

Dean DeWhitt

From: Ricardo Correa
Sent: Friday, October 24, 1997 2:00 PM
To: Dean DeWhitt
Subject: Works and all that...

Dean,

The way this Works deal works in conjunction with the Encarta deal is as follows:

W/M/E cost \$15.

We charge the line \$8.

We credit \$7. from the \$2.5 mil, as Rob likes to say "Max pays"

The Works/Money deal cost \$8:

We charge the line \$4.

And we credit \$4. from \$500k that are part of the \$2.5 mil that are part of the consumer div. (not paid by Max) This is why it looks similar to W/M/E but it is really different.

This explains the cost variation between lite and standard, since consumer pays for lite it is indeed a real cost. Also I now remember that we always want to keep it all to one gold master but the highend low end bit made us opt ~~MMX~~, non. thus POD is the only diferentiator

So there you have it no matter how we look at it, it comes out nuts.

We do have an opt out in Sept98, and if we sell well we could say go to hell.

As always, you know where I stand on this, to buy our way out of Microsoft is cheaper than to ease our way out on the dry sandpaper surface. Strategically we need to look at all the labor that we never count as part of COGS for Microsoft.

Ohps,

Best,

Ricardo

Plaintiff's Exhibit

6189

Comes V. Microsoft

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