UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, PLAINTIFF, V. MICROSOFT CORPORATION, DEFENDANT.	C.A. NO. 98-1232
STATE OF NEW YORK, ET AL., PLAINTIFFS, V. MICROSOFT CORPORATION, DEFENDANT.	C.A. NO. 98-1223
MICROSOFT CORPORATION, COUNTERCLAIM-PLAINTIFF, V. DENNIS C. VACCO, ET AL., COUNTERCLAIM-DEFENDANTS.	JANUARY 13, 1999 WASHINGTON, D.C.

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TRANSCRIBED DEPOSITION EXCERPTS

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PENGAD-Bayonne, N. J.
GOVERNMENT EXHIBIT
1469

1 (DEPOSITION EXCERPTS OF CHRISTOPHER JONES.)
2 Q. LET ME GO BACK AND TRY TO ASK MY
3 ORIGINAL QUESTION AS BEST I CAN WITH THAT
4 EXPLANATION IN MIND. AND IF THE WAY I DO IT
5 DOESN'T WORK, LET ME KNOW.
6 RELATIVE TO WHAT YOU UNDERSTAND--LET ME
7 FIRST ASK YOU THE WAY THAT YOU HAVE THE MOST
8 INFORMATION TO ANSWER IT. IF I WERE TO ASK YOU
9 THE DIFFERENCES IN INTERNET EXPLORER IN
10 WINDOWS 98 AS IT'S CURRENTLY CONTEMPLATED
11 SHIPPING, WHATEVER RELEASE CANDIDATE VERSION IS
12 OUT, IF I WANTED TO COMPARE THAT TO INTERNET
13 EXPLORER SEPARATE FROM WINDOWS 98, WOULD YOUR
14 KNOWLEDGE BE BEST COMPARING IE 4.01 TO WINDOWS 98
15 OR SERVICE PACK 1 TO WINDOWS 98?
16 A. I COULD COMPARE SERVICE PACK 1 TO
17 WINDOWS 98.
18 Q. TELL ME WHAT, IF ANYTHING, IN INTERNET
19 EXPLORER 4 THAT WILL SHIP WITH WINDOWS 98 IS
20 DIFFERENT FROM WHAT IS IN SERVICE PACK 1.
21 A. IT'S--THE COMPONENTS THEMSELVES ARE
22 BASICALLY THE SAME. THE ONLY EXCEPTION THAT I
23 KNOW OF--AND AGAIN, THIS IS TO THE BEST OF MY
24 KNOWLEDGE--THE ONLY EXCEPTIONS THAT I KNOW OF ARE
25 HOW THE DLL'S ARE PERFORMANCE-TUNED. THERE IS A

1 WAY THAT YOU CAN REARRANGE CODE SEGMENTS TO
2 MINIMIZE WORKING SET AND TO MAXIMIZE--ACTUALLY,
3 YOU DON'T WANT TO--TO MAKE AS SMALL AS POSSIBLE
4 THE START TIME AND THE MEMORY ALLOCATIONS. SO,
5 FOR DIFFERENT SYSTEMS, WE OCCASIONALLY DO
6 DIFFERENT TYPES OF TUNING.
7 THE MAIN DIFFERENCE, THOUGH, IS THAT
8 WINDOWS 98--A LOT OF THE OTHER PARTS OF
9 WINDOWS 98 RELY HEAVILY ON THE INTERNET EXPLORER
10 TECHNOLOGIES TO DELIVER WHAT THEY WANT TO
11 CUSTOMERS. AND SO IT'S LESS A DIFFERENCE OF WHAT
12 IS DELIVERED IN WINDOWS 98 FROM MY TEAM AND MORE
13 A DIFFERENCE OF WHAT ELSE IN WINDOWS 98 DEPENDS
14 ON WHAT IS DELIVERED FROM MY TEAM.
15 Q. WHAT IS YOUR UNDERSTANDING OF WHAT
16 PARTS OF WINDOWS 98 USE OR RELY ON INTERNET
17 EXPLORER TECHNOLOGIES THAT DON'T EXIST WHEN
18 INTERNET EXPLORER 4 IS RUNNING ON WINDOWS 95?
19 A. THE TWO FEATURES I'M MOST FAMILIAR
20 WITH--AND THERE ARE PROBABLY MORE--ONE IS THE
21 WINDOWS UPDATE TECHNOLOGIES, AND THE SECOND IS
22 THE HTML HELP AND EXTENDED HELP SERVICES.
23 Q. OKAY. LET ME JUST ASK YOU A BIT ABOUT
24 EACH OF THOSE. CAN YOU DESCRIBE VERY GENERALLY
25 WHAT THE WINDOWS UPDATE FEATURE IS.

1 A. TO THE BEST OF MY KNOWLEDGE, THE
2 WINDOWS UPDATE FEATURE IS A WAY FOR WINDOWS 98
3 USERS TO GET CONSISTENT UPDATES TO THEIR SYSTEM
4 WHEN BUG FIXES AND SECURITY FIXES AND NEW
5 FUNCTIONALITY BECOMES AVAILABLE THAT THEY CAN
6 TAKE ADVANTAGE OF.
7 Q. AND IN JUST SORT OF THE BARE OUTLINE
8 FORM, WHAT IS YOUR UNDERSTANDING OF HOW IT WORKS?
9 A. MY UNDERSTANDING OF HOW IT WORKS IS
10 THERE'S A WEB SITE WHICH IS ABLE TO ASK YOU FOR
11 INFORMATION ABOUT YOUR MACHINE AND THEN REGISTER
12 THAT, AND THEN AS YOU CONNECT TO THAT WEB SITE TO
13 LOOK UP IN A DATABASE TO FIGURE OUT WHAT HAS
14 CHANGED ABOUT ITS COMPONENTS THAT MIGHT BE OF
15 INTEREST TO YOU AND PRESENT THOSE CHOICES TO YOU.
16 Q. AND THE HTML HELP FEATURE THAT YOU
17 DESCRIBED, CAN YOU TELL ME A LITTLE MORE
18 GENERALLY ABOUT IT.
19 A. HTML HELP IS AN ENGINE FOR DISPLAYING
20 HELP TOPICS AND HELP INFORMATION THAT ANYBODY CAN
21 GO AND USE TO TARGET AND PROVIDE ADDITIONAL
22 DOCUMENTATION ABOUT THEIR APPLICATION IN
23 ELECTRONIC FORM.
24 Q. AND WHAT IS THE ROLE OF INTERNET
25 EXPLORER, OR WHAT YOU REFER TO AS INTERNET

1 EXPLORER TECHNOLOGIES, IN WORKING OF THE HTML
2 HELP FEATURE?
3 A. MY UNDERSTANDING IS THAT HTML HELP
4 HOSTS THE SHDOCVW COMPONENTS AND USES THAT TO
5 DISPLAY TOPICS AND INFORMATION.
6 (EXCERPT.)
7 Q. TO YOUR KNOWLEDGE, IS THE MSHTML.DLL
8 THAT IS IN IE 4.01 DIFFERENT IN ANY WAY FROM THAT
9 DLL IN WINDOWS 98?
10 A. YES, IT IS. I DON'T KNOW THE
11 SPECIFICS. WE DID MAKE, IN PARTICULAR, SOME
12 FIXES FOR CUSTOMERS WHO WANT TO HOST TRIDENT AS
13 AN EDITOR.
14 Q. AND WHEN YOU SAY "HOST TRIDENT AS AN
15 EDITOR," CAN YOU EXPLAIN WHAT YOU MEAN.
16 A. THERE ARE A NUMBER OF THIRD-PARTY ISV'S
17 THAT INSTEAD OF HAVING TO WRITE THEIR OWN HTML
18 EDITOR, THEY ACTUALLY CAN HOST MSHTML.DLL, AND IT
19 PROVIDES EDITING CAPABILITIES INTO THEIR
20 APPLICATION.
21 Q. AND WHAT, IF ANYTHING, IS DIFFERENT
22 ABOUT THAT CAPABILITY IN WINDOWS 98 VERSUS
23 IE 4.01?
24 A. BUG FIXES. AGAIN, TO THE BEST OF MY
25 KNOWLEDGE, BUG FIXES.

1 Q. AND TO YOUR KNOWLEDGE, WILL THOSE SAME
2 BUG FIXES REFLECTED IN WINDOWS 98 BE INCLUDED IN
3 WHAT IS IN SERVICE PACK 1?
4 A. YES, THEY WILL BE. AGAIN, TO MY
5 KNOWLEDGE.
6 Q. DOES MICROSOFT, TO YOUR KNOWLEDGE,
7 CURRENTLY MAKE AVAILABLE TO OR ALLOW ISV'S TO
8 REDISTRIBUTE MSHTML.DLL WITH THEIR APPLICATIONS
9 WHICH MIGHT CALL ON IT IN SOME WAY?
10 A. WE DO ALLOW REDISTRIBUTION. WE ONLY
11 ALLOW THAT REDISTRIBUTION WITH--BASICALLY, YOU
12 HAVE TO INSTALL THE INTERNET EXPLORER 4 UPDATE
13 PACK IN ORDER TO GET THAT CAPABILITY ONTO A
14 SYSTEM.
15 Q. WHEN YOU SAY THE UPDATE PACK, WHAT DO
16 YOU MEAN?
17 A. IT'S JUST THE COLLECTION OF COMPONENTS
18 THAT IS INTERNET EXPLORER 4. WE PROVIDE IT IN A
19 SELF-EXTRACTING EXECUTABLE FORMAT THAT THEY CAN
20 INVOKE THAT WILL MAKE THE RIGHT SETUP CHANGES AND
21 MAKE SURE THE SYSTEM RUNS EFFECTIVELY AND
22 FUNCTIONS.
23 Q. SO, IS IT ACCURATE TO SAY IN ORDER TO
24 REDISTRIBUTE MSHTML.DLL MSHTML, AN ISV HAS TO
25 ESSENTIALLY REDISTRIBUTE ALL OF IE 4?

1 MR. HOLLEY: OBJECT TO THE QUESTION AS
2 VAGUE AND AMBIGUOUS.
3 GO AHEAD AND ANSWER IT.
4 THE WITNESS: THEY HAVE TO DISTRIBUTE
5 ALL THE COMPONENTS THAT MY GROUP BUILDS, PLUS
6 SOME OTHER ONES.
7 (EXCERPT.)
8 Q. DO YOU KNOW, WAS THERE A VERSION OF
9 WINDOWS 98 THAT WAS RELEASED TO AT LEAST SOME
10 DEVELOPERS, SOME PEOPLE OUTSIDE OF MICROSOFT,
11 BEFORE AN OFFICIAL BETA VERSION WHICH DID NOT
12 HAVE THE INTERNET EXPLORER COMPONENT ACTUALLY IN
13 THERE WITH THE REST OF WINDOWS 98?
14 A. MY RECOLLECTION IS THERE WAS.
15 Q. TELL ME GENERALLY WHAT YOU RECALL ABOUT
16 THAT.
17 A. WHAT I RECALL IS THEY SHIPPED A VERSION
18 TO HARDWARE MANUFACTURERS TO GET THEM THE ABILITY
19 TO GET DEVICE DRIVERS UP AND RUNNING. AND THEY
20 NEEDED TO GO GET THAT OUT QUICKLY.
21 Q. DO YOU REMEMBER ROUGHLY WHAT VERSION
22 WAS SHIPPED?
23 A. NO, I DON'T. I'D HAVE TO GO BACK AND
24 FIGURE IT OUT.
25 Q. WHY--AGAIN, TO YOUR KNOWLEDGE, WHY DID

1 THAT--WHY WAS THAT VERSION SHIPPED WITHOUT
2 INTERNET EXPLORER ALONG WITH IT, AS PART OF IT?
3 A. BECAUSE WE WEREN'T READY.
4 Q. TELL ME A LITTLE BIT ABOUT--JUST SO I
5 UNDERSTAND THE DEVELOPMENT TRACKS THAT INTERNET
6 EXPLORER WAS ON VERSUS THE REMAINDER OF
7 WINDOWS 98, THE PART THAT GOT RELEASED, HOW WERE
8 THOSE DIVIDED UP, AND WHAT WERE THE TWO TEAMS
9 DOING?
10 A. I STARTED ON INTERNET EXPLORER 4
11 ACTUALLY FAIRLY LATE, SO I'M PROBABLY NOT THE
12 BEST TO ASK THAT QUESTION TO, AND I HAVE VERY
13 LITTLE KNOWLEDGE OF THE WINDOWS 98 DEVELOPMENT
14 PROCESS CERTAINLY BEFORE NOVEMBER OF '96. BUT
15 EVEN AFTER THAT, MUCH OF MY FOCUS WAS GETTING THE
16 COMPONENTS I WAS WORKING ON STABLE AND IN A HIGH
17 QUALITY ENOUGH STATE THAT THEY COULD BE
18 INTEGRATED. SO, IT'S HARD FOR ME TO COMPARE THE
19 PARALLELS BETWEEN THE TWO VERY MUCH AT ALL.
20 (EXCERPT.)
21 Q. TO YOUR KNOWLEDGE, HAS THERE BEEN ANY
22 DEVELOPMENT WORK DONE ON WINDOWS 98 TO POSSIBLY
23 DEVELOP A VERSION IN WHICH ANY PORTION OF
24 INTERNET EXPLORER IS EITHER REMOVED OR HIDDEN IN
25 ANY WAY?

1 A. THERE'S BEEN NO DEVELOPMENT WORK DONE
2 ON THAT.
3 Q. DO YOU KNOW, HAS THERE BEEN ANY TESTING
4 OF ANY VERSION OF WINDOWS 98 WHERE INTERNET
5 EXPLORER HAS, IN ANY WAY, BEEN--ANY PARTS OF IT
6 HAVE BEEN REMOVED OR HIDDEN, IN ANY WAY?
7 A. NOT RECENTLY, NO.
8 Q. WAS THAT DONE AT SOME POINT IN THE
9 PAST?
10 A. AT SOME POINT IN TIME, THEY HAD A BUILD
11 THAT RAN WITH THE OLD COMPONENTS, BUT THEY
12 HAVEN'T DONE INTEGRATED TESTING ON ANYTHING WITH
13 THE OLD COMPONENTS FOR, GOSH, WELL OVER A YEAR, I
14 THINK.
15 Q. IN THE BUILD THAT RAN WITH THE OLD
16 COMPONENTS, IS THAT WHAT WE WERE TALKING ABOUT
17 EARLIER WHEN WE TALKED ABOUT A VERSION RELEASED
18 TO--I THINK YOU SAID HARDWARE MANUFACTURERS--THAT
19 DID NOT YET INCLUDE THE NEW INTERNET EXPLORER 4?
20 A. THAT'S AN EXAMPLE OF ONE. AGAIN, YOU
21 SHOULD PROBABLY ASK BILL VEGHTE THOSE QUESTIONS
22 BECAUSE HE WOULD KNOW MORE DETAILS.
23 Q. SO, AS FAR AS YOU KNOW, NO ONE HAS BEEN
24 ASKED TO TEST OR EVALUATE A VERSION OF WINDOWS 98
25 WHERE, JUST TO TAKE AN EXAMPLE, THE INTERNET

1 EXPLORER ICON HAS BEEN REMOVED?
2 A. TEST OR EVALUATE. THAT'S A TOUGH
3 QUESTION. I'M SURE THERE ARE PEOPLE WHO REMOVED
4 THE INTERNET EXPLORER ICON AND THEIR SYSTEM STILL
5 WORKS, BUT IN TERMS OF A FORMALIZED MECHANISM FOR
6 DOING THAT, NO.
7 Q. WHEN YOU SAY YOU'RE SURE PEOPLE HAVE
8 DONE THAT AND IT STILL WORKS, WHAT DO YOU MEAN?
9 A. I IMAGINE THERE IS A TEST CASE
10 SOMEWHERE THAT SOMEBODY DOES THAT RUNS, BUT I
11 DON'T KNOW. I'VE DELETED THE INTERNET ICON FROM
12 MY DESKTOP OCCASIONALLY AND PUT IT BACK.
13 Q. BUT NOT FOR ANY FORMAL TESTING
14 PURPOSES?
15 A. NOT FOR ANY FORMAL TESTING PURPOSES,
16 RIGHT.
17 CAN I CLARIFY THAT LAST ANSWER?
18 Q. PLEASE.
19 A. INFORMALLY, WE HAVE DONE SOME THINGS,
20 AND THERE WERE LAWYERS IN THE ROOM, SO I CAN'T
21 REALLY SPEAK TO THAT.
22 (EXCERPT.)
23 Q. RIGHT BEFORE THE BREAK, YOU MENTIONED
24 SOME WORK OR SOMETHING THAT WAS DONE IN THE
25 PRESENCE OF ATTORNEYS. OTHER THAN AT THE REQUEST

