V.   Microsoft Engaged In A Predatory Campaign To Crush The Browser Threat To Its Operating System Monopoly

85. With the browser threat to its operating system monopoly still robust after its failure to

divide markets with Netscape, Microsoft embarked on a calculated campaign to protect its monopoly

by thwarting the widespread adoption of rival browser products. That campaign had as its object

increasing Microsoft's share of the browser market and sufficiently weakening Netscape and other

rivals to ensure that non-Microsoft browsers (or other middleware) did not become an important

platform to which developers wrote applications that ran on PCs.

A.   After Netscape refused Microsoft's offer to divide the browser market, Microsoft embarked on a predatory campaign to eliminate the browser threat

1.   Microsoft made obtaining browser share a central corporate objective

86. Failure to divide the browser market with Netscape frustrated Microsoft's objective of

eliminating the threat that widely-used non-Microsoft browsers, in particular the Netscape browser,

posed to Microsoft's operating system monopoly.

87. Microsoft nonetheless recognized that it could blunt the browser threat by weakening rivals

and gaining browser market share.

i.   In an April 6, 1995 internal memorandum entitled "Netscape as Netware," Paul Maritz explained the threat posed by Netscape if Netscape enjoyed high market share. Maritz stated that if Netscape Navigator gained "significant market share," then "content providers see more to be gained in exploiting unique features of Netscape clients than in trying to be 'generic' across all clients." Maritz explained: "This feedback loop drives Netscape market share higher (as content providers encourage its use) to the point where Netscape can go 'proprietary'. . . Eventually they become a real 'platform,' and they are eating 'per PC' revenue that would otherwise go to the OS or to the Apps." GX 498, at MS98 0168614.

ii.   In an April 4, 1996 internal Microsoft memorandum, entitled "FY97 Planning Memo 'Winning the Internet platform battle'," Brad Chase wrote, "<u>Go for maximum browser</u>