



## Lawyers suggest Microsoft breakup

BY TED BRIDIS  
ASSOCIATED PRESS

WASHINGTON — Government lawyers in the Microsoft antitrust case want to break the software giant into three parts, arguing that lesser sanctions would be inadequate, people close to the discussions confirmed Wednesday.

If U.S. District Judge Thomas Penfield Jackson were to agree to such a dramatic solution, a mandated breakup of Bill Gates' Seattle-based empire would carry enormous implications for the way consumers buy and use software for their computers.

Justice Department lawyers laid out their proposal favoring to break Microsoft into three parts during a secret meeting last week in Washington with representatives of 19 states, people close to the case said. The states are also suing the

company over alleged antitrust violations.

Those close to the discussions spoke on condition of anonymity, concerned they might anger U.S. Circuit Judge Richard Posner, the federal mediator in Chicago holding ongoing settlement talks. But they indicated little progress has been made so far in those discussions, as the sides remain far apart on important issues.

The government's endorsement of a breakup — considered the "death penalty" among possible remedies — could encourage Microsoft to seek a lesser sanction during settlement talks. But it could also stymie negotiations and encourage Microsoft to battle the case through America's courts for years.

The Justice Department, which last month disclosed that it had hired as its adviser a financial consulting firm, Green-

hill & Co. LLC of New York, believes that lesser sanctions — such as prohibiting the company from abusing its influence or publishing its wholesale prices — would be inadequate to rein in Microsoft.

The Justice Department declined to publicly discuss its plans.

It wasn't immediately clear exactly how the government envisions the restructuring of one of America's most successful companies, with \$19.7 billion in sales last year alone. But one source said lawyers do not envision dividing Microsoft into one company to sell its dominant Windows operating system, another to sell its software applications and a third to sell its Internet content, as has been suggested by some.

Another breakup option that had been under consideration was dividing Mi-

crosoft into smaller duplicate companies, dubbed "Baby Bills" after the company's famous billionaire chairman, that would be set against each other to compete.

The 19 state attorneys general, who hired their own advisers separately from Justice, are deciding whether to endorse Justice's breakup proposal but are leaning in favor of it, sources said. At least one state has cautioned that a breakup could be unduly disruptive to consumers, who rely on Windows as a de facto standard to run their software applications and their PCs.

Critics warn that competing versions of Windows could lead to software that doesn't run on some versions or some computers.

Breaking up Microsoft into smaller companies would be "stupid, because it just creates confusion in the marketplace,"

said Michael Cusumano, a professor at the Massachusetts Institute of Technology who has written about Microsoft's battle with the former Netscape Communications Corp. "The breakup sounds like a mess to me."

The government expects to formally present the breakup plan next week when it meets privately again in Chicago with Posner, the mediator.

Jackson, the trial judge, urged government lawyers bluntly during a private meeting in November to agree among themselves on sanctions before they bring any formal recommendation for him to consider.

Microsoft spokesman Jim Cullinan said Wednesday that "the notion of breaking up Microsoft is an extreme and radical proposal not justified by what has

MICROSOFT SEE PAGE A4

### ■ Britain ends ban on gays in the military

LONDON (AP) — Obeying a European court ruling, Britain has lifted its ban on gays in the military and replaced it with a code of conduct on sexual behavior, whether soldiers be heterosexual or homosexual.

"As no primary or secondary legislation is required, with effect from today, homosexuality will no longer be a bar to service in Britain's armed forces," Defense Secretary Geoff Hoon of the governing Labor Party told the House of Commons on Wednesday.

He said the ban was no longer "legally sustainable" after the European Court of Human Rights ruled in September in favor of four gay enlistees dismissed from the military. The judges labeled the ban a grave interference in private lives.

But Hoon warned that homosexuals in the armed forces will still face disciplinary action if their behaviour undermines the effectiveness of their units.

### ■ Vatican considers recognizing King as martyr

BOSTON (AP) — The Rev. Martin Luther King Jr., the Baptist who led the civil rights movement, is a candidate to be recognized by the Vatican as a martyr for the Christian faith.

The U.S. Catholic bishops included King among Americans to be considered by the Vatican for a list of 20th century martyrs whom Pope John Paul II will honor in a May 7 ceremony, *The Boston Globe* reported Thursday.

### ■ Cleveland water main bursts

CLEVELAND (AP) — An old water main burst in the downtown area of Cleveland, spewing 25 million gallons onto streets, closing schools and forcing many to boil their drinking water.

The 36-inch pipe burst Wednesday on a road that runs between two of the city's best-known landmarks, the Rock and Roll Hall of Fame and Jacobs Field.

## Hillary Clinton appears on Letterman

BY DEEPTI HAJELA  
ASSOCIATED PRESS

NEW YORK — After weeks of needling Hillary Rodham Clinton for being a carperbagger who was scared to appear on his show, David Letterman stifled the sarcasm when the first lady finally appeared.

"We have to give this woman a tremendous amount of credit for just showing up," Letterman told his "Late Show" audience just before interviewing Mrs. Clinton on Wednesday.

Mrs. Clinton even proved to hold her own in the zinger department when the TV host asked about the first lady's new home in suburban Chappaqua.

"Every idiot in the universe is going to drive by honking now," Letterman said.

"Was that you?" Mrs. Clinton asked.

Letterman has made a running gag of Mrs. Clinton, calling her an outsider from Arkansas seeking political opportunity in a Senate bid from New York.

Mrs. Clinton admitted to being "just a little" nervous, but told Letterman: "I knew if I was going to run for Senate, I was going to have to come and sit in this chair and talk to the big guy."

Letterman started by lobbing her a softball, asking her to "tell us a little bit about yourself."