1 OF ATTORNEYS--I JUST WANT TO BE CLEAR. OTHER
2 THAN AT THE REQUEST OF ATTORNEYS, TO YOUR
3 KNOWLEDGE, HAS ANYONE AT MICROSOFT TESTED OR
4 EVALUATED THE EFFECT OF REMOVING OR ALTERING PART
5 OF INTERNET EXPLORER ON THE WORKINGS OF
6 WINDOWS 98?
7 A. TO MY KNOWLEDGE, NO.
8 (EXCERPT.)
9 Q. RIGHT BELOW THE SENTENCE, THERE ARE
10 THREE BULLET POINTS. THE LAST LINE OF THE FINAL
11 ONE IS, "ACHIEVE OUR GOALS FOR IE (CUSTOMERS,
12 TEAM AND MARKET SHARE)."
13 WHAT'S MEANT HERE BY MARKET SHARE AS A
14 GOAL FOR IE?
15 A. IT'S A METRIC I USE TO--HOW WE'RE
16 RESOLVING CUSTOMER PROBLEMS. IF YOU GO BACK TO
17 THE DAYS OF WORD OR WORDPERFECT, THEY ALL MEASURE
18 THEMSELVES BASED ON MARKET SHARE. IT'S A WAY TO
19 MEASURE HOW YOU'RE MEETING YOUR OBJECTIVES WITH
20 CUSTOMERS.
21 Q. AND THE MARKET SHARE REFERRED TO HERE
22 IS BROWSER MARKET SHARE PRIMARILY COMPARED TO
23 NETSCAPE?
24 A. IT'S BROWSER USAGE, YEAH.
25 Q. AND THE PRIMARY COMPARISON THERE, I

1 TAKE IT, WOULD BE TO NETSCAPE; IS THAT ACCURATE?
2 A. IT'S--WHEN YOU GO DO BROWSER USAGE
3 STUDIES, NETSCAPE COMES UP FAIRLY FREQUENTLY.
4 SO, WHEN I THINK ABOUT WHO IS THE MOST IMPORTANT
5 PERSON MEETING THOSE CUSTOMER NEEDS BETTER THAN I
6 AM, IT'S NETSCAPE.
7 Q. AND THERE ARE A VARIETY OF OTHER PEOPLE
8 WHO MIGHT SHOW UP ON THAT LIST, BUT THEY'RE ALL
9 RELATIVELY MUCH, MUCH SMALLER COMPARED TO
10 MICROSOFT AND NETSCAPE?
11 A. CORRECT.
12 (EXCERPT.)
13 Q. ON THE THIRD PAGE, "CHALLENGES AND
14 BLOCKING ISSUES," THERE IS A REFERENCE TO
15 CROSS-PLATFORM.
16 DO YOU SEE THAT?
17 A. YES.
18 Q. IT SAYS, "MANY CORPORATIONS AND ISP'S
19 WILL NOT DEPLOY OUR PRODUCTS UNTIL THE
20 CROSS-PLATFORM PRODUCTS HAVE SHIPPED."
21 WHAT IS YOUR UNDERSTANDING OF WHAT THAT
22 REFERS TO?
23 A. WHEN A CORPORATION OR INTERNET SERVICE
24 PROVIDER CHOOSES TO ROLL OUT, BASICALLY, INTERNET
25 ACCESS TO THEIR CUSTOMERS, THEY WANT A CONSISTENT

1 TRAINING EXPERIENCE FOR CUSTOMERS ACROSS A
2 VARIETY OF DIFFERENT PLATFORMS FOR THE SUBSET OF
3 STUFF THAT MAKES SENSE ON THOSE PLATFORMS. AND
4 THOSE CUSTOMERS GAVE US VERY SPECIFIC FEEDBACK
5 THAT SAID, "WE WOULD RATHER HAVE LESS (SIC)
6 FEATURES AND MORE TIMELINESS ON YOUR
7 CROSS-PLATFORM PRODUCTS."
8 (EXCERPT.)
9 Q. LET ME DROP DOWN TO THE FINAL HEADING
10 HERE, "OUR STRATEGY."
11 DO YOU SEE THAT?
12 A. YES.
13 Q. FIRST BULLET POINT IS, "SPLIT THE
14 BROWSER FROM THE SHELL TO GAIN FOCUS. BROWSER
15 TEAM HEADED BY CHRISJO"--WHICH I ASSUME IS YOU?
16 A. YES.
17 Q. AND "SHELL TEAM HEADED BY JONT/JOEB."
18 THE REFERENCE TO SPLIT THE BROWSER FROM
19 THE SHELL TO GAIN FOCUS, WHAT IS THAT TALKING
20 ABOUT HERE?
21 A. ONE OF THE CRITICAL PROBLEMS WE HAD ON
22 IE 4 WAS CLEAR RESPONSIBILITY FOR COMPONENTS, AND
23 NOBODY KNEW WHERE THEY FIT IN AROUND DIFFERENT
24 THINGS. AND THERE ARE SOME PEOPLE WHO DID KNOW
25 AND SOME PEOPLE WHO DIDN'T. THE SPLIT IS REALLY

1 AROUND FOCUS.

2 THESE GUYS OWN THE WINDOWS USER

3 EXPERIENCE END TO END. THEY DEFINE A SET OF

4 REQUIREMENTS ON HOW BROWSING FITS INTO THAT

5 EXPERIENCE. THEY DEFINE A FRAME WINDOW ON HOW

6 NAVIGATION WORKS, AND THEY DELIVERED SHARED USER

7 INTERFACE COMPONENTS. THAT'S THEIR JOB, SO THEY

8 OWN THAT, AND NOBODY ON MY TEAM GETS A VOTE ABOUT

9 THAT. WE CAN HAVE OPINIONS, BUT WE DON'T GET A

10 VOTE.

11 WE OWN THE CONTENTS OF THE BROWSER

12 FRAME AND CUSTOMIZATIONS, AND WE OWN THE BROWSING

13 TECHNOLOGIES AND COMPONENTS THAT OTHER TEAMS USE.

14 WE'RE CONSUMERS OF THEIR TECHNOLOGY, AND IT'S

15 VERY CRISP WHO OWNS THAT. IT HELPS PEOPLE FOCUS.

16 AND THAT WAS THE MAIN REASON TO SPLIT THE TEAMS,

17 WAS TO GIVE EACH TEAM FOCUS AND GIVE PEOPLE

18 MEASURABLE OBJECTIVES THAT THEY COULD ACHIEVE.

19 Q. LOOK AT PAGES 4725, AND THEN I'LL ASK

20 YOU TO LOOK AT 4726, IF YOU WOULD, PLEASE.

21 A. OKAY.

22 Q. ON 4725, IF YOU LOOK TWO-THIRDS OF THE

23 WAY DOWN UNDER THE BOLD HEADING "GROUP 4:

24 ANTI-BLOAT," AND UNDER THE SMALLER HEADING

25 "SIZE/FOOTPRINT," IT SAYS, "HOW DO WE REDUCE

1 DOWNLOAD SIZE? SUCCESS METRIC; SIX MB DOWNLOAD."
2 A. YES.
3 Q. IF YOU LOOK AT THE TOP OF THE NEXT
4 PAGE, "DISCUSSION," FIRST BULLET HAS
5 "BRAD C"--WHICH I ASSUME IS BRAD CHASE?
6 A. YES.
7 Q. "FIFTY PERCENT OF USERS DOWNLOAD STUB
8 BUT DON'T DOWNLOAD OTHER PARTS. NEED TO THINK
9 ABOUT HOW TO MAKE THIS EASIER. ONE REASON IS IT
10 IS TOO BIG. THE OTHER IS THAT IT IS TOO
11 CONFUSING. NEED TO GET CALL DOWN DATA."
12 WITH BOTH OF THOSE IN MIND, GOING TO
13 THE REFERENCE TO REDUCING DOWNLOAD SIZE, FIRST OF
14 ALL, THIS IS DOWNLOAD OF WHAT?
15 A. THIS IS THE DOWNLOAD OF THE BROWSER
16 COMPONENTS.
17 Q. AND WHY IN THIS DISCUSSION WAS IT
18 THOUGHT IMPORTANT TO REDUCE DOWNLOAD SIZE?
19 A. TO MAKE IT EASIER FOR PEOPLE TO GO GET
20 THE SET OF UPDATES.
21 Q. BASED ON THE DISCUSSION REFLECTED HERE
22 OF WHAT THE--WHAT WERE PEOPLE SAYING ABOUT THE
23 EASE OR DIFFICULTY OF DOWNLOADING IE 4, GIVEN ITS
24 PARTICULAR SIZE?
25 A. THERE REALLY ARE TWO REASONS: SIZE AND

1 INSTALLATION CONFUSION.

2 Q. OKAY.

3 A. THE INSTALLATION CONFUSION, ONE IS A

4 TOTALLY SOLVABLE PROBLEM THAT WE DROPPED THE BALL

5 ON COMPLETELY AND WE NEED TO GO FIX. BUT IT

6 TURNED OUT THAT PEOPLE WOULDN'T EVEN FIGURE OUT

7 HOW BIG IT WAS, THEY WOULD JUST DOWNLOAD THIS

8 LITTLE STUB AND NOT GO TO THEIR HARD DISK TO RUN

9 IT OR RUN IT AND NOT UNDERSTAND THEY NEED TO

10 RECONNECT.

11 SO, THAT IS SOMETHING WE ARE SPENDING A

12 LOT OF TIME THINKING ABOUT, BUT IT'S REALLY

13 COSMETIC CHANGES. THE SIZE ITSELF IS CERTAINLY A

14 BLOCKER FOR PEOPLE, AND THE MORE WE CAN MAKE IT

15 SMALLER, THE BETTER IT IS FOR PEOPLE. PEOPLE, OF

16 COURSE, ALWAYS WANT SMALLER, FASTER, LESS (SIC)

17 BUGS, MORE FEATURES. IT'S A TRADEOFF YOU MAKE.

18 Q. WHEN YOU SAY THE SIZE OF IE 4 WAS

19 CERTAINLY A BLOCKER FOR PEOPLE, WHAT DO YOU MEAN?

20 A. THE BIGGER THINGS ARE, THE HARDER THEY

21 ARE TO GO GET TO. IT TAKES A LOT OF TIME. AND

22 DEPENDING ON YOUR SERVER, IT CAN TAKE A REALLY

23 LONG TIME TO GET THINGS DOWNLOADED. DO I HAVE

24 SPECIFIC DETAILS ON WHETHER IT WAS A BLOCKER?

25 MOST OF MY INFORMATION IS ANECDOTAL.

1 (EXCERPT.)

2 BY MR. MALONE:

3 Q. THIS APPEARS GENERALLY TO BE AN AUGUST

4 6, 1997, E-MAIL FROM DAVID COLE TO A WHOLE

5 VARIETY OF PEOPLE WITH THE SUBJECT, "POST IE 4

6 THINKING"; IS THAT CORRECT?

7 A. THAT'S CORRECT.

8 Q. AND THERE'S A REFERENCE ON HERE UNDER

9 THE "TO" LINE. IN ADDITION TO A LOT OF SPECIFIC

10 INDIVIDUALS NAMED, IT SAYS, "JOHN LUDWIG'S AND

11 DAVID COLE'S DIRECTS."

12 WOULD THAT INCLUDE YOU?

13 A. YES.

14 Q. AS ONE OF DAVID COLE'S DIRECTS?

15 A. YES.

16 Q. DO YOU RECALL, GENERALLY, RECEIVING

17 THIS E-MAIL?

18 A. VAGUELY.

19 Q. I WANT TO ASK YOU ABOUT A FEW THINGS

20 HERE. ABOUT TWO-THIRDS DOWN THE FIRST PAGE THERE

21 IS AN ITEM TWO, HELP THE CROSS-PLATFORM IE

22 TEAMS."

23 DO YOU SEE THAT?

24 A. YES.

25 Q. AND THE LAST SENTENCE SAYS, "GETTING

1 THE CROSS-PLATFORM VERSIONS DONE IS KEY TO MARKET
2 SHARE ON ALL PLATFORMS, INCLUDING WIN32."
3 AT OR AROUND THE TIME YOU READ THIS,
4 WHAT WAS YOUR UNDERSTANDING OF THAT STATEMENT?
5 A. IT'S TOUGH FOR ME TO EXTRAPOLATE WHAT
6 DAVID MEANT BY HIS STATEMENT, SO I'D KIND OF HAVE
7 TO PUT WORDS INTO HIS MOUTH.
8 Q. RATHER THAN FOCUSING ON WHAT HE MEANT,
9 DO YOU AGREE WITH THIS STATEMENT AS PHRASED?
10 MR. HOLLEY: DID HE AT THE TIME, OR
11 DOES HE NOW?
12 BY MR. MALONE:
13 Q. DID YOU AT THE TIME?
14 A. YES, I DO. OR I DID.
15 Q. AND IN YOUR MIND, AS YOU UNDERSTAND IT,
16 WHAT DOES IT MEAN TO SAY, "GETTING THE
17 CROSS-PLATFORM VERSIONS DONE IS KEY TO MARKET
18 SHARE ON ALL PLATFORMS, INCLUDING WIN32"?
19 A. MY UNDERSTANDING OF THAT IS CUSTOMERS
20 DON'T CHOOSE TO ROLL OUT SOLUTIONS UNTIL THEY
21 HAVE A COMPREHENSIVE SOLUTION THAT MEETS THEIR
22 NEEDS, AND FOR SOME CUSTOMERS THE SOLUTIONS
23 INCLUDES SUPPORT FOR THE SYSTEM TECHNOLOGIES THAT
24 WE PROVIDE ON OTHER PLATFORMS.
25 Q. AND WHAT IS THE LINK BETWEEN BEING ABLE

1 TO DELIVER THAT AND MARKET SHARE ON ALL
2 PLATFORMS?
3 A. FOR SPECIFIC CUSTOMERS LIKE INTERNET
4 SERVICE PROVIDERS OR CORPORATE ACCOUNTS, THEY
5 WILL NOT CHOOSE--THEY HAVE A VERY SET SET OF TIME
6 LINES WHERE THEY CHOOSE TO ACTUALLY ROLL OUT OR
7 CHANGE SYSTEMS ON THEIR NETWORK FOR SUPPORT
8 REASONS. COST OF MACHINES IS VERY HIGH. THAT
9 SET OF CUSTOMERS AND SOME SET OF THEM WILL NOT
10 CHOOSE TO ACTUALLY DEPLOY UNTIL THEY HAVE
11 EVERYTHING THEY NEED, INCLUDING TOUCHING DOWN
12 LEVEL PLATFORMS WIN31, A MACINTOSH OR UNIX
13 PLATFORM.
14 Q. AND BEING ABLE TO LET THEM DO THAT HAS
15 WHAT EFFECT ON MARKET SHARE?
16 A. IF THEY ROLL OUT, THERE ARE MORE
17 BROWSERS THAT ARE IE BROWSERS, WHICH MEANS THERE
18 ARE PEOPLE RUNNING INTERNET EXPLORER, WHICH MEANS
19 MORE MARKET SHARE.
20 Q. THE ITEM BELOW THAT NUMBERED THREE,
21 SECOND SENTENCE SAYS--AND THIS IS DAVID COLE--"I
22 WILL BE BOLD AND SAY NEW WINDOWS SHELLS WILL NOT
23 COME WITH FUTURE VERSIONS OF IE, SO THE SHELL
24 TEAM WILL ALSO BE WORKING ON ANY ARCHITECTURE
25 CHANGES WHICH LET US EASILY UPDATE THE BROWSER

