

From Bjornh Wed Dec 6 15:13:14 1989  
To: janc1 paulma petern richab russw  
Subject: Compaq proposal  
Cc: richardf  
Date: Wed Dec 6 15:10:55 1989

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This is brief outline of the proposal in working on for OS/2 and Windows.

Short term Windows promo.

As was discussed in the executive review we would like to offer Compaq a short term promotion when win 3 ships. I would like to offer Compaq packaged product for bundling with their 386sx system for 90 days. Price would be cost+\$6 which would take us to \$20. The reason I would like to select the sx is to give compaq's end users a reason to step up to a 386 from their 286.

Issues

Resources to support Compaq in the windows group  
We need to make sure we can manufacture the quantities Compaq needs  
Zenith has been the partner all the time and we should not let Compaq distract the attention to much from them  
Memory is 1MB in this system. I assume Win 3.0 will run great.

Long term

Compaq has said they are willing to bundle OS/2 on the harddisk on all 386 incl sx systems We would also like them to bundle Windows with Dos for the low-end 286 systems.

There is two ways to construct this deal.

"per system os/2 or windows/dos"

In this scenario we offer Compaq a per-system royalty of \$38. For this they can ship OS/2, windows/dos or just Dos. All for the same price. If we price this right it would be a good incentive for Compaq to do windows on the low-end.

Separate royalty rates

Steve Ballmer mentioned \$50 for OS/2 in the exec review. We should stick to this price in our initial proposal, but go down to \$40 if they do windows. On windows we have quoted these prices ranging from \$12-\$16 before. We should propose \$10 and stick with that.

I will distribute a memo with revenue projections for the different alternatives Tuesday next week.

Bjorn

Plaintiff's Exhibit

5077

Comes V. Microsoft

EXH. 10 DATE 11/11/89  
WITNESS Abel  
SUSAN ZIELJE

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