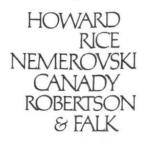
Law Offices Of



HENRY W. HOWARD DENIST RICE HOWARD N. NEMEROVSKI RICHARD W. CANADY A. JAMES ROBERTSON II JEROME B. FALK, IR. RAYMOND P. HAAS ROBERT E. GOODING. IR. MARTIN R. GLICK LAWRENCE B. RABKIN WILLIAM T. HUTTON STEVEN L. MAYER BARBARA GORDON JAMES L. LOPES DIRK M. SCHENKKAN ILOPES D. LAPSEN MICHAEL Q. EAGAN STEVEN E. J. LAPSEN MICHAEL Q. EAGAN STEVEN E. SCHON H. DSEPH ESCHER III ELIZABETH S. SALVESON H. MATHEW MOORE PETER J. BUSCH RONALD H. STAR DANKE J. WINNIKE JEFREY L. SCHAFFER LYNN P. HART SARAH K. HOPSTADTER MARLA J. MILLER MARK D. WHATLEY ALAN W. SPARER THERESE M. STEWART CHARLES P. ORTMEYER JULIA P. GIBBS PETER COHN MARTHA K. CUNNINCHAM DAVID B. GODWIN MICHAEL J. DANAHER JANET A. NERON CHARLOTTE M. SAXON CHARLOTTE M. SAXON CHARLOTTE M. SAXON CHARLOTTE M. SAXON JAMES C. NOONAN LAURENCE F. PULCRAM ETHAN P. SCHULMAN EGNDE CT. BURK HORACE L. NASH

ROBERT H. MNOOKIN ANN BRICK WAYNE H. GILBERT OF COUNSEL

*ADMITTED IN NEW YORK STATE

A Professional Corporation

THREE EMBARCADERO CENTER SEVENTH FLOOR SAN FRANCISCO, CA 94111 415/434-1600 TELEX & TWX 910-372-7214 TELECOPY 415-399-3041

April 25, 1986

James T. Williams, Esq. Neuman, Williams, Anderson & Olson 77 West Washington Street Chicago, Illinois 60602

Re: Magnavox v. Activision

Dear Jim:

Below you will find data you requested reflecting net unit sales and/or net revenue (taking returns into account) for Activision fiscal years 1985 and 1986 as well as updated information for 1984. The data relates, of course, to the eleven cartridges at issue in the litigation. A great deal of digging has been necessary to compile the information as it has never been organized in the form you need it for reasonable royalty calculations. In addition, the Activision employee who compiled the original data reflected in my September 5, 1984 letter is no longer employed by the company, so there could be some inconsistency in methodology. If necessary after resolution of the appeal, we will examine further all calculations to insure their accuracy.

As you will note from review of the figures set out below, the net 1984-86 effect of sales of the ll cartridges is "negative," <u>i.e.</u>, more dollars returned than new sales. Further, virtually all sales of the ll titles were delist (discounted) at prices ranging from \$1.00 to \$9.50.

APR 23 1986

NEUMAN, WILLIAMS, ANDERSON & OLSON JAMES T. WILLIAMS FY 1984

Boxing, Fishing Derby, Tennis, Stampede, Ice Hockey, Barnstorming and Grand Prix \$9,940,605 Previous Report: Revision (based on net returns): 4,425,997 Difference: (\$5,514,608)* 105,310 units** Previous report: Revision (based on net returns); 78,783 Difference: (26,527) units Previous report: 540,482 units Revision 532,382 Net (8,100) units Decathlon Previous report: 224,391 units Revision 263,871 Net 39,480 Previous report: 35,531 units Revision: 36,753 Net 1,222 units

* Numbers enclosed in parantheses indicate net loss or reduction from previous figures.

** Per unit prices are the same as previously provided.

1985 (All Sales Delist)

Boxing, Fishing Derby, Tennis, Stampede, Ice Hockey, Barnstorming, Grand Prix	(\$146,864)
Sky Jinks	(\$231,899)
Enduro	\$ 8,822
Decathlon	(\$ 7,486)
Pressure Cooker	(\$112,628)

FY 1986

Boxing, Fishing Derby, Tennis, Stampede, Ice Hockey, Barnstorming, Grand Prix	\$ 824
ice nockey, bainscorming, drand ritk	Υ 024
Sky Jinks	\$ 18,469
Enduro	\$141,717
Decathlon	\$156,632
Pressure Cooker	\$ 2,523

I will be happy to answer any questions you might have as to the interpretation of the above.

Regards, MARTAN R. GLICK

MRG/js