1 INDEPENDENT OF THE SHELL."

2 DO YOU SEE THAT?

3 A. YES, I DO.

4 Q. WHAT, IF ANY, UNDERSTANDING DO YOU HAVE

5 OF WHAT THIS STATEMENT MEANT AT THE TIME IT WAS

6 MADE?

7 A. AGAIN, THIS GETS BACK TO THE QUESTION

8 OF FOCUS AROUND THE TEAMS, AND THE SHELL TEAM IS

9 GOING TO BE COMPLETELY FOCUSED AROUND DELIVERING

10 A GREAT NT 5 SOLUTION AND NOT DO THE ADDITIONAL

11 WORK TO MAKE SURE THEIR COMPONENTS RUN ON

12 EXISTING VERSIONS OF WINDOWS, BUT YOU CAN ONLY

13 GET THOSE COMPONENTS AS PART OF NT 5.

14 DOES THAT ANSWER YOUR QUESTION?

15 Q. AND THE REFERENCE TO "THE SHELL TEAM

16 WILL ALSO BE WORKING ON ANY ARCHITECTURE CHANGES

17 WHICH LET US EASILY UPDATE THE BROWSER

18 INDEPENDENT OF THE SHELL," WHAT DOES THAT MEAN?

19 A. AS PART OF THAT, THERE'S A FACTORING

20 YOU CAN DO SO YOU CAN CHANGE THE BROWSING

21 TECHNOLOGIES WITHOUT AFFECTING THE USER INTERFACE

22 OF THE PRODUCT SO YOU CAN SHIP LATER VERSIONS OF

23 THE BROWSER WITHOUT CHANGING THE WHOLE USER

24 INTERFACE FOR THE PRODUCT.

25 SO, THESE ARE THE ARCHITECTURE CHANGES

1 IN QUESTION.

2 Q. LET ME ASK YOU ABOUT THOSE CHANGES IN A

3 MINUTE, BUT CAN YOU GENERALLY TELL ME WHAT

4 PLANNING OR THINKING WAS GOING ON AT THE TIME

5 THIS WAS WRITTEN ABOUT BEING ABLE TO DO THAT;

6 THAT IS, ARCHITECTURE CHANGES THAT WOULD ALLOW

7 MICROSOFT TO UPDATE THE BROWSER INDEPENDENT OF

8 THE SHELL AS YOU JUST DESCRIBED?

9 MR. HOLLEY: I'LL JUST OBSERVE FOR THE

10 RECORD THIS RELATES TO WINDOWS NT 5.0, NOT TO THE

11 SUBJECT OF THIS INVESTIGATION.

12 BUT YOU CAN ANSWER.

13 BY MR. MALONE:

14 Q. I'LL ASK YOU ABOUT THAT IN A MINUTE.

15 A. OKAY. CAN YOU REPEAT THE QUESTION?

16 SORRY, I GOT SIDETRACKED.

17 Q. SURE, ME TOO.

18 WAS THIS SOMETHING AT THE TIME--AROUND

19 AUGUST '97, WAS THERE DISCUSSION OR PLANNING

20 GOING ON AT MICROSOFT ABOUT ARCHITECTURE CHANGES

21 THAT WOULD ALLOW UPDATING THE BROWSER INDEPENDENT

22 OF THE SHELL, AS REFERRED TO HERE?

23 A. FOR THE IE 5 AND NT 5 TIME FRAME, YES,

24 WE'VE BEEN HAVING THOSE DISCUSSIONS.

25 Q. AND JUST GENERALLY, WHAT IS THAT TIME

1 FRAME?

2 A. THE IE 5, NT 5 TIME FRAME?

3 Q. RIGHT.

4 A. AGAIN, IE 5, I SAID, LATE SUMMER, EARLY

5 FALL. BUT IF YOU ASKED ME TO PUT MONEY ON A

6 DATE, I COULDN'T DO THAT RIGHT NOW. NT 5, I

7 BELIEVE, WILL BE LATER THAN THAT, BUT AGAIN, I'M

8 NOT SURE ON THE DATES.

9 Q. AS YOU UNDERSTOOD THE THINKING OR THOSE

10 DISCUSSIONS, WAS THE CONTEMPLATION OF

11 ARCHITECTURE CHANGES THAT WOULD ALLOW UPDATING

12 THE BROWSER INDEPENDENT OF THE SHELL LIMITED TO

13 NT 5, OR WAS THAT SOMETHING THAT WOULD APPLY TO

14 IE 5 AND WINDOWS 98 AS WELL?

15 A. WELL, IT'S SOMETHING THAT WOULD APPLY

16 TO IE 5 UPDATING THE INTEGRATED SHELL SERVICES

17 THAT SHIP AROUND--THAT SHIPPED AS PART OF IE 4

18 AND LATER AS PART OF OSR2.5 AND LATER AS PARENT

19 OF WINDOWS 98.

20 Q. WOULD IT APPLY--WAS THE THOUGHT THAT

21 IE 5 WOULD ALLOW MICROSOFT TO EASILY UPDATE THE

22 BROWSER INDEPENDENT OF THE SHELL FOR WINDOWS 98?

23 A. WITH THE IE 5 RELEASE, WE WOULD LIKE TO

24 MAKE THE HURDLE OF ADOPTING BROWSER TECHNOLOGIES

25 AS LOW AS POSSIBLE SO THE CUSTOMERS DID NOT HAVE

1 TO CHANGE THEIR USER INTERFACE TO DO SO, THAT'S
2 CORRECT. TURNS OUT TO BE INCREDIBLY COMPLICATED
3 TO DO THAT, AND IT'S NOT CLEAR WE'RE GOING TO BE
4 SUCCESSFUL.
5 Q. BEFORE WE TALK ABOUT THE COMPLICATION
6 SPECIFICALLY FOR WINDOWS 98, A LITTLE MORE DETAIL
7 ABOUT--AND I DON'T WANT TO PUT WORDS IN YOUR
8 MOUTH. RATHER THAN PARAPHRASE, IF YOU CAN TELL
9 ME WHAT THE PLAN IS FOR WHAT ESSENTIALLY WHAT
10 SOMEONE WOULD BE ABLE TO DO TO UPDATE THE BROWSER
11 INDEPENDENTLY OF THE SHELL.
12 A. IT TURNS OUT YOU CAN'T--THERE'S
13 MULTIPLE LEVELS TO THINK ABOUT. THE IMPORTANT
14 THING IS FOR CUSTOMERS, THAT YOU DON'T MAKE THEM
15 RETRAIN THEIR EMPLOYEES AND THAT YOU CHANGE--YOU
16 LET THEM CHANGE AS SMALL A SYSTEM STATE AS
17 POSSIBLE TO GO AND GRAB THAT SET OF TECHNOLOGIES.
18 TURNS OUT WE DO HAVE TO CHANGE A WHOLE
19 BUNCH OF THINGS YOU CONSIDER THE SHELL OR THE
20 BROWSER OR THE OPERATING SYSTEM. WE HAVE TO
21 CHANGE THOSE. THE KEY IS TO MAKE OUR CUSTOMERS
22 TO SAY, "HEY, I JUST WANT TO GO GET THE LATEST
23 BROWSING TECHNOLOGIES. I WANT MY START MENU AND
24 TASK BAR TO REMAIN THE SAME."
25 Q. AND IS THAT A GOAL THAT YOU THINK YOU

1 WILL BE ABLE TO ACCOMPLISH IN IE 5?

2 A. I THINK SO. I'M CONTINUALLY PUSHING TO

3 MAKE US ACHIEVE THAT GOAL. BUT, I MEAN, I THINK

4 IT'S IMPORTANT TO NOTE AS PART OF THIS THAT A

5 CRITICAL PART OF MY TEAM'S MISSION IS THAT THE

6 BROWSER WILL BE WELL INTEGRATED WITH THIS SHELL

7 AND THE NT 5 SERVICES THERE. EVEN THOUGH WE HAVE

8 THE ABILITY TO REV INDEPENDENTLY FOR FUTURE

9 VERSIONS OF THE SHELL AND THE SYSTEMS SERVICES

10 PROVIDED THERE, YOU CAN'T DELIVER THOSE WITHOUT

11 NEW CAPABILITIES IN THE BROWSER COMPONENTS. IT'S

12 NOT POSSIBLE TO DO THAT.

13 SO, IT'S FAIR TO SAY THAT, "HEY, WE CAN

14 GO AND UPGRADE THE BROWSER WITHOUT CHANGING THE

15 USER INTERFACE OF THE SHELL," BUT EVERY TIME WE

16 CHANGE THE USER INTERFACE OF THE SHELL AND THE

17 SHELL COMPONENTS, IT REQUIRES THE CHANGES TO THE

18 BROWSER COMPONENTS THAT MY TEAM IS MAKING TODAY.

19 Q. SO, IS IT THE CASE, ESSENTIALLY, YOU

20 CAN DO IT SEPARATELY ONE WAY BUT NOT THE OTHER?

21 A. CORRECT.

22 Q. POINT NUMBER FOUR HERE, "DEFINE, BUILD

23 AND DELIVER IE 5," AND THE FIRST SENTENCE IS, "WE

24 SHOULD BEGIN BY MAY '98 A COMPETITIVE BROWSER

25 THAT WILL GAIN US THE NEXT BIG BUMP IN BROWSER

1 SHARE."

2 DO YOU SEE THAT?

3 A. YES, I DO.

4 Q. WHAT IS THE "COMPETITIVE BROWSER THAT

5 WILL GAIN US THE NEXT BIG BUMP IN BROWSER SHARE"

6 THAT'S REFERRED TO HERE?

7 A. IT'S THE SET OF TECHNOLOGIES THAT WE

8 DELIVER THAT ISV'S, ICP'S, INTERNET SERVICE

9 PROVIDERS AND END USERS CAN USE AND GO AND

10 DELIVER BETTER SOLUTIONS ON THE WEB, ON THE

11 INTERNET AND INTRANETS AND USE TO BROWSE AND

12 ACCESS THOSE SERVICES FROM AN END-USER

13 PERSPECTIVE.

14 Q. IS IT--CERTAINLY IN THIS CASE HERE, IS

15 THAT IE 5?

16 A. THE IE 5 PACKAGE IS WHAT ALLOWS PEOPLE

17 TO UPDATE TO THAT, CORRECT.

18 Q. BUT SPECIFICALLY WHEN THERE IS A

19 REFERENCE HERE TO COMPETITIVE BROWSER, WHAT

20 PRECISELY IS THAT?

21 MR. HOLLEY: OBJECTION. ASKED AND

22 ANSWERED.

23 THE WITNESS: AGAIN, WHEN YOU SAY

24 "COMPETITIVE BROWSER," IT MEANS A LOT OF

25 DIFFERENT THINGS. SPECIFICALLY, WHAT

1 "COMPETITIVE BROWSER" MEANS TO ME IS THERE IS A
2 SET OF COMPONENTS AND TECHNOLOGIES MY TEAM
3 DELIVERS. SOME OF THOSE COME FROM MY GROUP, SOME
4 OF THEM COME FROM OTHER GROUPS. WE BUNDLE THEM
5 INTO A PACKAGE AND CALL THAT "IE 5."
6 BY MR. MALONE:
7 Q. WITH THAT DEFINITION OF IT, WOULD THAT
8 APPLY TO IE 5 DEVELOPED FOR OTHER PLATFORMS FOR
9 THE MAC OR UNIX?
10 A. SOME CASES, YES. SOME CASES, NO. WE
11 CAN'T ACTUALLY DELIVER ALL THE PLATFORM VALUE ON
12 THE MACINTOSH OR WIN16, SO IT'S A SUBSET OF THAT
13 TECHNOLOGY. SOMETIMES IT'S EVEN JUST A SUBSET OF
14 THE EXPERIENCE AND NOT EVEN THE TECHNOLOGY
15 DEPENDING ON OUR STRATEGY FOR GOING AND
16 DELIVERING THAT TECHNOLOGY ON THE OTHER
17 PLATFORMS.
18 Q. HOW, THEN, WOULD YOU DEFINE WHAT
19 COMPETITIVE BROWSER FOR OTHER PLATFORMS,
20 NON-WIN32 PLATFORMS, WHAT THAT MEANS?
21 A. IT'S A VERY INTERESTING CONVERSATION.
22 IN SOME SENSES, IT'S JUST WHAT OUR CUSTOMERS
23 EXPECT AND WANT FROM US. IT'S THE THING THAT
24 WILL LET THEM GO AND DEPLOY AND TAKE ADVANTAGE OF
25 THE SERVICES ON THE INTERNET AND COMPUTING ON THE

1 INTERNET.

2 SO, WHAT DOES COMPETITIVE BROWSER MEAN?

3 IF YOU ARE ASKING ME WHAT PACKAGE WE SHIP ON THE

4 MACINTOSH, WE'LL SHIP A PACKAGE IE 5 THAT

5 CONTAINS A SET OF FEATURES THAT PEOPLE CAN USE TO

6 BROWSE THE WEB, THAT ISV'S CAN TARGET AND ICP'S

7 CAN TARGET.

8 (EXCERPT.)

9 Q. LET ME SHOW YOU SOMETHING WHICH HAS

10 PREVIOUSLY BEEN MARKED AS EXHIBIT 54. IT'S

11 DOCUMENTS MS7 005332 THROUGH 73.

12 A. OKAY.

13 Q. I'LL JUST NOTE THIS APPEARS TO BE A

14 SERIES OF SEVERAL E-MAIL MESSAGES FROM JULY 22ND

15 AND JULY 23RD, 1997.

16 IF I COULD FOCUS YOU ON THE MESSAGE AT

17 THE BOTTOM OF THE FIRST PAGE FROM PAUL MARITZ TO

18 A NUMBER OF PEOPLE, INCLUDING YOU, THE SUBJECT IS

19 MEMPHIS AND IE 4 SHELL, DATED JULY 22ND, 1997.

20 DO YOU SEE THAT MESSAGE?

21 A. YES.

22 Q. DO YOU RECALL, GENERALLY, RECEIVING

23 THIS MESSAGE?

24 A. THE ONE AT THE BOTTOM?

25 Q. YES.

1 A. VAGUELY, YES.

2 Q. TAKE A MINUTE TO LOOK AT THAT PART OF

3 IT, THE THREE PARAGRAPHS IN THAT MESSAGE, AND I

4 WANT TO ASK YOU GENERALLY ABOUT IT.

5 A. OKAY.

6 Q. TELL ME, IF YOU CAN, WHAT YOU RECALL

7 ABOUT THE OVERALL ISSUE THAT IS BEING DISCUSSED

8 HERE, THE QUESTION OF--AND IF I GET THIS WRONG OR

9 DIFFERENT THAN YOU RECALL, TELL ME, BUT THE

10 QUESTION OR POSSIBILITY OF GIVING AWAY THE SHELL

11 FOR 90 DAYS AND THEN CHARGING FOR IT AFTERWARDS.

12 GENERALLY, WHAT IS BEING TALKED ABOUT THERE?

13 A. GENERALLY, SHOULD WE SHIP THE SHELL AS

14 PART--THE SHELL TECHNOLOGY WE DEVELOPED AS PART

15 OF THE INTERNET EXPLORER 4 PRODUCT OR AS PART OF

16 MEMPHIS, AND HOW DO WE FACTOR THAT.

17 Q. WHEN YOU ARE REFERRING TO SHELL IN THIS

18 CONTEXT, WHAT SPECIFICALLY DO YOU MEAN?

19 A. WELL, REMEMBER THAT IE 4 HAD BOTH A

20 BROWSER ONLY, QUOTE-UNQUOTE, INSTALLATION AS WELL

21 AS AN INTEGRATED SHELL INSTALLATION. IT'S THAT

22 INTEGRATED SHELL INSTALLATION THAT WE COULD

23 BASICALLY CHOOSE NOT TO DISTRIBUTE AS PART OF

24 IE 4 OR CHARGE FOR, TO HAVE IT ONLY BE AVAILABLE

25 IN MEMPHIS OR BE AVAILABLE FOR A LIMITED TIME.

1 AND MEMPHIS BEING THE CODE NAME AT THAT TIME FOR
2 WINDOWS 98.
3 Q. AND AS YOU UNDERSTAND IT, WHAT WAS
4 THE--WHY WAS THERE CONSIDERATION BEING GIVEN TO
5 THE POSSIBILITY OF CHARGING FOR THE SHELL OR
6 SHIPPING THE SHELL ONLY WITH WINDOWS 98 OR
7 MEMPHIS?
8 A. TO PRESERVE VALUE FOR THE WINDOWS 98
9 UPGRADE AND MAKE SURE THERE WAS A COMPELLING
10 REASON--WELL, TWO-FOLD. I MEAN, REALLY IT'S JUST
11 ABOUT FOR ALL THE TECHNOLOGY THAT WE HAVE, WHICH
12 DO WE CHARGE FOR AND MAKE A NEW PURCHASE AND WHEN
13 DO WE PROVIDE AS EXISTING VALUE TO CUSTOMERS THAT
14 ENHANCES THE PURCHASE THEY'VE ALREADY MADE. AND
15 IT WAS DEBATE ABOUT WHAT TO DO WITH THE SHELL IN
16 REGARD TO THAT RESPECT.
17 Q. THE LAST SENTENCE OF--AGAIN, FOCUSING
18 ON THE PAUL MARITZ MESSAGE, LAST SENTENCE OF THE
19 FIRST PARAGRAPH SAYS, "AND WE CAN'T PULL
20 IT"--WHICH I BELIEVE IS REFERRING TO THE
21 SHELL--"COMPLETELY FROM IE 4 AT THIS POINT. WE
22 WILL TAKE TOO MUCH OF A HIT TO THE IE 4 MOMENTUM
23 WE HAVE."
24 DO YOU SEE THAT?
25 A. YES.

