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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1 (DEPOSITION EXCERPTS OF BILL L. VEGHTE.)

2 Q. OKAY. DOES THIS SENTENCE, "WE NEED TO

3 THINK HARD ABOUT HOW HARD WE WELD IE 4 INTO

4 MEMPHIS," DOES THAT SUGGEST THAT YOU WERE

5 CONSIDERING THE POSSIBILITY OF NOT INCLUDING IE 4

6 WITH MEMPHIS, AS YOU CAN RECALL TODAY?

7 A. IE VERSION FOUR?

8 Q. WELL, I THINK THE TERM IE--I'M USING

9 WHAT'S IN THE E-MAIL HERE THAT YOU WROTE, IE 4.

10 A. YES.

11 Q. SO, THAT WAS A--YOU WERE CONSIDERING AT

12 THAT TIME WHETHER OR NOT IE 4 SHOULD BE DELIVERED

13 WITH MEMPHIS?

14 A. IE 4 VERSUS IE 3?

15 Q. YES.

16 A. CORRECT.

17 Q. OKAY. AND WHAT WERE THE FACTORS THAT

18 WERE GOING INTO YOUR THINKING AS TO WHETHER OR

19 NOT IE 4 SHOULD BE WITH MEMPHIS?

20 A. WE HAD A SET OF HARDWARE NEEDS--USB,

21 FOR EXAMPLE--THAT OUR HARDWARE PARTNERS SUCH AS

22 INTEL, COMPAQ, NEC FELT WERE VERY, VERY IMPORTANT

23 TO GET OUT TO THE MARKETPLACE.

24 IE 4 WAS STILL UNDER DEVELOPMENT AS WAS

25 WINDOWS 98, AND THERE WAS SORT OF WHEN WOULD THE

1 PRODUCTS BE READY. SO, WE HAD A VERY DIFFICULT
2 DECISION TO MAKE, WHICH IS DELIVERING AND
3 JUMP-STARTING OUR HARDWARE PLATFORM CAPABILITIES
4 VERSUS THE NEEDS THAT OUR SOFTWARE PARTNERS HAD
5 WITH IE 4.
6 SO IT WAS--IT WAS A DIFFICULT DECISION
7 BECAUSE YOU HAVE HARDWARE PARTNERS SAYING, "WE
8 NEED USB. WE NEED USB." AND WE HAVE OUR
9 SOFTWARE PARTNERS SAYING, "HEY, THERE'S GREAT
10 CAPABILITIES IN IE 4. WE WANT IE 4." SO THAT
11 WAS A TIMING ISSUE THAT WE HAD TO THINK THROUGH.
12 Q. SO, DAVID COLE WAS DEVELOPING INTERNET
13 EXPLORER 4 AS OPPOSED TO YOUR GROUP DEVELOPING
14 HARDWARE ADVANCES?
15 A. CORRECT.
16 Q. AND THEY WERE ON DIFFERENT TIME
17 SCHEDULES?
18 A. THEY WERE TRYING HARD TO SYNC THEM, BUT
19 OFTEN OPERATING SYSTEMS TAKE A LONG TIME TO
20 DEVELOP AND RELEASE.
21 Q. WELL, WOULD IT BE FAIR TO SAY THAT IN
22 FEBRUARY OF 1997, THEN, A DECISION HAD NOT YET
23 BEEN MADE AS TO WHETHER IE 4 WOULD BE INCLUDED
24 WITH MEMPHIS?
25 A. I DON'T RECALL EXACTLY THE DATE IN

1 TERMS OF WHEN THAT DECISION--WHEN WE SORT OF MADE
2 THAT DECISION.
3 (EXCERPT.)
4 Q. DO YOU KNOW WHETHER MICROSOFT EVER
5 RELEASED TO PEOPLE OUTSIDE OF THE COMPANY A
6 VERSION OF WINDOWS 98 THAT DID NOT INCLUDE IE 4?
7 A. I'M SORRY. THE QUESTION ONE MORE TIME
8 WAS--
9 Q. DID YOU EVER RELEASE--DID MICROSOFT
10 EVER RELEASE TO PEOPLE OUTSIDE OF THE COMPANY A
11 VERSION OF WINDOWS 98 THAT DID NOT INCLUDE IE 4
12 SHELL?
13 A. YES.
14 WAIT A MINUTE. YOU--
15 Q. IE 4--I'M SORRY. IE 4, PERIOD.
16 A. YES.
17 (EXCERPT.)
18 Q. YOU MENTIONED THAT DEVELOPERS WHO WOULD
19 HAVE LIKELY RECEIVED THIS PARTICULAR VERSION OF
20 WINDOWS 98 WERE DEVELOPERS THAT WERE BETTING ON
21 THE RELEASE OF WINDOWS 98.
22 WHAT DO YOU MEAN BY THAT?
23 A. USB, FOR EXAMPLE, WAS A KEY ISSUE FOR
24 THEM, AND WE NEEDED--OR WDM AUDIO, RIGHT, WHERE
25 PEOPLE WERE TRYING TO WRITE AUDIO DRIVERS FOR NT,

1 AND SO THOSE EARLY SERVICES WERE IMPORTANT TO
2 THEM TO LOOK AT THE INTERFACES AND LOOK AT THE
3 DESIGNS AND CORRESPONDING FOR ACPI.
4 PEOPLE WERE BUILDING MOTHERBOARDS AND
5 BUILDING BIOS'S, AND THEY WANTED TO GET AN EARLY
6 LOOK AT WHAT THOSE CAPABILITIES AND WHAT THAT
7 ARCHITECTURE MIGHT LOOK LIKE, BUT, YOU KNOW, IN
8 VERY EARLY SORT OF PROTOTYPE STAGES.
9 (EXCERPT.)
10 Q. OKAY. YOU THEN SAY, "HOW MUCH BROWSER
11 SHARE DO WE EXPECT TO GAIN BY DOING THIS WHEN
12 MOST OF OUR BROWSER SHARE COMES FROM OEM, WINDOWS
13 RETAIL PRODUCT, AND BUNDLE DEALS WITH AOL?"
14 WHAT ARE YOU THINKING ABOUT IN THAT
15 SENTENCE?
16 A. I'M THINKING ABOUT DISTRIBUTION OF
17 INTERNET EXPLORER.
18 Q. ARE YOU SUGGESTING HERE THAT IE 5
19 SHOULD NOT BE DISTRIBUTED AT ALL?
20 A. NO.
21 Q. IS IT YOUR VIEW THAT IE 5 SHOULD NOT BE
22 DISTRIBUTED AT ALL AS A SEPARATE STAND-ALONE
23 PRODUCT?
24 A. IN THIS SPECIFIC TO THIS MAIL THREAD?
25 Q. PERHAPS NOT SPECIFIC TO THIS MAIL

1 THREAD. I MEAN MORE GENERALLY.
2 A. SO, TODAY?
3 Q. YES.
4 A. NO.
5 Q. WHY DO YOU THING IT'S STILL IMPORTANT
6 TO SHIP IE 5 AS A SEPARATE PRODUCT?
7 A. BECAUSE THERE WILL BE A CLASS OF
8 CUSTOMERS THAT MAY WANT TO GET THOSE CAPABILITIES
9 WITHOUT UPGRADING THEIR OPERATING SYSTEM.
10 THERE'S A CLASS OF CUSTOMERS OR OF PARTNERS THAT
11 WANT TO ENSURE THAT THOSE CAPABILITIES ARE MORE
12 BROADLY AVAILABLE THAN SIMPLY TO THOSE CUSTOMERS
13 THAT BUY WINDOWS 98.
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