

Dean DeWhitt

From: Ricardo Correa
Sent: Friday, March 20, 1998 12:21 PM
To: Dean DeWhitt
Subject: Re: Works and Office Prepaid Balances at 1/31/98

Ricardo,

The prepaid balances I gave you for Works and Office at 1/31/98 were not correct because Works/Money was treated as if it were W/M/E for January shipments (26,896 units).

Incorrectly treating W/M as if it were W/M/E for January depleted the Office prepaid balance by \$279k and the Old Works prepaid balance by zero. The correct depletions for January should be \$90,895 for Office, and \$106,840 for Old Works. These revisions treat W/M the same as Works Alone (\$8.00 total, \$4.00 new money, \$4.00 from Old Works balance).

These corrected depletions bring the 1/31 balances to \$5,502 for Old Works and to \$1,452,283 for Office.

In February we shipped a total of 4,384 of Works Alone plus Works/Money. This means that the remaining \$5,502 of the Old Works balance is fully depleted by the end of February. The excess of \$12,034 (\$5,5024 less 384 units at \$8.00) will not be due MS because we can use the Office balance to "pay" it.

So there will be no need for a lump sum write off of the Old Works balance, because it has been fully depleted as of February.

Since our New Works prepaid balance, and our Old Works prepaid balance are both now zero, future shipments of W/M/E will cause additional payments of \$8.00 per unit to MS and future shipments of Works Alone or W/M will cause additional payments of \$4.00 per unit (ie \$8 for WME and \$4 for WM in new money will be due MS from 2/98 forward).

Since the Old Works balance is now completely written off, and \$4 of the \$8 for WM or Works alone will be "paid" using the off the books Office balance (which has already been completely written off on the books), royalty for Works alone and Works/Money will be reduced to \$4.00 per unit.

If we ever use up the Office balance the cost of WME will go from \$8 to \$15 and the cost of WM will go from \$4 to \$8, all in new money.

Best Regards Mike Boucher 3/19

1

HIGHLY CONFIDENTIAL UNDER
PROTECTIVE ORDER Microsoft
IV Cases, J.C.P.P. No. 406, CA
Superior Court, San Francisco

AAC 002673
Confidential

Plaintiff's Exhibit

6347

Comes V. Microsoft

ACER 001237