

Retailers Slash Price On Palm Pixi

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Amazon.com Inc. and **Wal-Mart Stores Co.** have slashed the price of **Palm Inc.**'s newest smart phone, the Pixi, by 75% to \$24.99 after only a few days on the market.

The Pixi is the sister phone to the Pre, which has been positioned by **Sprint Nextel Corp.** as its flagship device for much of the second half of the year. Palm hoped the lower-cost device would attract younger users, much like the older, slim-sized Centro two years ago.

In addition to slashing the price on the Pixi, Amazon is selling the Palm Pre for \$79.

Both offers require a two-year contract with Sprint, which sells the Pixi for \$99 and the Pre for \$149.

Palm's new handsets, while well reviewed, haven't been smash hits, analysts say. While cellphones typically get discounted over time, the quick descent of the Pixi's price tag is jarring. The Pixi was released last weekend.

"In the long term, Palm runs the risk of ruining the price potential once Amazon and Wal-Mart are done with it," said Phil Cusick, a technology analyst at Macquarie Capital.

A Palm spokesman said the company doesn't have a say in how third-party retailers like Amazon and Wal-Mart price its handsets. He declined to comment further.

A spokesman for Sprint declined to comment.

With a particularly strong lineup of smart phones from Sprint this holiday—including the BlackBerry Tour and HTC Hero—it is tougher for Palm to stand above the crowd.

For Amazon, it's an indication of the flexibility that the online retailer has on the prices of its phones. In September, the company held a one-day sale for all **AT&T** Inc. cellphones—excluding the Apple Inc. iPhone—for a penny. That included the high-profile BlackBerry Bold from Research In Motion Ltd.