1 Q. WHAT WAS YOUR UNDERSTANDING AT THE TIME
2 OF WHAT MR. MARITZ WAS REFERRING TO IN THAT
3 SENTENCE?
4 A. I ACTUALLY DON'T KNOW THE DETAILS OF
5 WHAT PAUL WAS THINKING ABOUT BECAUSE IT'S SORT OF
6 HIS MESSAGE TO ME, SO I'D JUST BE SPECULATING ON
7 WHAT HE WOULD BE SAYING.
8 Q. DID YOU HAVE AN UNDERSTANDING AROUND
9 THIS TIME, GENERALLY, OF WHETHER PULLING THE
10 SHELL FROM IE 4 COMPLETELY AT THAT POINT WOULD
11 CAUSE A HIT TO THE IE 4 MOMENTUM?
12 A. WE HAD SET EXPECTATIONS WITH CUSTOMERS
13 AND PARTNERS THAT IT WOULD BE AVAILABLE AS PART
14 OF THE IE 4 DISTRIBUTION AND FREE FOR PEOPLE.
15 AND THOSE EXPECTATIONS WERE VERY HARD TO
16 EXTRICATE OURSELVES FROM. AND THAT WAS--THAT'S
17 MY UNDERSTANDING AT THE TIME IS THAT WE'D GONE
18 AND DEMONSTRATED THE PRODUCT AND MADE VERBAL
19 COMMITMENTS TO PEOPLE ABOUT DISTRIBUTING SUCH A
20 PRODUCT, AND CUSTOMERS AND PARTNERS PLANNED THEIR
21 BUSINESSES ON THAT PRODUCT, AND GOING AND MAKING
22 A CHANGE WAS A PRETTY BIG PROBLEM FOR THEM.
23 Q. AGAIN, THAT WAS YOUR UNDERSTANDING AT
24 THE TIME, BUT WAS THE CONCERN, THE HIT THAT IS
25 REFERRED TO HERE THAT IF YOU, IN FACT, MADE THE

1 SHELL AVAILABLE ONLY SEPARATELY FOR A CHARGE,
2 THAT THAT WOULD SLOW THE ADOPTION OF IE 4?
3 A. I ACTUALLY PERSONALLY WAS NOT CONCERNED
4 ABOUT THAT.
5 Q. DID YOU BELIEVE THAT WOULD HAPPEN, OR
6 DID YOU JUST NOT FOCUS ON IT?
7 A. I ACTUALLY DID NOT BELIEVE THAT WOULD
8 HAPPEN. I BELIEVED THAT WE WOULD HAVE GOTTEN
9 SUBSTANTIAL ADOPTION OF IE 4 WITHOUT THE SHELL.
10 Q. WHY DID YOU THINK THAT?
11 A. BECAUSE WE SHIPPED A GREAT PRODUCT,
12 BECAUSE DYNAMIC HTML IS VERY COOL AND MEETS
13 CUSTOMER NEEDS. THERE IS A LOT OF VALUE IN THE
14 PRODUCT.
15 Q. AND WHEN YOU REFER TO THE PRODUCT THERE
16 AS SEPARATE FROM THE SHELL, WHAT ARE YOU
17 REFERRING TO?
18 A. I'M REFERRING TO THE SET OF COMPONENTS
19 THAT IS THE BROWSER-ONLY INSTALLATION THAT PEOPLE
20 COULD CHOOSE.
21 Q. AND AGAIN, AS YOU UNDERSTOOD IT--AND
22 I'M NOT ASKING YOU TO PUT YOURSELF IN OTHER
23 PEOPLE'S MINDS, BUT AS YOU UNDERSTOOD THE CONCERN
24 THAT WAS DIFFERENT FROM YOURS, WHAT WAS THE
25 CONCERN THAT SEPARATING THE SHELL FROM THIS GREAT

1 IE--THIS GREAT BROWSER INSTALLATION, BROWSER-ONLY
2 INSTALLATION PORTION OF THE PRODUCT, WOULD CAUSE
3 A HIT ON IE ADOPTION?
4 A. AGAIN, I CAN'T SPECULATE ABOUT WHAT
5 PAUL WAS THINKING. MY BELIEF IS--AND REALLY, YOU
6 KNOW, WHAT WE TALKED ABOUT WAS THE COMMITMENTS WE
7 HAD MADE TO PARTNERS AND THE CUSTOMERS. AND
8 THAT'S WHAT WE WERE PRIMARILY FOCUSED ON.
9 EXTRICATING FROM THE COMMITMENTS THAT PEOPLE BET
10 THEIR BUSINESSES ON IS NOT SOMETHING YOU WANT TO
11 DO.
12 Q. JUST SO WE HAVE A COMMON FRAME OF
13 REFERENCE HERE, WHEN YOU TALK ABOUT THE SET OF
14 COMPONENTS THAT IS THE BROWSER-ONLY INSTALL OF
15 IE 4, WHAT ELEMENTS OR WHAT COMPONENTS IN THERE
16 ARE YOU REFERRING TO?
17 A. IT INCLUDES SHDOCVW, MSHTML AND
18 WININET. IT INCLUDES ALMOST EVERYTHING. I MEAN,
19 THE THINGS THAT--EXAMPLES OF THINGS IT DOESN'T
20 INCLUDE ARE EXPLORER.EXE AND SHELL32.DLL, AND I
21 DON'T KNOW IF THERE ARE MORE THAN THAT OR NOT.
22 Q. AND SO, AT THE TIME, IN YOUR MIND, AT
23 LEAST, RECOGNIZING OTHERS SAW IT DIFFERENTLY, BUT
24 IN YOUR MIND, AT LEAST, NOT SHIPPING AS PART OF
25 IE 4 EXPLORER.EXE AND SHELL32, AND WHATEVER ELSE

1 WAS IN THE SHELL PART, YOU BELIEVED WOULD NOT
2 SUBSTANTIALLY IMPACT THE ADOPTION OR CUSTOMER
3 ACCEPTANCE OF IE 4?
4 A. THAT WAS MY BELIEF.
5 Q. AND WHY DID YOU THINK THAT? I MEAN, I
6 KNOW YOU'VE EXPLAINED IT GENERALLY, BUT WHY DO
7 YOU THINK NOT HAVING EXPLORER.EXE AND SHELL32
8 WOULDN'T AFFECT THAT?
9 A. PEOPLE MAKE DIFFERENT CHOICES,
10 CUSTOMERS MAKE DIFFERENT CHOICES, AND I THINK
11 THAT WE HAD--INDEPENDENTLY OF THE SET OF
12 TECHNOLOGIES WE PROVIDED FOR INTEGRATION, WE HAD
13 A SUPERIOR PRODUCT THAT CUSTOMERS WOULD HAVE
14 CHOSEN, PERIOD. WE WON ALL THE REVIEWS, NOT EVEN
15 COUNTING THE INTEGRATION POINTS THAT WE GOT IN
16 THE REVIEWS. WE DELIVERED A SUPERIOR PRODUCT,
17 AND WE SHIPPED IT IN A TIMELY FASHION WITH GREAT
18 COVERAGE AND GREAT PARTNERSHIPS.
19 Q. ON THE SECOND PAGE, FINAL PARAGRAPH,
20 THE FIRST SENTENCE SAYS, "THE OTHER OPTION IS TO
21 PUT NETMEETING FROM STANDARD IE AND INCLUDE IT IN
22 THE IE PLUS/MEMPHIS."
23 DO YOU SEE THAT?
24 A. YES.
25 Q. WHAT IS NETMEETING, GENERALLY?

1 A. IT'S A SET OF SERVICES THAT LET (SIC)
2 YOU DO VIDEOPHONE AND VIDEOCONFERENCING. AGAIN,
3 LIKE MOST OF THE STUFF THAT'S DELIVERED, IT'S
4 BOTH A USER EXPERIENCE FOR DOING VIDEOPHONE AND
5 VIDEOCONFERENCING PLUS A SET OF TECHNOLOGIES THAT
6 ALLOW OTHER PEOPLE TO PLUG IN AND HOOK AND EXTEND
7 THAT WITH THEIR OWN PEER-TO-PEER OR
8 POINT-TO-POINT VIDEO OR CONFERENCING OR WHATEVER
9 SOLUTIONS.
10 Q. AND WHEN THERE IS A REFERENCE HERE TO
11 PULL NETMEETING FROM STANDARD IE, WHAT WAS YOUR
12 UNDERSTANDING AT THE TIME OF WHAT WAS BEING
13 REFERRED TO THERE, WHAT THE POSSIBILITY WAS?
14 A. ACTUALLY, I WASN'T INVOLVED IN THE
15 SPECIFICS OF THIS CONVERSATION. IF YOU SAID TO
16 ME, "IF PAUL ASKED ME TO PULL NETMEETING FROM
17 STANDARD IE, WHAT WOULD THAT MEAN?" IT WOULD MEAN
18 WE WOULD NOT MAKE IT AVAILABLE FOR DOWNLOAD AND
19 NOT INCLUDE IT IN OUR RETAIL PACKAGE.
20 Q. IF YOU WOULD LOOK BACK UP TO NEAR THE
21 TOP OF THE FIRST PAGE, WHAT IS IN ORDER, THE
22 SECOND MESSAGE FROM BILL VEGHTE TO MOSHE DUNIE,
23 IT BEGINS BY SAYING, "I SAT DOWN WITH CHRIS J
24 TODAY TO START EXECUTING THIS PLAN."
25 DO YOU SEE THAT?

1 A. YES.

2 Q. DO YOU RECALL GENERALLY DISCUSSING THIS

3 SUBJECT WITH HIM AROUND THIS TIME?

4 A. YES, I DO GENERALLY.

5 Q. ITEM A HERE JUST UNDER SHELL32, HE

6 SAYS, "THERE ARE MANY PIECES IN SHELL32 THAT ARE

7 OF VALUE TO FOLKS THAT WILL NOT DOWNLOAD IN THE

8 FIRST 90 DAYS. IF ACTIVE DESKTOP/WEBVIEW IS THE

9 STICKING POINT, THEN LEAVE THAT IN IE 4.

10 HOWEVER, THINGS LIKE THE DESKTOP BRING TO FRONT

11 BUTTON, THE QUICK LAUNCH BAR, DRAG AND DROP IN

12 THE START MENU WOULD ADD UNIQUE VALUE-ADD FOR

13 MEMPHIS LONG AFTER THE FIRST 90 DAYS OF IE 4

14 AVAILABILITY HAS PASSED. WITH A LITTLE WORK, WE

15 COULD DO THESE AS MEMPHIS-ONLY THINGS IN

16 SHELL32."

17 DO YOU SEE THAT?

18 A. YES, I DO.

19 Q. THE FINAL SENTENCE THERE, "WITH A

20 LITTLE WORK, WE COULD DO THESE AS MEMPHIS-ONLY

21 THINGS IN SHELL32," BASED ON YOUR DISCUSSIONS,

22 WHAT DO YOU UNDERSTAND THAT TO MEAN?

23 A. BILL AND I NEVER DISCUSSED THAT. I

24 MEAN, CERTAINLY BILL AND I DISCUSSED FEATURES

25 THAT COULD OR COULD NOT BE DONE, BUT WE NEVER

1 DISCUSSED TECHNICALLY HOW THEY COULD BE
2 IMPLEMENTED OR WHY.
3 Q. DID YOU DISCUSS GENERALLY WITH BILL
4 THAT THINGS LIKE THE ONES REFERRED TO HERE,
5 DESKTOP BRING TO FRONT BUTTON AND THE OTHER
6 THINGS COULD BE MOVED SO THAT THEY WERE AVAILABLE
7 SEPARATELY ONLY IN MEMPHIS AND WERE NOT PART OF
8 IE 4?
9 A. SURE, WE DID.
10 Q. DID YOU DISCUSS EVEN GENERALLY WHETHER
11 THAT WAS TECHNICALLY FEASIBLE WITHOUT GETTING
12 INTO THE PRECISE DETAILS OF HOW?
13 A. WE DISCUSSED IF IT WAS POSSIBLE. A LOT
14 OF THINGS ARE POSSIBLE, SO YES, WE DID DISCUSS
15 THAT.
16 Q. WHAT, IF ANY, VIEW DID YOU HAVE ABOUT
17 WHETHER THOSE THINGS WERE POSSIBLE AT THIS TIME?
18 A. AT THIS TIME. THE TIME WE HAD THE
19 CONVERSATION WAS--
20 Q. JULY '97.
21 A. MY PERSPECTIVE WAS IT'S NOT WORTH IT.
22 YOU EITHER INCLUDE THE WHOLE INTEGRATED THING OR
23 YOU DON'T. TAKE YOUR PICK. GOING AND DOING THE
24 WORK TO HAVE TWO DIFFERENT VERSIONS OF THIS THING
25 IS JUST WEIRD, AND IT'S A WASTE OF TIME.

1 Q. TO USE YOUR EXAMPLE FROM A SECOND AGO,
2 IF BILL VEGHTE SAID, "I HEAR WHAT YOU'RE SAYING,
3 NEVERTHELESS I WANT TO DO THIS, I WANT TO OFFER
4 THINGS LIKE THE ITEMS WE HAVE HERE ONLY IN
5 MEMPHIS AND NOT IN IE 4," DID YOU HAVE A VIEW
6 ABOUT WHETHER THAT WOULD BE--HOW FEASIBLE,
7 TECHNICALLY, IT WOULD BE TO DO THAT?
8 A. OH, SURE, IT'S FEASIBLE TECHNICALLY.
9 WE ADDED THOSE FEATURES TO SHELL32; WE CAN TAKE
10 THEM ALL OUT. BUT YOU HAVE TO TEST TWO DIFFERENT
11 VERSIONS. YOU HAVE TO DO TWO DIFFERENT SETS OF
12 BUILDS ON IT. YOU HAVE TWO DIFFERENT SOURCE
13 TREES YOU'RE MANAGING FOR IT. IT'S A VERY
14 EXPENSIVE PROCESS TO HAVE TWO VERSIONS OF
15 COMPONENTS.
16 (EXCERPT.)
17 Q. WHEN YOU'RE OPENING A WINDOW BY
18 EXECUTING IEXPLORE.EXE, IN THE UPPER RIGHT-HAND
19 CORNER OF THAT WINDOW THERE APPEARS A LOWER CASE
20 E; IS THAT CORRECT?
21 A. THAT'S--DEPENDS.
22 Q. WHAT DOES IT DEPEND ON?
23 A. THE PRODUCT CAN BE BRANDED. THAT
24 WINDOW CAN BE BRANDED.
25 Q. AND WHAT DO YOU MEAN THE PRODUCT CAN BE

1 BRANDED?

2 A. I MEAN THAT AS PART OF REDISTRIBUTING

3 THE PRODUCT OR SIGNING UP FOR AN ONLINE SERVICE,

4 FOR EXAMPLE, THE ONLINE SERVICE PROVIDER OR ISP

5 CAN GO AND ACTUALLY INSTALL THEIR OWN--AND I

6 THINK IT'S CALLED AN ANIMATED GIF, BUT A LOGO

7 THAT GETS DISPLAYED AND SPINS AROUND AND DOES

8 OTHER THINGS IN THAT AREA.

9 Q. WOULD THAT ALSO--IF A THIRD PARTY WERE

10 TO BRAND IN THAT WAY, WOULD THAT ALSO AFFECT A

11 WINDOW THAT WAS OPENED BY EXPLORER.EXE?

12 A. IT AFFECTS WINDOWS OPENED BY

13 EXPLORER.EXE THAT BROWSE OUT TO HTTP NAME SPACES.

14 Q. SO, TO THE EXTENT IT WAS BROWSING ON A

15 HARD DRIVE OR INTERNAL NETWORK, IT WOULDN'T

16 AFFECT--

17 A. THAT'S CORRECT.

18 Q. WHAT WOULD BE DISPLAYED IN THAT

19 INSTANCE? LET'S SAY, FOR INSTANCE, YOU WERE

20 BROWSING ON YOUR HARD DRIVE.

21 A. DEPENDS ON THE PRODUCT. IF YOUR

22 QUESTION IS SPECIFIC TO IE 4 INSTALLATION ON TOP

23 OF WINDOWS 95, THE ANSWER IS YOU GET THE E IN ALL

24 THE OTHER WINDOWS AND THEN YOU GET WHATEVER THE

25 CUSTOM BRANDING IS IN THE HTTP WINDOW.

1 Q. HOW ABOUT FOR WINDOWS 98?

2 A. GOSH, YOU KNOW, I'M NOT SURE WHAT

3 EXACTLY THEY DO, QUITE FRANKLY. I THINK THEY'RE

4 USING A WINDOWS FLAG FOR THE BRANDING INSTEAD OF

5 THE E, BUT I'M NOT SURE WHAT THE CUSTOM BRANDING

6 RULES AND PROVISIONS ARE.

7 (EXCERPT.)

8 Q. DID YOU, BEFORE YOU BECAME GROUP

9 PROGRAM MANAGER, ATTEND ANY NETSCAPE MEETING?

10 A. YES, I DID.

11 Q. HOW MANY DID YOU ATTEND?

12 A. ONE.

13 Q. DO YOU RECALL APPROXIMATELY WHEN THAT

14 WAS?

15 A. I DON'T. EARLY SUMMER, MAYBE.

16 Q. OF '95?

17 A. OF '95.

18 Q. SO, THE MEETINGS YOU ATTENDED WITH

19 REPRESENTATIVES OF NETSCAPE, WHERE DID THAT

20 OCCUR?

21 A. I GUESS I'M NOT SURE HOW THIS IS

22 RELEVANT TO THE CONVERSATIONS ABOUT IE 4,

23 WINDOWS 98, AND I'LL ANSWER THE QUESTION ANYWAY,

24 BUT IT OCCURRED AT NETSCAPE.

25 Q. IN THE MEETING--IN THE MEETING WAS

1 THERE A DISCUSSION OF INTERNET EXPLORER OR
2 BROWSERS, GENERALLY, IN THE COURSE OF THE
3 MEETING?
4 A. YES, THERE WAS.
5 Q. AND WHO FROM MICROSOFT ATTENDED, AS
6 BEST YOU CAN RECALL?
7 A. BARB FOX--AND THIS IS TO THE BEST OF MY
8 RECOLLECTION--ANTHONY BAY, DAN ROSEN, THOMAS
9 REARDON. AND, I THINK, JAY ALLARD MAY HAVE BEEN
10 THERE.
11 Q. WHAT WAS BARB FOX'S JOB AT THAT TIME,
12 IF YOU KNOW?
13 A. I DON'T KNOW. SHE WAS WORKING ON
14 SECURITY STUFF, I THINK.
15 Q. WHAT ABOUT ANTHONY BAY? WHAT WAS HIS
16 JOB GENERALLY?
17 A. I THINK HE WAS WORKING ON SOME STUFF
18 OVER IN MSN WORKING FOR ROSS SIEGELMAN, BUT I'M
19 NOT SURE.
20 Q. AND WHAT ABOUT DAN ROSEN?
21 A. I DON'T KNOW WHAT DAN'S TITLE WAS.
22 Q. DO YOU KNOW GENERALLY WHAT KIND OF WORK
23 HE DID?
24 A. I WANT TO SAY "DEAL GUY," BUT THAT'S AS
25 SPECIFIC AND ALSO AS VAGUE AS I CAN GET.