Mrs. Clinton smiled and told Letterman she grew up in the Midwest — as he did — has a mother named Dorothy — as he does — and just couldn't resist the temptation to follow him to New York. During the interview, Mrs. Clinton aced Letterman's New York quiz, correctly identifying the state bird — bluebird — and the state tree — the sugar maple.

Her likely opponent in the Senate race, New York City Mayor Rudy Giuliani, has been on the show 14 times, chatting up Letterman about the Yankees, Mrs. Clinton and life in New York. He even got some laughs in a few comedy skits.

Letterman asked Mrs. Clinton what she thought of the mayor and if he had the temperament to be a senator.

"He's done a lot of stuff as mayor, but I think being senator is a different kind of job. A senator can't go arrest a homeless person," she said, referring to the mayor's recent crackdown on the homeless who refuse police orders to move.

A special list of Mrs. Clinton's Top 10 reasons for finally appearing on the show included "I lost a bet with Tipper" and "If Dan Quayle did it, how hard could it be?"

## Reno begs both sides to resolve Elian's fate

BY MICHAEL J. SNIFFEN  
ASSOCIATED PRESS

WASHINGTON — Attorney General Janet Reno Thursday implored all involved in the face-off over custody of Elian Gonzalez to resolve the situation quickly so the 6-year-old Cuban boy "can get on with his life."

Speaking to reporters at her weekly news conference, Reno repeatedly declined to say precisely what should be the next step in the protracted fight over where Elian should live. She added: "The issue at stake here for the federal government is immigration law and federal law should control this situation."

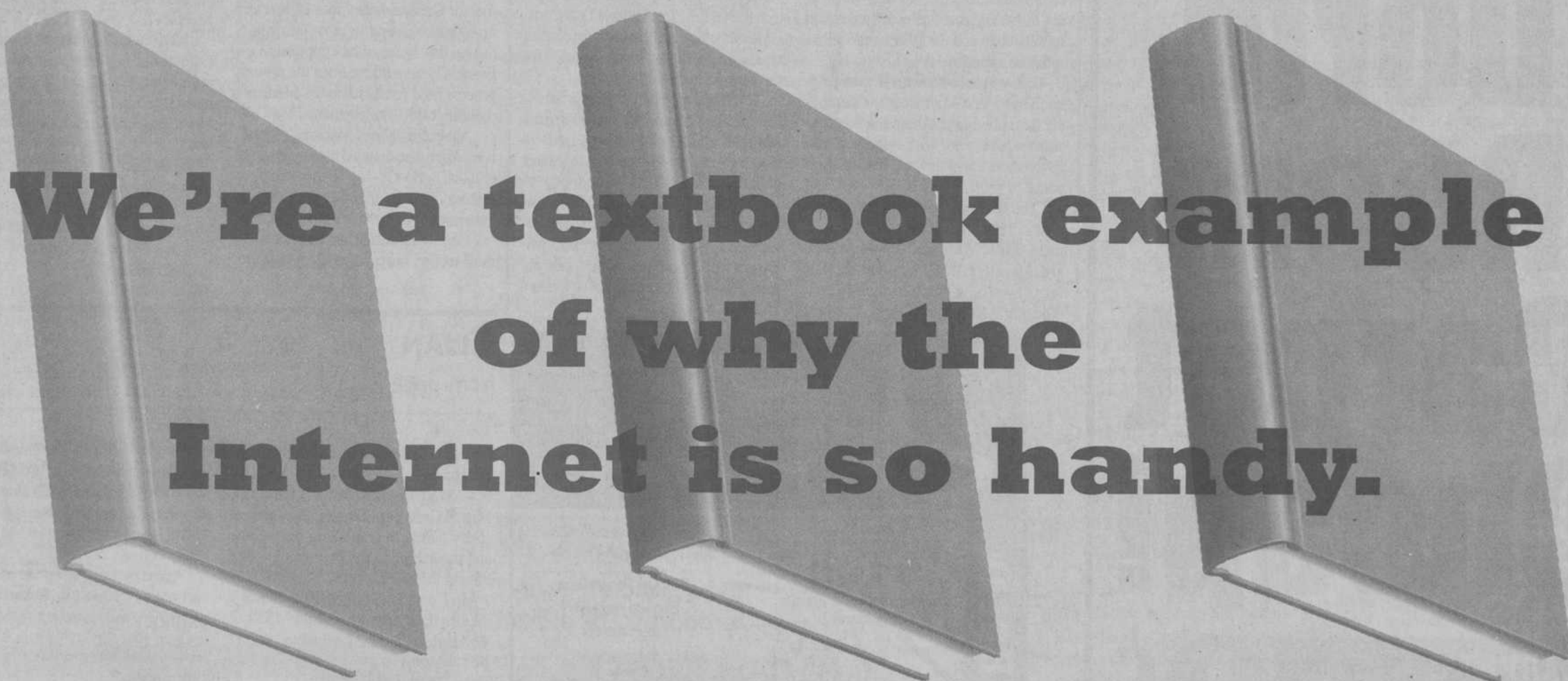
"The issue is a father who wants his son home and grandparents who want their grandson home and these are bonds

that should be honored," said Reno, who on Wednesday brushed outside a state court ruling delaying the boy's return and said any challenge to the Immigration and Naturalization Service decision to return Elian to Cuba would have to be carried out in federal court.

Spencer Eig, an attorney for the boy's Florida relatives, said Wednesday that Elian's Miami relatives will ask a federal court for relief.

"The U.S. government continues to deny Elian his legal and constitutional rights," Eig said. "The government should have respected the temporary protective order of the Florida family court, as it was based on preventing imminent and irreparable harm to the child. Now

ELIAN SEE PAGE A4



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