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CONSUMER GROUPS' STATEMENT ON REPORTED SETTLEMENT BETWEEN MICROSOFT, JUSTICE DEPARTMENT

WASHINGTON, D.C. -- WASHINGTON, D.C. -- According to press reports, the Microsoft Corporation and the U.S. Justice Department have reached a tentative agreement to settle their antitrust dispute.

The deal would reportedly place Microsoft under supervision for the next five to seven years, but allow it to keep its Windows software virtually unchanged. It would also allow the software maker to protect the blueprints for its operating system (source code) without ensuring that non-Microsoft programmers have a fair chance to develop applications that run on top of Windows.

The Consumer Federation of America, Consumers Union and the Media Access Project today made the following joint statement in response to the reported deal:

"It is outrageous that the federal government, armed with a 7-0 decision by the U.S. Court of Appeals that Microsoft illegally quashed rival software makers, would decide to settle in this fashion. The reported settlement fails to address the fundamental issue of Microsoft's efforts to mingle its code with its software applications. This effort threatens to prevent independent programmers from offering their own applications to compete with Microsoft.

"The potential for Microsoft to continue to misbehave under this reported arrangement is enormous. If the government does not push for a substantial penalty should Microsoft continue to behave in an anticompetitive manner, Microsoft is likely to continue to break the law in the future.

"If there were at least some semblance of a reasonable legal framework in place, the presiding judge could fill in the loopholes and fix the problems. But this framework appears to be fundamentally flawed. Given the problems with this framework, we would urge the state attorneys general to reject this deal and continue to litigate in order to ensure that the Windows XP program is both convenient to consumers and functioning in an open and competitive market."

Consumers Union, publisher of Consumer Reports magazine, is an independent and nonprofit testing, educational and information organization serving only the consumers. We are a comprehensive source of unbiased advice about products and services, personal finance, health, nutrition and other consumer concerns. Since 1936, our mission has been to test products, inform the public and protect consumers.

The Consumer Federation of America is the nation's largest consumer advocacy group, composed of over two hundred and forty state and local affiliates representing consumer, senior, citizen, low-income, labor, farm, public power and cooperative organizations, with more than fifty million individual members.

Media Access Project is a twenty-six-year old nonprofit, public interest law firm that represents the interests of the public to speak and to receive information via the electronic media of today and tomorrow.