1 Q. WAS IT ALONG THE LINES OF STRATEGIC
2 DEVELOPMENT OR PARTNER DEVELOPMENT?
3 A. AT THAT TIME IT MAY HAVE BEEN. AGAIN,
4 I WAS ASKED TO GO AND ATTEND THE MEETING, BUT I
5 HAD MET MOST OF THOSE PEOPLE FOR THE FIRST TIME
6 AT THAT MEETING, WITH THE EXCEPTION--EVEN THOMAS,
7 WHO ENDED UP WORKING FOR ME LATER.
8 Q. THOMAS REARDON?
9 A. YES. HE WAS WORKING ON INTERNET
10 EXPLORER 1. HE WAS ONE OF THE DEVELOPMENT
11 MANAGERS.
12 Q. AND JAY ALLARD, WHAT WAS HIS JOB?
13 A. HE WAS WORKING ON INTERNET INFORMATION
14 SERVER, I THINK. OR HE MAY HAVE STILL BEEN
15 WORKING ON TCP/IP, ONE OF THOSE TWO.
16 Q. ANYBODY ELSE YOU CAN THINK OF FROM
17 MICROSOFT WHO WAS THERE?
18 A. NOT THAT I CAN THINK OF. I COULD BE
19 MISSING SOMEBODY.
20 Q. WHAT ABOUT RICHARD WOLF? DO YOU
21 REMEMBER HIM?
22 A. YEAH, HE MAY HAVE GONE DOWN.
23 Q. DO YOU REMEMBER WHAT HIS JOB WAS AT THE
24 TIME?
25 A. OH, WHAT WAS HIS JOB AT THE TIME? HE

1 WAS WORKING ON OFFICE.

2 Q. AND WHO, AGAIN, AS BEST YOU CAN RECALL,

3 WHO FROM NETSCAPE ATTENDED THE MEETING?

4 A. I ONLY REMEMBER--I KNOW JIM BARKSDALE

5 WAS THERE. MARC ANDREESSEN WAS THERE. AND THEN

6 THERE WERE (SIC) A BUNCH OF OTHER PEOPLE AND--I

7 DON'T KNOW--PROBABLY THREE OTHER PEOPLE. I

8 HONESTLY SPACED ON THEIR NAMES.

9 Q. AND I'M SORRY, DID YOU SAY THE MEETING

10 WAS AT NETSCAPE?

11 A. IT WAS ACTUALLY AT NETSCAPE.

12 Q. HOW DID IT COME ABOUT THAT YOU ATTENDED

13 THIS MEETING? HOW DID YOU GET INVOLVED IN THAT?

14 A. PAUL ASKED ME TO GO DOWN. AND GOD,

15 I'LL BE DARNED IF I KNOW WHY. I WAS JUST ASKED

16 TO GO DOWN AND UNDERSTAND WHAT THEIR BUSINESS WAS

17 AND TALK TO THEM. BUT IT WAS REALLY DAN'S

18 MEETING. I WAS THERE JUST TO TALK AND LISTEN OR

19 LISTEN AND TALK BECAUSE I DIDN'T HAVE MUCH TO SAY

20 BECAUSE I WASN'T REALLY DOING ANYTHING.

21 Q. DO YOU REMEMBER APPROXIMATELY HOW LONG

22 BEFORE YOU WENT DOWN THERE FOR THE MEETING YOU

23 LEARNED ABOUT IT AND WERE TOLD YOU SHOULD ATTEND

24 THIS?

25 A. I DON'T REMEMBER.

1 Q. WERE THERE ANY PRE-MEETINGS OR
2 DISCUSSIONS AMONG THE MICROSOFT ATTENDEES BEFORE
3 YOU ACTUALLY HAD THE MEETING?
4 A. THE ONE I REMEMBER WAS--WE FLEW DOWN
5 THERE FOR A DAY, SO IT WAS JUST A DAY TRIP. AND
6 THE ONE I REMEMBER WAS ACTUALLY DOWN IN THE HOTEL
7 ROOM BEFORE WE DROVE UP THERE, BUT I DON'T
8 REMEMBER ANY OUTSIDE OF THAT. IT WAS KIND OF A
9 SPUR-OF-THE-MOMENT THING, AS FAR AS I CAN RECALL.
10 IT WASN'T EXACTLY LIKE 50 DAYS OF PREP AND THEN
11 GO DOWN FOR THE MEETING.
12 Q. GENERALLY, WHAT DO YOU REMEMBER ABOUT
13 THE PRE-MEETING AHEAD OF TIME IN THE HOTEL ROOM?
14 A. IT WAS REALLY A DISCUSSION ABOUT WHAT
15 BUSINESS WAS NETSCAPE IN, WHAT BUSINESS DID WE
16 THINK THEY WERE IN, AND WAS THERE AN OPPORTUNITY
17 TO PARTNER WITH THEM, OR WERE THEY REALLY
18 COMPETING WITH US.
19 Q. APPROXIMATELY HOW LONG DID THE
20 PRE-MEETING WHICH YOU HAD LAST?
21 A. THE ONLY OTHER--HOW LONG DID THE
22 PRE-MEETING LAST?
23 Q. YES.
24 A. SORRY. MAYBE ABOUT HALF AN HOUR OR AN
25 HOUR. IT'S VAGUE IN MY MIND, SO YOU COULD TELL

1 ME IT WAS FIVE HOURS AND I'D SAY I FIND IT TOUGH
2 TO BELIEVE WE FIT THAT INTO A DAY, BUT--
3 Q. SO, YOUR BEST RECOLLECTION IS AROUND
4 HALF AN HOUR TO AN HOUR?
5 A. YES.
6 (EXCERPT.)
7 Q. WHAT ELSE DO YOU RECALL BEING DISCUSSED
8 IN THE PRE-MEETING BESIDES--I THINK YOU SAID THE
9 OPPORTUNITY TO MAYBE PARTNER WITH NETSCAPE OR
10 WERE THEY REALLY COMPETING?
11 A. IT WAS REALLY FOCUSED AROUND HOW COULD
12 WE GET A GREAT PARTNERSHIP WITH THESE GUYS. IT'S
13 A VERY GOOD COMPANY, BENEFICIAL TO BOTH, WHAT
14 COULD WE DO TO PROVIDE OR GET THAT PARTNERSHIP,
15 AND EVERYBODY--MY RECOLLECTION OF THAT MEETING
16 WAS EVERYBODY IN THAT ROOM'S GOAL WAS TO WALK OUT
17 OF OUR MEETING WITH NETSCAPE AND GO, "WOW, WE'VE
18 GOT A GOOD PARTNERSHIP, THIS IS GOING TO BE
19 SUPER."
20 Q. WHEN YOU SAY YOUR IMPRESSION WAS THAT
21 EVERYBODY'S GOAL WAS TO WALK OUT WITH A
22 PARTNERSHIP, DO YOU MEAN EVERYONE ON YOUR SIDE OR
23 EVERYONE ON--
24 A. NO. IT'S THE PRE-MEETING, SO IT'S ONLY
25 MY SIDE.

1 Q. WHAT WAS SAID IN THE PRE-MEETING ABOUT
2 WHAT A GREAT PARTNERSHIP IT WOULD BE? WHAT KIND
3 OF THINGS WERE BEING CONTEMPLATED?
4 A. WAS NETSCAPE IN THE PLATFORM BUSINESS
5 OR NOT. AND IF THEY WERE NOT IN THE PLATFORM
6 BUSINESS, THEN WHAT COULD WE DO TO PROVIDE A
7 GREAT PLATFORM FOR THEM TO CREATE A BUSINESS
8 UPON. AND IF THEY WERE IN THE PLATFORM BUSINESS,
9 THAT THEY WERE COMPETING WITH US, AND THAT IS
10 AN--AND AS PART OF THAT, THAT IS A HUGE THREAT.
11 Q. AND AT THE TIME WHEN DISCUSSION WAS
12 WITH NETSCAPE IN THE PLATFORM BUSINESS, WHAT DID
13 THAT MEAN? IN WHAT SENSE WAS PLATFORM BUSINESS
14 USED OR MEANT?
15 A. WERE THEY IN THE BUSINESS OF--DID THEY
16 WANT TO BE IN THE BUSINESS OF CREATING AN
17 ALTERNATIVE CLIENT EXPERIENCE TO THE CLIENT
18 EXPERIENCE OF WINDOWS AND AN ALTERNATIVE
19 DEVELOPMENT PLATFORM THAN THE DEVELOPMENT
20 PLATFORM THAT IS WINDOWS, OR WERE THEY IN THE
21 BUSINESS OF PROVIDING SOLUTIONS AND SERVICES AND
22 PRODUCTS THAT LEVERAGED AND ENHANCED THAT
23 PLATFORM VALUE IN WINDOWS.
24 Q. AND I THINK YOU SAID IF THEY WERE IN
25 THE PLATFORM BUSINESS, THAT MEANT THEY WERE

1 COMPETING WITH MICROSOFT AND WERE, THUS, A HUGE
2 THREAT. WHAT WAS MEANT BY THAT AT THE TIME?
3 MR. HOLLEY: OBJECT TO THE QUESTION AS
4 ASSUMING FACTS NOT IN EVIDENCE.
5 THE WITNESS: BACK TO THE STORY I TOLD
6 YOU ABOUT WEBLICATION, THREE YEARS AGO, FOUR
7 YEARS AGO, AS SOON AS THE INTERNET CAME AROUND,
8 IT WAS--NOT AS SOON AS THE INTERNET CAME AROUND,
9 BUT THE RECOGNITION OF THE IMPORTANCE, IT WAS
10 CLEAR THAT YOU COULD TAKE AND CREATE SOMETHING
11 THAT EXTENDED AND ENHANCED WHAT WAS ON THE
12 INTERNET AND A SET OF SERVICES THAT ARE HTML AND
13 CREATE AN ALTERNATE ENVIRONMENT THAT WOULDN'T
14 NEED WINDOWS ANYMORE, THAT WOULD ABSTRACT AWAY
15 ALL THE VALUE THAT WINDOWS PROVIDED AND MAKE IT
16 JUST A GENERAL PURPOSE--TO QUOTE A NETSCAPE VICE
17 PRESIDENT--PARTIALLY DEBUGGED DEVICE DRIVERS.
18 AND BOY, YOU KNOW, I'M NOT IN THE BUSINESS OF
19 SHIPPING PARTIALLY DEBUGGED DEVICE DRIVERS. IF
20 ISV'S AREN'T TARGETING MY OPERATING SYSTEM, I'M
21 GOING TO DO MY DAMNEDEST TO MAKE SURE THAT THEY
22 DO. THAT'S MY JOB.
23 Q. YOU MENTIONED--AND I'M PARAPHRASING SO
24 IF I GET IT WRONG, PLEASE TELL ME, BUT
25 ESSENTIALLY THAT THE DISCUSSION IN THE

1 PRE-MEETING WAS YOU WANTED TO FIND OUT WAS
2 NETSCAPE IN THE PLATFORM BUSINESS AND IF NOT
3 THEN--SOMETHING FROM THERE.
4 WHAT WOULD THE ALTERNATIVE BE IF THEY
5 WEREN'T IN THE PLATFORM BUSINESS? WHAT WOULD THE
6 ALTERNATIVE HAVE BEEN?
7 MR. HOLLEY: OBJECTION. ASKED AND
8 ANSWERED.
9 BY MR. MALONE:
10 Q. GO AHEAD.
11 A. AGAIN, TO BE BUILDING SOLUTIONS ON TOP
12 OF THE PLATFORM THAT DELIVERED VALUE. THE
13 PLATFORM ITSELF--GO TAKE WINDOWS 95 AND RUN IT,
14 NO APPLICATIONS, NO NOTHING, OUT OF THE BOX. NOT
15 VERY INTERESTING. CAN'T DO MUCH. APPLICATIONS
16 MAKE IT INTERESTING. APPLICATIONS BUSINESS, HUGE
17 BUSINESS.
18 SO, THE WEB PLATFORM AND THE PLATFORM
19 ENHANCEMENTS ARE THE SAME WAY. WHEN YOU EXTEND
20 AND ENHANCE AND DELIVER A PLATFORM, THERE IS A
21 VALUE IN PROVIDING THE COMPLETE SOLUTION FOR
22 CUSTOMERS, AND YOU CAN OBTAIN A SIGNIFICANT
23 AMOUNT OF REVENUE IN BUSINESS FROM THAT VALUE.
24 SO I THINK ABOUT, QUOTE-UNQUOTE, NOTES
25 FOR THE WEB. NETSCAPE COULD HAVE BEEN IN THAT

1 BUSINESS AND PROVIDED THAT VALUE. AND IT WOULD
2 HAVE BEEN A GREAT BUSINESS FOR THEM TO GO AND BE
3 IN. MIGHT BE THE BUSINESS THEY WANT. I DON'T
4 GET TO CHOOSE THAT FOR THEM, BUT IT WOULD HAVE
5 BEEN A FINE BUSINESS.
6 Q. WHAT DISCUSSION IN THIS PRE-MEETING
7 WERE THERE ABOUT HOW YOU WOULD FIND OUT, HOW YOU
8 WOULD INQUIRE WHETHER NETSCAPE WAS IN THE
9 PLATFORM BUSINESS OR IN THE BUSINESS OF SOLUTIONS
10 THAT WOULD RUN ON TOP OF PLATFORMS?
11 A. WE'D ASK THEM.
12 Q. OKAY. AND WHAT DISCUSSION WAS THERE
13 ABOUT WHAT KIND OF GREAT PARTNERSHIPS WERE
14 DESIRED WITH NETSCAPE?
15 A. I ACTUALLY DON'T RECALL. I REMEMBER
16 THE GENERAL GIST AND THEMES OF IT, BUT DETAILS I
17 DON'T REMEMBER.
18 Q. DO YOU RECALL GENERALLY WHAT THE IDEA
19 WAS BEHIND PARTNERSHIP BETWEEN MICROSOFT AND
20 NETSCAPE?
21 MR. HOLLEY: OBJECTION. ASKED AND
22 ANSWERED TWICE.
23 THE WITNESS: AGAIN, I DON'T REALLY
24 RECALL, EXCEPT THE IDEAS I TALKED ABOUT
25 PREVIOUSLY. NO SPECIFICS.

