

Message 27:

From russw Thu Jun 8 13:20:21 1989

To: richab

Subject: price increase for retail

Date: Thu Jun 8 13:17:56 1989

I haven't done anything with this. I had sent you some mail suggesting that we add on an explanation of our run-time policies and how they may relate to the pricing decision i.e. when do we drop it if ever? before proceeding.

we should wrap this up soon since it was important for the oem pricing justification to our oem customers.

thx.

From richab Fri May 26 19:02:15 1989

To: russw

Subject: Windows /286: Recommended SRP change

Date: Fri May 26 19:00:11 1989

Russ: I'd like to propose that we raise the SRP of Windows /286 from \$99 to \$129 at version 3.0. There are several reasons behind my proposal:

1. I do not believe that consumers are sensitive to pricing differences in the \$50 to \$99 range (demand is inelastic in this range). A \$129 SRP ensures that Windows /286 will typically appear on the street un \$99.
2. At ~\$99 on the street, Windows /286 3.0 is an incredible value. The applications alone are worth a great deal more. All of the great applets PLUS a great shell PLUS breaking the 640K barrier...need I say more.
3. The extra \$15 in revenue we'll receive as a result of this price change will really help us in the cogs as a % of revenue area. This is particularly important when you consider the effect that the probable Asymetrix OpenBook bundle (est. cogs impact +\$1.50 for 5.25", +\$2.7 for 3.5") on these skus profit margin. In addition, the promotional bundle gives us an additional rationale (in the buyers mind) for the increase.
4. Finally, without this increase, it will be much more difficult to get oem customers to sign deals for Win 286 at our new pricing levels during the interim period before DOS+Win becomes a reality.

In summary, I don't think it will be a big deal to the consumer and it will make a positive difference in our profitability as well as the price we settle with our oems on.

rich

MS-PCA 2433829

10127914

RESTRICTED  
CONFIDENTIAL

Plaintiff's Exhibit

5045

Comes V. Microsoft

EXH. 5 DATE 6/1/89  
WITNESS Able  
SUSAN ZIELIE

HIGHLY  
CONFIDENTIAL