.

III. STATUS OF TECHNICAL DOCUMENTATION ISSUES

A. *Microsoft's Progress in Modifying the Technical Documentation*

As anticipated in the last Joint Status Report, Microsoft has been working closely with the TC to establish an overarching specification to govern the way in which the technical documentation will be rewritten. While some additional work remains before the specification can be finalized, significant progress has been made. In particular, Microsoft and the TC have been working to develop three distinct specification templates for different categories of protocol documentation. The templates will guide Microsoft as it implements the overarching specification. Microsoft provided draft specification templates to the TC and has since received detailed feedback. Based on the TC's feedback, it appears that Microsoft and the TC will be able to resolve all of the remaining issues to the satisfaction of the TC, the Plaintiffs, and Microsoft. Microsoft is optimistic that the remaining work will be completed shortly.

Once the templates are finalized, Microsoft will work with the Plaintiffs and the TC to establish a project work plan for all the protocols. Based on that plan, Microsoft will rewrite the technical documentation in accordance with the specification templates. In addition, Microsoft will continue to assist the TC in its efforts to test the documentation or, as appropriate, to determine alternative methods for testing and validating the revised documentation. Microsoft will update the Court regarding these upcoming endeavors in future Status Reports.

In addition to the work here in the United States, Microsoft understands that the United States and the European Commission ("EC") have begun a productive dialogue with the goal of reaching a common, or at least consistent, specification covering the substantial overlaps in the technology being licensed under both the United States and European protocol licensing programs. Microsoft has not been a party to these initial discussions. However, Microsoft stands ready to participate in this dialogue as requested and to provide constructive support to this effort.

In the interim, based on an agreement with the Monitoring Trustee for the EC, Microsoft began the process of rewriting the documentation for the protocols that the EC has required to be

made available. The rewrite is based on specifications to which Microsoft and the Monitoring Trustee have agreed. As of June 14, 2006, Microsoft has produced documentation for 19 protocols to the Monitoring Trustee. Given the overlap with the Microsoft Communication Protocol Program ("MCPP") protocols, all of these rewritten protocols also have been shared with the TC, although, as Microsoft has indicated to the TC, additional work is required by Microsoft before these documents will be ready to be fully evaluated under the MCPP. Sixteen of the 19 rewritten protocols also are included in the MCPP. Microsoft is currently in the process of evaluating this rewritten documentation to determine how many outstanding bugs from the TC have been addressed and to develop a plan to complete the process of closing outstanding bugs associated with each of the documents that were recently rewritten.

B. *Communications with Licensees Regarding the Royalty Credit*

In addition to these efforts, Microsoft also has begun implementing its commitment to provide MCPP licensees with a credit against royalty payments due to Microsoft during the time that Microsoft is rewriting the licensed technical documentation. On June 12, 2006, Microsoft informed each licensee currently paying royalties about the availability of the credit. Furthermore, on June 15, 2006, Microsoft sent each licensee a letter setting forth the complete terms of the royalty credit and its associated terms.

C. *Status of Existing Bugs*

As the Plaintiffs recognized in the previous Status Report, the TC expects that Microsoft will address the outstanding bugs relating to a given protocol concurrent with the delivery of the relevant revised protocol documentation. Thus, if the Microsoft rewrite project is successful, all or most of the outstanding bugs that have been identified to date should be satisfactorily addressed by Microsoft as the new documentation is produced. Preliminary review by the parties of the initial protocols sent to the Monitoring Trustee indicated that a number of the outstanding bugs had been addressed by the revised documentation. Microsoft will continue this analysis with the review of the TC.

During this interim period before the revised documentation is completed, the TC will continue to identify bugs in the existing technical documentation, and Microsoft will respond on a case-by-case basis to a subset of the 60-day bugs that the TC deems to be most important. The following is an overview of the current status of bugs in the existing technical documentation. As the Plaintiffs recognized in the previous Joint Status Report, because Microsoft is focusing its energy on revising the technical documentation (which is designed to address the outstanding bugs), the number of outstanding bugs in the existing technical documentation (including 60-day bugs) should be expected to rise in the upcoming weeks or months until revised versions of the documentation are completed.

Bugs Opened - Closed - Outstanding		
	As of 05/08/2006	Period Ended 05/31/2006
60-Day Bugs Submitted by TC		
Submitted this period		4
Closed this period		23
Outstanding	79	60
Other Bugs Submitted by TC		
Submitted this period		145
Closed this period		21
Outstanding	335	459
TC Subtotal Outstanding	414	519
Bugs Identified by MS		
Identified this period		109
Closed this period		77
Outstanding	87	119
Total Outstanding	501	638

D. *Documentation Team Staffing*

As discussed at the last Joint Status Conference, Robert Muglia, the Senior Vice President for Microsoft's Server and Tools Business, continues to manage, oversee, and devote significant attention to the documentation effort along with additional senior product engineering team managers.

Altogether, approximately 259 Microsoft employees and contingent staff are involved in work on the technical documentation. Of these, approximately 175 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 27 full-time employees and 32 contingent staff working as technical writers, editors, and production technicians. There also are approximately 25 other 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.

Respectfully submitted,

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