1 BY MR. MALONE:

2 Q. WAS THERE ANY DISCUSSION IN THE

3 PRE-MEETING ABOUT HOW WHATEVER NETSCAPE WAS DOING

4 WOULD IMPACT UPON MICROSOFT'S INTERNET EXPLORER

5 EFFORTS?

6 A. IF YOU MEAN DID WE THINK THAT THE

7 NETSCAPE BROWSER WAS A PLATFORM THREAT, THE

8 ANSWER TO THE QUESTION IS YES BECAUSE THE

9 SERVICES THAT IT PROVIDED WERE COMPELLING

10 ALTERNATIVES TO THE SERVICES ON WINDOWS. IF YOU

11 MEAN, YOU KNOW, DID WE THINK THAT THEIR BROWSER

12 WAS GREAT AND SUCCESSFUL AND THE PLATFORM THEY

13 PROVIDED WAS REALLY GOOD, THE ANSWER TO THE

14 QUESTION WAS YES, I DID THINK THAT.

15 Q. DID YOU THINK AT THE TIME OF THE

16 PRE-MEETING, BEFORE YOU WENT IN AND TALKED TO THE

17 NETSCAPE PEOPLE, DID YOU THINK THAT THEY WERE

18 PROVIDING THROUGH THEIR BROWSER WAS--WHAT THEY

19 WERE PROVIDING THROUGH THEIR BROWSER WAS A

20 PLATFORM?

21 A. ABSOLUTELY.

22 Q. AND SO, IF YOU THOUGHT THAT, WHAT

23 EXACTLY WAS IT THAT YOU WERE TRYING TO FIND OUT

24 FROM THEM IN THE COURSE OF THE MEETING ABOUT

25 WHETHER OR NOT THEY WERE IN THE PLATFORM

1 BUSINESS?

2 A. THERE ARE TWO TYPES OF PEOPLE IN THE

3 WORLD: PEOPLE WHO BUILD PLATFORMS TO DELIVER

4 SOLUTIONS BUT THEY DON'T WANT TO BE IN THE

5 BUSINESS OF MAINTAINING THOSE OVER TIME, AND

6 THERE ARE PEOPLE WHO BUILD PLATFORMS TO ESTABLISH

7 PLATFORMS AND CREATE REVENUE OFF OF THAT PLATFORM

8 ITSELF. AND THE SOLUTIONS IS A SECOND AND

9 SEPARATE BUSINESS. THE QUESTION IS WHICH

10 CATEGORY THEY WERE IN. DID THEY BUILD TO SELL

11 SOLUTIONS OR ESTABLISH A PLATFORM AND CREATE A

12 DOMINANT PLATFORM AND DERIVE REVENUE FROM IT.

13 Q. WAS THERE ANY DISCUSSION IN THE

14 PRE-MEETING OF ANY WAYS IN WHICH MICROSOFT MIGHT

15 BE ABLE TO PERSUADE NETSCAPE, IN THE COURSE OF

16 THIS MEETING, TO MOVE IN THE DIRECTION OF

17 THE--WHAT YOU'VE DESCRIBED AS THE SORT OF

18 BUILDING SOLUTIONS ON TOP OF PLATFORMS AS OPPOSED

19 TO ESTABLISHING A PLATFORM AS A PLATFORM?

20 A. AGAIN, I DON'T REMEMBER THE SPECIFICS,

21 SO IT'S HARD FOR ME TO ANSWER THE QUESTION.

22 Q. DO YOU RECALL JUST GENERALLY, WITHOUT

23 REMEMBERING THE DETAILS, WAS THAT SOMETHING THAT

24 WAS DISCUSSED?

25 A. IT'S SORT OF LIKE A HAZY DREAM. AND

1 CO-BRANDING AND CO-MARKETING, I'M SURE, WERE
2 PARTS OF THE PLAN, BUT YOU COULD GIVE ME A PIECE
3 OF PAPER THAT SHOWED TWO COMPLETELY DIFFERENT
4 THINGS, AND I MIGHT NOD MY HEAD YES AT BOTH OF
5 THEM, EVEN THOUGH SOME WERE (SIC) OVERLAPPING
6 BECAUSE I DON'T REMEMBER THE DETAILS OF WHAT WE
7 DISCUSSED.
8 MY ROLE WAS TO FIGURE OUT WAS THERE
9 EVEN A POSSIBILITY TO DRAW UP A PIECE OF PAPER,
10 HAVE A PARTNERSHIP. ONCE YOU CROSS THAT BRIDGE,
11 YOU CAN FIND OUT WHAT THE DETAILS OF THE
12 PARTNERSHIP ARE. MY FOCUS WAS CAN WE EVEN BE
13 PARTNERS WITH THESE GUYS.
14 Q. WHO DID MOST OF THE TALKING IN THE
15 COURSE OF THE PRE-MEETING?
16 A. I DON'T REMEMBER. I HAVE A TENDENCY TO
17 SHOOT MY MOUTH OFF A LOT, SO I MIGHT HAVE DONE
18 MOST OF IT.
19 Q. I THINK YOU SAID EARLIER THAT THE
20 MEETING ITSELF WAS MAINLY OR PRIMARILY DAN
21 ROSEN'S MEETING. WAS THAT TRUE FOR THE
22 PRE-MEETING? DID YOU HAVE A PRIMARY ROLE, DO YOU
23 KNOW?
24 A. YES, HE DID. BUT AGAIN--I MEAN, JUST
25 TO GET BACK TO MY EARLIER ANSWER, I DON'T

1 REMEMBER. WE WERE SEVEN OR EIGHT PEOPLE SITTING
2 AROUND IN A ROOM TALKING.
3 (EXCERPT.)
4 Q. IS IT TRUE THAT JUST GENERALLY THERE
5 WAS SOME DISCUSSION IN THE PRE-MEETING ABOUT A
6 LINE BETWEEN WHAT WAS PLATFORM TYPE OF
7 TECHNOLOGY, IF YOU WILL, OR A CORE KIND OF
8 SERVICES VERSUS WHAT YOU'VE DESCRIBED AS
9 SOLUTIONS THAT RUN ON TOP OF A PLATFORM?
10 A. I DON'T RECALL IN THE MEETING IF WE
11 TALKED ABOUT THAT. WE CERTAINLY TALKED ABOUT
12 THERE IS A LINE BETWEEN SOLUTIONS AND PLATFORM
13 AND WHERE IS THAT LINE. BUT IT TURNS OUT TO BE A
14 BAND THAT IS REAL GRAY. AND, LIKE, YOU GO FROM
15 BLACK TO WHITE, AND WHITE IS TOTALLY SOLUTIONS
16 AND BLACK IS TOTALLY PLATFORM AND THE MIDDLE IS
17 COMPLETELY GRAY. AND PEOPLE ARE GOING TO POKE AT
18 DIFFERENT LEVELS AND PICK AT LEVELS OF THE
19 PLATFORM YOU CHOOSE TO ADOPT.
20 Q. WAS THERE ANY DISCUSSION ABOUT TRYING
21 TO INFLUENCE NETSCAPE, IN ANY WAY, TO EITHER MOVE
22 TOWARD OR STAY ON ONE SIDE OF THE LINE OR THE
23 CENTER OF THE GRAY AREA, IF YOU WILL, AS OPPOSED
24 TO SIMPLY FINDING OUT WHERE IT WAS THAT THEY
25 INTENDED TO DO BUSINESS?

1 A. IT WAS BOTH. IT WAS TO FIND OUT WHERE
2 THEY INTENDED TO DO BUSINESS AND SAY, "HEY, WE
3 THINK WE COULD HAVE A GREAT BUSINESS IF YOU RUN
4 THE SOLUTIONS SIDE OF THE LINE."
5 IT'S LIKE ANY BUSINESS NEGOTIATION YOU
6 HAVE WITH ANY COMPANY. YOU TRY TO FIND OUT IF
7 THERE IS COMMON GROUND, AND THEN YOU SAY, "HEY,
8 IF THERE IS COMMON GROUND, THERE IS AN
9 OPPORTUNITY FOR US TO WORK TOGETHER."
10 Q. WHAT ELSE, IF ANYTHING, DO YOU RECALL
11 WAS DISCUSSED AT THE PRE-MEETING?
12 A. THAT BASICALLY COVERS MY RECOLLECTION
13 OF THE PRE-MEETING.
14 Q. DO YOU RECALL ANY DISCUSSION ABOUT A
15 DESIRE OF ANYBODY ON THE PART OF MICROSOFT WHO
16 WAS PARTICIPATING TO BE ABLE TO PERSUADE OR
17 INFLUENCE NETSCAPE TO NOT COMPETE WITH MICROSOFT?
18 A. ABSOLUTELY. BUT AGAIN, PERSUADE IN THE
19 SENSE OF FORCE OR PERSUADE IN THE SENSE OF, "HEY,
20 WE THINK WE CAN HAVE A GREAT BUSINESS
21 RELATIONSHIP TOGETHER." IT'S THE SAME ANSWER AS
22 MY PREVIOUS ONE.
23 Q. IN THE SENSE YOU JUST USED IT, "WE
24 COULD HAVE A GREAT RELATIONSHIP," WHAT DISCUSSION
25 WAS THERE ABOUT PERSUADING THEM NOT TO COMPETE

1 WITH MICROSOFT BUT, INSTEAD, TO PARTNER?

2 A. I THINK I'VE ANSWERED THE QUESTION AS

3 TO MANY DIFFERENT WAYS AS I CAN. WE WERE GOING

4 TO FIND OUT WHAT BUSINESS THEY WERE IN. WE WERE

5 GOING TO ARTICULATE THAT WE THOUGHT THERE WAS AN

6 OPPORTUNITY TO WORK TOGETHER, AND THERE WAS A

7 HUGE BUSINESS IN THE SOLUTIONS SPACE AND ASK THEM

8 IF THEY WERE INTERESTED IN BEING IN THAT, PLAIN

9 AND SIMPLE.

10 (EXCERPT.)

11 Q. OKAY. WAS THERE ANY DISCUSSION IN THE

12 PRE-MEETING WHETHER IN THE ACTUAL MEETING WITH

13 NETSCAPE MICROSOFT SHOULD SUGGEST OR CONVEY THERE

14 WOULD BE ANY CONSEQUENCES TO NETSCAPE OR ITS

15 BUSINESS IF NETSCAPE CHOSE TO GO IN THE PLATFORM

16 DIRECTION YOU'VE DESCRIBED EARLIER AS OPPOSED TO

17 THE SOLUTIONS DIRECTION?

18 A. BUSINESS NEGOTIATION--THE CONVERSATION

19 WAS SOMETHING LIKE THE FOLLOWING. WE'RE IN THE

20 PLATFORM BUSINESS. WE'RE GOING TO INVEST HEAVILY

21 IN THIS PART OF THE PLATFORM BECAUSE WE FEEL IT'S

22 CRITICAL TO OUR TECHNOLOGIES. THAT'S A DONE

23 DEAL. THERE'S NO OUT OF THIS MEETING WE'RE GOING

24 TO DO THIS OR NOT DO THIS. THAT WAS OUR

25 BUSINESS. AND WE'RE ASKING THEM WHAT IS YOUR

1 BUSINESS? IS YOUR BUSINESS PLATFORMS OR
2 SOLUTIONS? IF IT'S PLATFORMS, WE'RE IN THE
3 PLATFORMS BUSINESS. WE'RE COMPETING. I THINK
4 THEY WERE PRETTY CLEAR ON THAT AT THE MEETING,
5 BUT WE WERE VERY EXPLICIT ABOUT WHAT OUR BUSINESS
6 WAS AND OUR OBJECTIVES WERE.
7 AND THE OPPORTUNITY FOR THEM WAS TO
8 DECIDE THEY WERE IN THE SOLUTIONS BUSINESS OR
9 ACTUALLY ARTICULATE TO US THEY ALREADY WERE, AND
10 THEN WE COULD DEVELOP A PARTNERSHIP AROUND THE
11 INCREDIBLE INVESTMENTS WE WERE GOING TO MAKE IN
12 OUR PLATFORM AND THE COMPLEMENTARY INVESTMENTS
13 THEY COULD MAKE IN SOLUTIONS.
14 SO, IN CONSEQUENCES LIKE, GEE, IF YOU
15 GUYS DON'T GET OUT--WE'RE GOING TO BE IN THE
16 PLATFORM BUSINESS. THERE WAS NO CONSEQUENCE. WE
17 WERE IN THE PLATFORM BUSINESS.
18 Q. APART FROM MICROSOFT BEING AND STAYING
19 IN THE PLATFORM BUSINESS, WAS THERE ANY
20 DISCUSSION IN THE PRE-MEETING OF ANY OTHER
21 CONSEQUENCES THAT MIGHT BE MENTIONED TO NETSCAPE
22 IF THEY WENT IN THE PLATFORM DIRECTION?
23 A. NO, NOT THAT I RECALL.
24 Q. WAS THERE ANY DISCUSSION IN THE
25 PRE-MEETING OF TALKING TO NETSCAPE ABOUT THE

1 AVAILABILITY OF ANY WINDOWS API'S THAT THEIR
2 PRODUCTS MIGHT NEED?
3 A. ABSOLUTELY NOT. THEY'RE--WE COMPETE
4 WITH LOTUS, AND THEY BUNDLE OUR BROWSER AND SHIP
5 IT. YOU CAN BE COMPETITORS AND STILL HAVE API'S
6 AVAILABLE. IT'S JUST NOT IN OUR BUSINESS
7 INTEREST TO HAVE THOSE API'S BE CLOSED OR HOLD
8 THEM AS HOSTAGE. IT'S JUST STUPID.
9 Q. WAS THERE ANY DISCUSSION IN THE
10 PRE-MEETING WHETHER TO SAY ANYTHING TO NETSCAPE
11 ABOUT WHETHER OR NOT INTERNET EXPLORER WAS GOING
12 TO BE CROSS-PLATFORMED OR JUST BE LIMITED TO THE
13 WINDOWS PLATFORM?
14 A. THERE WERE DISCUSSIONS ABOUT--THERE
15 WERE DISCUSSIONS WE HAD ABOUT HOW BROADLY
16 AVAILABLE WOULD WE MAKE OUR PLATFORM, AND
17 DEPENDING ON IF THERE COULD HAVE BEEN A
18 PARTNERSHIP WHERE ACTUALLY NETSCAPE DISTRIBUTED
19 THE CROSS-PLATFORM VERSIONS OF OUR PLATFORM
20 BECAUSE OUR MONEY AND VALUE IS IN WINDOWS. WE DO
21 THE CROSS-PLATFORM CLIENTS TO ALLOW ENOUGH REACH
22 FOR DEVELOPERS SO THEY CAN TARGET THE WINDOWS
23 SERVICES. WE DO THAT FOR A LOT OF DIFFERENT
24 TECHNOLOGIES. APPLE DOES THAT FOR QUICKTIME, AND
25 THE MAC, FOR EXAMPLE.

1 SO, THERE WAS A DISCUSSION ABOUT, "HEY,
2 YOU GUYS CAN CONTINUE TO DELIVER CROSS-PLATFORMS,
3 BUT TO CLIENTS THAT ARE COMPLEMENTARY TO THE
4 OFFERINGS THAT WE'LL HAVE ON WINDOWS. BUT TO THE
5 EXTENT THAT YOU DELIVER THAT CLIENT ON WINDOWS
6 AND CREATE AN ALTERNATE PLATFORM TO THE ONE WE'RE
7 GOING TO PROMOTE WITH WINDOWS, THEN WE'RE
8 COMPETING.
9 Q. WAS THAT SOMETHING DISCUSSED IN THE
10 PRE-MEETING OR IN THE MEETING WITH THE NETSCAPE
11 PEOPLE?
12 A. I ACTUALLY DON'T RECALL.
13 Q. DO YOU RECALL ANY DISCUSSION--FOR NOW
14 JUST EITHER IN THE PRE-MEETING OR ACTUAL MEETING
15 WITH NETSCAPE, ABOUT WHETHER IF--LET ME STAY WITH
16 THE PRE-MEETING. ANY DISCUSSION ABOUT WHETHER IF
17 NETSCAPE'S ANSWER WAS WE'RE GOING TO--WE'RE GOING
18 TO BE COMPETING WITH YOU ON WINDOWS FOR THE
19 PLATFORM, WHETHER MICROSOFT WOULD THEN SAY IN
20 THAT CASE WE WILL BE DEVELOPING CROSS-PLATFORM
21 VERSIONS OF INTERNET EXPLORER?
22 A. I DON'T RECALL.
23 Q. DO YOU RECALL IF THAT WAS DISCUSSED AT
24 ALL DURING THE MEETING WITH THE NETSCAPE PEOPLE?
25 A. TO THE--I DON'T RECALL. IT'S POSSIBLE.

