

PLAINTIFF'S EXHIBIT
386
Comes v. Microsoft

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September 14, 1990

Microsoft

Mr. Duane Cowgill
AST Research Inc.
16215 Alton Parkway
Irvine, CA 92713
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**HIGHLY
CONFIDENTIAL**

Dear Duane:

You have asked for a list of issues for your meeting today with Larry Fortmueller. Please extend my invitation to Larry for the OEM Briefing on October 2nd & 3rd. I want to address MS-DOS 5.0, DOS 4.01 & DOS 3.3 pricing separately from this list. While we have verbally discussed keeping the same price as you currently have now, I would like to put our pricing in writing for you.

MS has a per processor price, per system price and a per copy price. Our per processor price has the lowest royalty rate. This agreement is based on paying royalties for every processor shipped. MS-DOS does not have to ship out with every system. Per processor agreements list all processors in the back of the license from 8086/8088 to 80486. An exception would be made with multi processor systems. Please recall that we have additional per system pricing available for other products like Windows 3.0 if you have a per processor license in place. Our next agreement is a per system license which means that you pay the royalty for every system shipped which is listed in the license. Our last agreement is a per copy license. This means that you offer MS-DOS as an option and pay the royalty when ever you sell MS-DOS regardless of the hardware.

During your last fiscal year you reported a quarter of a million PCs sold. Below is pricing around these quantities:

	100K	250K	500K	(# of PCs sold in a year) → LOW END PCs
Per Processor	\$24	\$18.5	\$17.5	
Per System	\$37	\$31.5	\$25	
Per Copy	\$45	\$40	\$30	

This pricing is based on a three year license. MS-DOS 5.0 pricing includes all utilities. This pricing also includes selling MS-DOS 3.3, MS-DOS 4.01 & MS-DOS 5.0 within the first year of the license.

AST may license MS-DOS 5.0's memory management utility separately and include this with MS-DOS 3.3. We have discussed a \$5 royalty.

Please call me if you have any questions.

Sincerely,
Jeff Daniels
Jeff Daniels
OEM Account Manager

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A. 0038963 v. 645B