1 Q. YOU SAID A MINUTE AGO THAT THERE WAS
2 SOME DISCUSSION ABOUT WHETHER IF YOU GUYS CAN
3 DELIVER CROSS-PLATFORM CLIENTS THAT ARE
4 COMPLEMENTARY ON WINDOWS--I'M SORRY, I LOST THE
5 LATTER PART OF THAT--
6 A. THAT ARE COMPLEMENTARY TO THE WINDOWS
7 PLATFORM OFFERING WE HAVE.
8 Q. RIGHT. IF THAT, THEN--WHAT WAS THE--
9 A. THEN AGAIN, WE CAN HAVE A GOOD
10 PARTNERSHIP, WE'RE NOT COMPETING, BECAUSE OUR
11 BUSINESS IS MAKING WINDOWS THE BEST PLATFORM FOR
12 SOLUTIONS THAT DEVELOPERS WANT AND FOR USERS AND
13 CUSTOMERS. AND IT IS IN OUR BUSINESS INTERESTS
14 TO MAKE SURE THAT THAT IS A PLATFORM THAT IS
15 RELEVANT, THAT PEOPLE CONTINUE TO TARGET AND
16 PROVIDES VALUE AND SERVICES.
17 Q. AND WHAT WAS THE ALTERNATIVE TO THAT?
18 IF THAT'S NOT WHAT NETSCAPE WAS DOING, IF, IN
19 FACT--
20 A. IT WAS--AGAIN, THAT CONVERSATION WAS
21 MUCH MORE OF A, BOY, IF WE CAN BE PARTNERS
22 TOGETHER, HERE ARE SOME POSSIBILITIES. WE DON'T
23 GO AND DELIVER CROSS-PLATFORM CLIENTS BECAUSE YOU
24 GUYS WILL DO THAT, WE DON'T NEED TO DO THAT.
25 LIKE PARTNERSHIPS WITH ANY COMPANY THAT SHIPS

1 SERVICES ON PLATFORMS, TO THE EXTENT--THE
2 NETMEETING PARTNERSHIP, THERE IS A COMPANY THAT
3 BUILDS THE UNIX VERSION OF NETMEETING. IT'S A
4 GOOD PARTNERSHIP. VERY SENSIBLE PARTNERSHIP. TO
5 THE EXTENT THOSE GUYS BUILT A WINDOWS CLIENT THAT
6 COMPETED WITH OUR WINDOWS SET OF SERVICES, THAT
7 WOULD NOT BE A PARTNERSHIP WE'D ENTER INTO
8 BECAUSE IT'S NOT STRATEGIC FOR OUR COMPANY.
9 Q. WOULD IT BE--I'M TRYING TO UNDERSTAND
10 WHAT YOU'VE JUST SAID. WOULD IT BE ACCURATE TO
11 DESCRIBE THE PARTNERSHIP CONTEMPLATED IN THE
12 PRE-MEETING PART BEING THAT NETSCAPE WOULD
13 DELIVER THE CLIENT, IF YOU WILL--AND I ASSUME
14 YOU'RE TALKING ABOUT THE BROWSER CLIENT?
15 A. SERVICES, YEAH.
16 Q. NETSCAPE WOULD DELIVER THAT FOR
17 CROSS-PLATFORM, THAT IS, NON-WINDOWS PLATFORMS,
18 AND MICROSOFT WOULD DELIVER IT FOR THE WINDOWS
19 PLATFORM?
20 A. IT'S AN UNFAIR CHARACTERIZATION TO SAY
21 THAT--I'LL GET BACK TO MY PREVIOUS STATEMENT.
22 WE'RE IN THE BUSINESS OF MAKING WINDOWS GREAT.
23 WE'RE IN THE BUSINESS OF ENHANCING THE PLATFORM
24 OF WINDOWS. WE VIEWED AT THAT TIME AND CONTINUE
25 TO VIEW INTERNET TECHNOLOGY AS A CRITICAL PART OF

1 THAT PLATFORM. THAT IS NONNEGOTIATION BUSINESS
2 THAT WE'RE GOING TO ENTER INTO, AND WE FEEL IT IS
3 CRITICAL FOR US TO EXECUTE ON TO BE SUCCESSFUL.
4 IN THE CONTEXT OF THAT, WE CAN HAVE A
5 PARTNERSHIP.
6 AND CROSS-PLATFORM CLIENTS, TO BE
7 HONEST, FALL OUTSIDE OF THE CONTEXT OF THAT
8 CONVERSATION, UNLESS THEY'RE NECESSARY TO PROMOTE
9 THE ADOPTION OF AND TO MAKE SURE THAT DEVELOPERS
10 CAN EASILY TARGET WHAT IS ON WINDOWS.
11 SOLUTIONS ALSO IS OUTSIDE THE CONTEXT
12 OF THAT CONVERSATION. SOLUTION CAN BE A
13 COMPLEMENT TO THE PLATFORM IF THEY TAKE ADVANTAGE
14 OF IT.
15 SO, THE CONVERSATION REALLY FOCUSED
16 AROUND, AND OUR COMPANY PHILOSOPHY HAS BEEN
17 AROUND THE SUCCESS OF WINDOWS MOVING FORWARD AND
18 HOW CAN WE MAKE WINDOWS SUCCESSFUL, CONTINUE TO
19 PROVIDE COMPELLING VALUE AND CONTINUE TO BE
20 RELEVANT FOR CUSTOMERS AND DEVELOPERS.
21 (EXCERPT.)
22 Q. DO YOU REMEMBER HOW LONG THE MEETING
23 ITSELF LASTED WITH THE NETSCAPE PEOPLE?
24 A. I DON'T RECALL. THREE HOURS, TWO
25 HOURS. I'M NOT SURE. SEEMS ABOUT RIGHT. MAYBE

1 WE GOT THERE AROUND NOON AND LEFT AROUND 4:00. I
2 DON'T KNOW.
3 Q. AND WAS THERE ANY SORT OF POST-MEETING
4 OF JUST THE MICROSOFT PEOPLE AFTER THE MEETING
5 WITH NETSCAPE CONCLUDED?
6 A. WE WENT OUT AND HAD BEERS. I'M NOT
7 SURE IF I'D CALL IT A MEETING.
8 Q. WAS THERE ANY TIME, LIKE AFTER YOU GOT
9 BACK TO REDMOND, WAS THERE A MEETING TO DISCUSS
10 WHAT HAD HAPPENED OR ANY FALLOUT FROM THE MEETING
11 WITH NETSCAPE?
12 A. I THINK DAN WROTE UP MEETING NOTES FROM
13 IT, BUT I'M NOT SURE IF ANYTHING ELSE HAPPENED
14 AFTER THAT. THE FALLOUT WAS, "HEY, THOSE GUYS
15 ARE IN THE PLATFORM BUSINESS, AND ARE COMPETING,
16 AND WE HAVE TO GO EXECUTE ON A PLAN TO COMPETE."
17 Q. GENERALLY, WHAT DID IT MEAN TO GO
18 EXECUTE ON THE PLAN TO COMPETE? WHAT DID YOU
19 HAVE TO DO THAT YOU MIGHT HAVE DONE DIFFERENTLY
20 HAD THEY NOT BEEN IN THE PLATFORM BUSINESS?
21 A. WELL, THERE IS A SET OF STUFF WE HAD TO
22 DO INDEPENDENTLY, WHICH IS ALL ABOUT PROVIDING
23 VALUE AND DELIVERING ON THE CUSTOMER NEEDS THAT
24 PEOPLE HAVE AND REALLY TRIED TO DELIVER ON THIS
25 INVESTIGATION OF WEB COMPUTING OR WEBLICATION OR

1 HOWEVER YOU WANT TO DESCRIBE IT. BUT THEN THERE
2 IS, JUST AS WITH ANY COMPETITOR, THERE ARE
3 MARKETING PROGRAMS YOU'VE GOT TO STIR UP. THERE
4 ARE FEATURE REVIEWS YOU'VE GOT TO WIN AND YOUR
5 FOCUS ON WHAT YOU DELIVER CHANGES. AND BUILDING
6 A SUCCESSFUL PRODUCT IS MEETING CUSTOMER NEEDS AT
7 THE END OF THE DAY, BUT THERE ARE ALSO OTHER
8 THINGS, LIKE PRESS REVIEWS AND THINGS YOU HAVE TO
9 WIN THAT YOU'VE GOT TO FOCUS ON AND DO AND
10 CUSTOMER ADOPTION YOU'VE GOT TO MAKE SURE THAT
11 YOU HAVE.
12 Q. WAS WORK ON CROSS-PLATFORM VERSIONS OF
13 IE SOMETHING THAT YOU HAD TO THEN GO AND EXECUTE
14 ON THAT YOU WOULD NOT HAVE HAD TO DO HAD
15 NETSCAPE, IN THE COURSE OF THE MEETING, SAID
16 "WE'RE NOT IN THE PLATFORM BUSINESS"?
17 A. I'M NOT SURE--AGAIN, I THINK THAT WE
18 WOULD HAVE HAD TO GO EXECUTE ON THAT ANYWAY. DID
19 THE FACT THAT WE WERE COMPETING WITH NETSCAPE
20 MAKE THAT MORE OF A CRITICAL THING FOR US TO GO
21 AND DO? PROBABLY THE ANSWER IS YES. BUT
22 CUSTOMERS DEMANDED IT INDEPENDENTLY. LET'S SAY
23 WE HADN'T GONE AND DONE IT OR NO ONE DID IT.
24 CUSTOMERS WOULD HAVE SCREAMED AT US.
25 Q. CORRECT ME IF I MISCHARACTERIZE THIS.

1 I THOUGHT YOU SAID A LITTLE WHILE AGO THAT YOU
2 HAD REACHED THE KIND OF PARTNERSHIP THAT YOU HAD
3 IN MIND, YOU WOULD NOT--MICROSOFT WOULD NOT HAVE
4 HAD TO DO CROSS-PLATFORM DEVELOPMENT OF INTERNET
5 EXPLORER.
6 A. NO, NO, NO. THAT'S--TO CLARIFY, A
7 POSSIBLE PARTNERSHIP WOULD HAVE BEEN ONE WHERE WE
8 DIDN'T HAVE TO DO IT, IT THAT WASN'T A
9 REQUIREMENT FOR A PARTNERSHIP AT ALL.
10 (EXCERPT.)
11 Q. IN THE MEETING ITSELF WITH NETSCAPE, DO
12 YOU RECALL HOW IT BEGAN? DID SOMEONE FROM
13 MICROSOFT MAKE SOME SORT OF PRESENTATION ABOUT
14 WHAT YOU HAD IN MIND OR WHAT YOU WERE HOPING FOR?
15 A. I DON'T REMEMBER HOW IT BEGAN.
16 Q. DO YOU RECALL IF ONE PERSON IN
17 PARTICULAR FROM MICROSOFT PRESENTED THE
18 PARTNERSHIP THINKING OR OPPORTUNITIES THAT YOU'VE
19 BEEN DESCRIBING SO FAR TO THE NETSCAPE PEOPLE?
20 A. THE GROUP OF PEOPLE WE HAD WAS VERY
21 DEMOCRATIC, SO A LOT OF--MY RECOLLECTION IS A LOT
22 OF PEOPLE SAID A LOT OF THINGS. I MEAN, DAN WAS
23 CERTAINLY THE CHAIRPERSON, QUOTE-UNQUOTE, IF YOU
24 WANT TO DESCRIBE HIM AS THAT, BUT A LOT OF PEOPLE
25 HAD A LOT OF DIFFERENT OPINIONS.

1 Q. WAS THERE ANY DISCUSSION IN THE MEETING
2 WITH THE NETSCAPE PEOPLE THAT IF THEY DID NOT
3 ENTER INTO SOME SORT OF PARTNERSHIP WITH
4 MICROSOFT, THAT MICROSOFT MIGHT ENTER INTO A
5 PARTNERSHIP WITH SOME OTHER PRODUCER OF BROWSERS
6 INSTEAD?
7 A. I DON'T RECALL.
8 Q. DO YOU RECALL IF IN THE MEETING WITH
9 NETSCAPE THERE WAS ANY DISCUSSION ABOUT WHAT, IF
10 ANYTHING, MICROSOFT WOULD DO DIFFERENTLY IF THERE
11 WAS NOT A PARTNERSHIP AND YOU, IN FACT, WERE
12 COMPETING WITH THEM THAN IF YOU WERE ABLE TO
13 REACH SOME SORT OF AGREEMENT WITH THEM?
14 A. ASIDE FROM NOT TALKING VERY MUCH IN
15 TERMS OF, YOU KNOW, CO-MARKETING OPPORTUNITIES, I
16 DON'T RECALL ANY SPECIFICS ON THAT.
17 THE ONLY THING I RECALL WITH THAT
18 MEETING IS JIM BARKSDALE, LOOKING ME IN THE EYE
19 AND SAYING, "ALL I WANT IS MY GOD-GIVEN RIGHT TO
20 95 PERCENT OF THE BROWSER MARKET."
21 (EXCERPT.)
22 BY MR. MALONE:
23 Q. WHAT, IF ANYTHING, DID YOU SAY IN
24 RESPONSE TO THAT.
25 A. I KIND OF LAUGHED. I DIDN'T REALLY

1 HAVE ANYTHING ELSE TO SAY.

2 AND RECALL, AT THAT POINT MY JOB WAS

3 NOT INTERNET EXPLORER. MY JOB WAS BEING

4 TECHNICAL ASSISTANT FOR PAUL MARITZ. I HAD NO

5 ASSOCIATION OR AFFILIATION WITH THE PRODUCT.

6 Q. WAS THERE ANY DISCUSSION AT ALL IN THE

7 MEETING WITH THE NETSCAPE PEOPLE ABOUT

8 AVAILABILITY OF WINDOWS API'S?

9 A. ABSOLUTELY NOT.

10 I'LL GO BACK. IT'S A STUPID

11 CONVERSATION TO HAVE. IT'S BAD FOR CUSTOMERS AND

12 DEVELOPERS. BESIDES BEING JUST--JUST DUMB.

13 Q. SO, THERE WAS NO DISCUSSION--AND I

14 WASN'T IMPLYING A DISCUSSION ONE PARTICULAR WAY,

15 BUT DID THE SUBJECT OF API'S COME UP AT ALL?

16 A. NOT THAT I RECALL, NO.

17 Q. WAS THERE ANY DISCUSSION IN THE MEETING

18 WITH NETSCAPE PEOPLE THAT ESSENTIALLY UNDER SOME

19 FORM OF A DEAL OR PARTNERSHIP, MICROSOFT COULD

20 TAKE--MICROSOFT ESSENTIALLY WOULD TAKE THE PART

21 OF THE BUSINESS THAT RELATED TO WINDOWS 95 AND

22 NETSCAPE COULD HANDLE REMAINING PARTS OF THE

23 BUSINESS, FOR EXAMPLE, THE CROSS-PLATFORM CLIENTS

24 THAT WE'VE BEEN TALKING ABOUT?

25 A. OH, I BELIEVE THERE WAS A DISCUSSION OF

1 THAT NATURE, YES.

2 Q. AND AS BEST YOU CAN RECALL, WHAT WAS

3 THAT DISCUSSION?

4 A. AGAIN, IT WAS MORE SAYING--I'LL GET

5 BACK TO THE PREVIOUS ANSWER I GAVE. WE'RE IN THE

6 BUSINESS OF MAKING WINDOWS AND THE WINDOWS

7 PLATFORM VERY SUCCESSFUL. TO THE EXTENT YOU'RE

8 INVESTING IN THINGS COMPLEMENTARY TO THAT

9 BUSINESS. WHETHER THEY BE CROSS-PLATFORM

10 TECHNOLOGIES, SOLUTIONS THAT DRIVE AND TAKE

11 ADVANTAGE OF WINDOWS SERVICES, WE'VE GOT A GREAT

12 OPPORTUNITY.

13 Q. AND WAS THERE ANY DISCUSSION OF IF

14 YOU'RE NOT IN THAT BUSINESS, IF YOU'RE IN THE

15 BUSINESS OF PLATFORMS--

16 A. IF YOU'RE NOT IN THAT BUSINESS, THEN

17 WE'RE COMPETING ON THE PLATFORM BUSINESS AND WE

18 WISH YOU THE BEST OF LUCK.

19 Q. DID ANYONE FROM MICROSOFT ACTUALLY SAY,

20 "WE WISH YOU THE BEST OF LUCK"?

21 A. NO. I SAY THAT SARCASTICALLY IN THIS

22 DEPOSITION. MAYBE I SHOULDN'T HAVE.

23 Q. I JUST WANT TO BE CLEAR ON WHAT WAS

24 ACTUALLY SAID.

25 A. WHAT WAS ACTUALLY SAID--I ACTUALLY

1 DON'T REMEMBER WHAT WAS ACTUALLY SAID, BUT JUST
2 THAT WE CAN GO AHEAD AND COMPETE. IT WAS A
3 PLEASURE HAVING CONVERSATIONS WITH YOU ABOUT IT.
4 TOO BAD WE COULDN'T GET TO A MUTUAL ARRANGEMENT.
5 THANK YOU VERY MUCH.
6 Q. WAS THERE ANY DISCUSSION ALONG THE
7 LINES OF IF WE GO AHEAD AND COMPETE, IF THERE IS
8 NO PARTNERSHIP, MICROSOFT WILL ESSENTIALLY OWN
9 THE WINDOWS CLIENT MARKET?
10 A. IF--I'M SORRY, IF WE DON'T COMPETE--
11 Q. I'M SORRY. IF YOU DO COMPETE.
12 WAS THERE DISCUSSION OF IF YOU,
13 NETSCAPE, GO AHEAD WITH A PLATFORM APPROACH AND
14 WE DO COMPETE, MICROSOFT WILL OWN THE WINDOWS
15 CLIENT BUSINESS?
16 A. I THINK THE CONVERSATION WAS MUCH MORE
17 IF WE DO COMPETE, WE ARE GOING TO GO AND BE IN
18 THE COMPANY, WE THINK, THAT DELIVERS AND MEETS
19 CUSTOMER NEEDS. INDEPENDENTLY OF WHETHER WE
20 COMPETE, FORGET THAT. WE'RE GOING TO BUILD THE
21 BEST SOLUTION FOR CUSTOMERS, AND WE THINK WE'LL
22 BUILD ONE CUSTOMERS WILL CHOOSE AND LIKE AND
23 DEVELOPERS WILL WANT TO USE, INSTALL, DEPLOY AND
24 BET THEIR BUSINESS ON. YOU HAVE THE OPTION OF
25 COMPETING WITH US IN THAT SPACE OR YOU HAVE THE

1 OPTION OF NOT DOING THAT. YOUR CHOICE.

2 Q. DO YOU RECALL DISCUSSION ALONG THE

3 LINES OF IF WE DO COMPETE, MICROSOFT WILL OWN THE

4 WINDOWS 95 CLIENT SPACE?

5 A. THE DISCUSSION BECAME--I MEAN, I DON'T

6 RECALL ANY DISCUSSIONS OF THAT NATURE. I CAN

7 IMAGINE WHAT WAS SAID IS, "HEY, IF WE DO COMPETE,

8 WE THINK WE'RE GOING TO WIN. WE'RE GOING TO BET

9 ON WINDOWS, AND WE THINK WE'RE GOING TO WIN."

10 Q. DO YOU RECALL GENERALLY THAT SORT OF

11 THING BEING SAID?

12 A. I DON'T RECALL THAT SORT OF THING BEING

13 SAID, BUT IT'S VERY EASY TO IMAGINE WE SAID

14 SOMETHING--I DON'T RECALL. IT'S HARD FOR ME TO

15 SPECULATE.

16 Q. WHAT, IF ANY, DISCUSSION WAS THERE IN

17 THE MEETING WITH NETSCAPE ABOUT ANY ADVANTAGES TO

18 THEM IN THEIR BUSINESS OF ENTERING INTO SOME SORT

19 OF RELATIONSHIP OR PARTNERSHIP WITH MICROSOFT?

20 A. BOY, MOST OF THE DISCUSSIONS WERE

21 AROUND THE HUGE OPPORTUNITY TO GO BUILD SOLUTIONS

22 IN THIS SPACE AND THE FACT THEY COULD SPEND ALL

23 THEIR RESOURCES INSTEAD OF BUILDING PLATFORM

24 TECHNOLOGY THAT WAS COMPETITIVE, LEVERAGING

25 PLATFORM TECHNOLOGY THAT WE BUILT. AND THERE

1 WOULD BE GREAT FINANCIAL BENEFITS FOR THEM TO DO
2 THAT. WE THOUGHT THERE WAS A GREAT BUSINESS
3 OPPORTUNITY FOR THEM TO GO DO THAT.
4 Q. AND WHY DID MICROSOFT THINK IT
5 WAS--AGAIN, BASED ON YOUR KNOWLEDGE FROM THE
6 DISCUSSION, WHY DID MICROSOFT THINK IT WAS IN ITS
7 INTERESTS TO HAVE NETSCAPE DO WHAT WAS SUGGESTED
8 THERE, TAKE ADVANTAGE OF THESE GREAT
9 OPPORTUNITIES TO DEVELOP SOLUTIONS RATHER THAN TO
10 DEVELOP A PLATFORM?
11 A. THE SAME REASON WE THOUGHT IT WAS GREAT
12 THAT WORDPERFECT AND LOTUS WOULD GO AND BET ON
13 WINDOWS. YOU NEED GREAT, SMART COMPANIES THAT
14 BET ON YOUR PLATFORM AND DELIVER APPLICATIONS.
15 AND WHEN WE WERE LAUNCHING WINDOWS, WE WENT AND
16 BEGGED WORDPERFECT AND LOTUS TO USE THOSE
17 TECHNOLOGIES AND WANTED THEM TO MAKE THAT BET AND
18 INVESTMENT.
19 IT'S SOLUTIONS THAT DRIVE PEOPLE TO
20 ADOPT PLATFORMS. IT'S THE PARTNERSHIPS YOU
21 CREATE AND THE VALUE THOSE MAKE FOR CUSTOMERS.
22 NETSCAPE IS A SMART COMPANY AND UNDERSTOOD THE
23 INTERNET COULD DELIVER THOSE SOLUTIONS, AND IT
24 WOULD BE GREAT TO HAVE THEM DRIVING FEATURES INTO
25 OUR PLATFORM BECAUSE IT MAKES OUR PLATFORM BETTER

1 AND DELIVERING SOLUTIONS FOR CUSTOMERS BECAUSE IT
2 MAKES THE CUSTOMER EXPERIENCE BETTER AND MAKES
3 THEM MORE LIKELY TO WANT TO PURCHASE THE
4 PLATFORM.
5 Q. HOW WOULD THAT AFFECT--HOW WOULD THAT
6 HAVE WORKED DIFFERENTLY FOR MICROSOFT IF NETSCAPE
7 HAD SIMPLY FOCUSED ON DEVELOPING SOLUTIONS RATHER
8 THAN VIEWING THEIR PRODUCT AS A PLATFORM AS WELL
9 AS SOMETHING THAT RAN ON WINDOWS? I MEAN--LET ME
10 TRY IT A DIFFERENT WAY.
11 A. OKAY.
12 Q. IN TERMS OF WHAT NETSCAPE ULTIMATELY
13 DID, THEY DEVELOPED A PRODUCT THAT RAN
14 CROSS-PLATFORM AND, IN LARGE PART, RAN ITSELF ON
15 WINDOWS 95.
16 WHY DIDN'T THAT GIVE MICROSOFT THE
17 EFFECT THAT YOU JUST DESCRIBED, BEING A GOOD
18 APPLICATION THAT WOULD RUN ON WINDOWS 95?
19 A. SAME REASON WORDPERFECT FOR DOS WASN'T
20 A GOOD APPLICATION FOR WINDOWS. IT DOESN'T TAKE
21 ADVANTAGE OF THE NEW SERVICES. IT DOESN'T
22 DELIVER THE INNOVATION ON THE NEW SERVICES.
23 SO I'M NOT--YOU KNOW, IN SOME SENSES,
24 JUST BECAUSE NETSCAPE COMPETES WITH US AS A
25 PLATFORM SPACE DOESN'T MEAN THEY'RE NOT THE BEST

1 ISV WE HAVE AROUND WINDOWS. THEY CAN BE BOTH.
2 IT'S NOT BLACK AND WHITE. WORDPERFECT WAS THE
3 BEST--OR LOTUS WAS THE BEST ISV WE HAD AROUND
4 DOS. THEY COMPETED WITH US IN THE SPREADSHEET--A
5 DIFFERENT ANALOGY, BUT LET'S TAKE NOTES, A BETTER
6 EXAMPLE. THERE ARE PARTS OF NOTES THAT ARE A
7 DEVELOPER PLATFORM, AND THEY'RE A GREAT ISV FOR
8 OUR PLATFORM. WE LOVE THOSE GUYS. THEY DRIVE
9 WINDOWS SALES SUPER. THAT'S WHY WHEN YOU ASKED
10 THE QUESTION ABOUT WITHHOLDING THE API'S, WHAT A
11 JOKE. IF NETSCAPE WOULD TAKE ADVANTAGE OF ALL
12 THE WINDOWS FEATURES--IN FACT, WE WANT THEM TO
13 TAKE ADVANTAGE OF MORE INCLUDING THE HTML
14 RENDERING AND INCLUDING URLMON. WE WOULD LOVE TO
15 HAVE NETSCAPE IN THAT PARTNERSHIP. THE FACT
16 THEY'RE NOT TAKING ADVANTAGE OF THOSE SERVICES
17 AND INTRODUCING DIFFERENT SERVICES COMPETITIVE
18 WITH THE ONES WE HAVE IN WINDOWS IS A REAL
19 PROBLEM. IT'S, YOU KNOW, A PROBLEM IN THE SENSE
20 THAT I WANT DEVELOPERS TO WRITE TO WINDOWS.
21 THAT'S MY JOB.
22 Q. THE ONE PART THAT I DON'T UNDERSTAND
23 AND I JUST WANT TO FOLLOW UP ON IS, GIVEN THAT
24 NETSCAPE COULD BE, AS YOU SAID, YOUR BEST ISV
25 AND--

1 A. COULD HAVE BEEN AT THE TIME.
2 Q. COULD HAVE BEEN.
3 WHAT WOULD HAVE BEEN DIFFERENT ABOUT
4 THEM AS AN ISV BUILDING VALUE FOR WINDOWS HAD YOU
5 ENTERED INTO SOME SORT OF ARRANGEMENT WITH THEM
6 VERSUS WHAT HAPPENED WITH THEM PURSUING A
7 PLATFORM STRATEGY AND COMPETING ON THAT LEVEL?
8 A. AGAIN, I WOULD HESITATE TO CHARACTERIZE
9 IT AS AN ARRANGEMENT AND MORE SAY IF THOSE GUYS
10 HAD CHOSEN TO GO DOWN THE SOLUTIONS PATH, WHAT
11 WOULD THAT HAVE LOOKED LIKE. THAT WOULD HAVE
12 BUILT ON TOP OF IIS AND ACTIVE SERVER PAGES AND
13 THE NT DIRECTORY AND USED ALL THOSE SERVICES THAT
14 ARE AVAILABLE OR WILL BE AVAILABLE AS PART OF NT
15 TO FORM THE BACK END OF THEIR SERVICE STRATEGY.
16 AND CUSTOMERS WHO WANTED TO CREATE A
17 SPEC SITE OR DOCUMENT DEPOSITORY OR COLLABORATIVE
18 SITE OR DATABASE FRONT END COULD HAVE
19 BOUGHT--THEY WOULD HAVE BOUGHT WINDOWS NT AND
20 BOUGHT A NETSCAPE SERVER THAT RAN ON TOP OF
21 WINDOWS NT THAT TOOK ADVANTAGE OF THE PLATFORM
22 CHARACTERISTICS AND DELIVERED CONTENT DOWN TO THE
23 MICROSOFT PLATFORM, WHICH HAD GREAT DYNAMIC HTML
24 SUPPORT DELIVERING END-TO-END SOLUTIONS. PRETTY
25 COOL.

1 Q. WAS THERE ANY DISCUSSION IN THIS
2 MEETING WITH THE NETSCAPE PEOPLE OF ANY
3 CONSEQUENCES TO NETSCAPE OR ITS BUSINESS OTHER
4 THAN--LET ME JUST LEAVE IT AT THAT--OF THEM NOT
5 PURSUING THE SOLUTION STRATEGY BUT INSTEAD
6 PURSUING AN APPLICATIONS--PURSUING A PLATFORM
7 STRATEGY?
8 A. I DON'T KNOW IF THERE WERE ANY
9 DISCUSSIONS PARTICULARLY ABOUT THAT, LIKE
10 CONSEQUENCES. WE THOUGHT WE'D WIN. WE THOUGHT
11 WE DELIVERED BETTER VALUE, BETTER PRODUCT.
12 SOMEBODY MAY HAVE SAID THAT IN THE ROOM, BUT
13 CERTAINLY AT THE TIME I THOUGHT WE WOULD END UP
14 DELIVERING BETTER PRODUCT.
15 Q. WHAT, IF ANY, REACTION DID YOU GET FROM
16 NETSCAPE AT THE MEETING ITSELF TO WHAT MICROSOFT
17 PEOPLE SAID?
18 A. THEY--MY RECOLLECTION IS THEY MOSTLY
19 LISTENED, WITH THE EXCEPTION OF JIM BARKSDALE'S
20 EARLIER COMMENT, AND ASKED US SOME QUESTIONS TO
21 TRY TO FIGURE OUT WHAT OUR BUSINESS WAS, JUST
22 LIKE US ASKING THEM WHAT THEIR BUSINESS WAS.
23 MY IMPRESSION WAS THEY WERE STILL
24 TRYING TO FIGURE OUT WHAT THEIR BUSINESS WAS.
25 AND THEY WEREN'T SURE WHAT THE REVENUE MODEL WAS

1 GOING TO BE, AND THEY WERE TRYING TO UNDERSTAND
2 IT.
3 (EXCERPT.)
4 Q. IS PART OF WHAT MICROSOFT PEOPLE WERE
5 SAYING TO NETSCAPE AT THIS MEETING IS WHEREVER
6 THE LINE IS, WHATEVER IS ON THE SOLUTION SIDE
7 VERSUS WHATEVER IS ON THE PLATFORM SIDE, "WE,
8 MICROSOFT, ARE CONTEMPLATING THAT YOU, NETSCAPE,
9 WILL FOCUS YOUR EFFORTS ON THE SOLUTION SIDE, AND
10 WE'LL FOCUS ON OUR EFFORTS ON THE PLATFORM SIDE"?
11 A. AGAIN, I THINK I'VE ANSWERED THIS
12 QUESTION A NUMBER OF DIFFERENT TIMES. WE SAID,
13 "HERE'S WHERE WE THINK THE PLATFORM IS, HERE'S
14 WHAT WE THINK THE CAPABILITIES ARE. ARE YOU IN
15 THIS BUSINESS OR NOT? AND IF YOU ARE, TERRIFIC.
16 THAT'S YOUR CHOICE TO GO AND DO THAT. IF YOU'RE
17 NOT, MAYBE WE CAN HAVE A PARTNERSHIP TOGETHER
18 ABOUT HOW WE CAN BOTH PROMOTE YOUR SOLUTIONS AND
19 OUR PLATFORM. LET'S FIGURE THAT OUT."
20 Q. I THINK ONE OF THE THINGS YOU SAID IN
21 DESCRIBING THE PRE-MEETING, IN ADDITION TO
22 WONDERING OR FINDING OUT WHERE THEY WERE,
23 MICROSOFT WAS INTERESTED IN TRYING TO INFLUENCE
24 THE DIRECTION OF WHAT NETSCAPE--
25 A. NO, NO. AGAIN, WE WERE INTERESTED IN

1 DISCLOSING WHAT OUR BUSINESS INTERESTS WERE AND
2 MAKING THEM FULLY AWARE OF WHAT WE WERE PLANNING
3 ON DOING WITH THE PLATFORM AND THE SYSTEM, JUST
4 LIKE WE DO WITH EVERYBODY ELSE. WHEN WE TOOK
5 TCP/IP AND MADE IT PART OF THE SYSTEM, WE WENT TO
6 ALL THE STACK VENDORS AND SAID, "HEY, GUESS WHAT,
7 WE'RE INNOVATING THE PLATFORM, HERE'S WHAT WE
8 THINK THE CHARACTERISTICS ARE FOR YOUR BUSINESS.
9 LET'S FIGURE OUT WHAT WE CAN DO."
10 Q. THAT SOUNDS A LITTLE DIFFERENT--AND IF
11 YOU DON'T MEAN IT THAT WAY, TELL ME, BUT SO I
12 UNDERSTAND, WHAT WAS YOUR PURPOSE IN JUST TELLING
13 THEM, "HERE'S WHAT WE'RE DOING, HERE'S WHERE WE
14 ARE GOING TO BE"?
15 A. BECAUSE WE DIDN'T KNOW WHAT THEIR
16 BUSINESS WAS. WE HAD NO IDEA AT THE TIME--AND
17 AGAIN, THERE ARE TWO TYPES OF COMPANIES:
18 COMPANIES WHO BUILD PLATFORM FEATURES TO MAKE
19 SURE THEIR SOLUTIONS HAVE THE CAPABILITIES THEY
20 NEED, BUT AT THE END OF THE DAY YOU'RE ON AN EXIT
21 STRATEGY BECAUSE THAT'S NOT THEIR BUSINESS; AND
22 COMPANIES WHO ARE IN THE PLATFORM BUSINESS.
23 WE DIDN'T KNOW. AND AT THAT TIME I
24 DON'T THINK THEY KNEW, BUT I KNOW WE DIDN'T KNOW.
25 Q. AND I CAN UNDERSTAND YOUR WANTING TO

1 FIND OUT WHERE THEY WERE, BUT WHAT PURPOSE WAS
2 THERE IN YOUR TELLING THEM, "HERE'S WHAT WE'RE
3 DOING, WE'RE IN THE PLATFORM BUSINESS"?
4 A. THE PURPOSE IS TO FIND OUT IF THERE IS
5 A GOOD BUSINESS OPPORTUNITY FOR US TO WORK
6 TOGETHER AND GO EXECUTE ON THAT.
7 Q. WAS THERE ANY DISCUSSION AT THE MEETING
8 WITH THE NETSCAPE PEOPLE ABOUT WHAT MICROSOFT'S
9 PLANS WERE FOR THE PRICING OF INTERNET EXPLORER?
10 DO YOU RECALL THAT?
11 A. I DON'T RECALL THAT.
12 Q. DO YOU REMEMBER, WAS THERE ANY MENTION
13 THAT WE, MICROSOFT, INTEND TO MAKE INTERNET
14 EXPLORER AVAILABLE FREE?
15 A. I'M SURE WE SAID WE THINK IT'S PART OF
16 WINDOWS AND WINDOWS VALUES, AND WE'RE GOING TO
17 MAKE IT AVAILABLE TO EVERY SINGLE WINDOWS
18 CUSTOMER, SURE. THAT WAS OUR PLAN AT THAT TIME
19 AND ALWAYS HAS BEEN.
20 YOU HAVE TO RECALL THAT NETSCAPE GAVE
21 AWAY ITS BROWSER FOR A FAIRLY SUBSTANTIAL AMOUNT
22 OF TIME, AND SO DID THE UNIVERSITY OF ILLINOIS
23 BROWSER BEFORE THAT. I MEAN, PEOPLE WERE GIVING
24 AWAY--IN THE EARLY DAYS OF WINDOWS, THE RUNTIME
25 VERSION OF WINDOWS WAS AVAILABLE FOR FREE FOR

1 ISV'S TO REDISTRIBUTE WINDOWS 1.0. THIS IS HOW
2 PEOPLE GO AND GET DEVELOPERS TO TARGET THEIR
3 PLATFORM. IT'S A FAIRLY COMMON SET OF THINGS TO
4 DO. WHEN YOU ADD PLATFORM ENHANCEMENT TO
5 WINDOWS, YOU MAKE IT AVAILABLE BROADLY TO WINDOWS
6 CUSTOMERS AND TO DEVELOPERS.
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