

From carls Fri Apr 20 14:37:42 1990
 To: joachink richardf
 CC: markcbe russv
 Subject: Re: Chaz Haba - Austin Bell Computers
 Date: Fri Apr 20 14:37:12 1990

Well, this guy has just called me back for the third time and tells me that no one has tried to call him yet. On Monday I first talked to him and said we'd follow up. On Wednesday when he called I told him I was sure someone would call him soon. How important is it to go against DRI?

By the way, he is also interested in Windows 3.0, perhaps pre-installed on the hard disks.

>From carls Mon Apr 16 10:44:44 1990
 To: joachink richardf
 CC: billy julie markcbe russv susanr
 Subject: Re: Chaz Haba - Austin Bell Computers
 Date: Mon Apr 16 10:44:40 1990

>From julie Fri Apr 13 13:44:29 1990
 To: billy
 CC: carls julie susanr
 Subject: Chaz Haba - Austin Bell Computers
 Date: Fri Apr 13 12:42:37 1990

Gordon Moore of Intel told this guy to call you. He wants to discuss 386 SX and DX (?) machines. He wouldn't give any more specific info than that.

Office: (818) 909-3506
 Home: (818) 981-7329

Did Gordon mention this to you? Do you want someone else to call him back? Thanks.
 julie

I called him back this morning. He owns a company which is making a nice little 386SX machine which it then distributes through mass merchandisers (Price Club, Walmart, etc.) They are about to launch a 386DX-25 Mhz machine. The difference is that these are very high end machines at very low prices—it is really for a knowledgeable purchaser—mail order customer, except you can go down to the warehouse or discount store. Intel has apparently been very supportive of them. The reason that Gordon Moore told him to call Billy is that he is shipping DR-DOS with the machine and Gordon thought we would want to try to convert the business to MS-DOS or even Win3.0.

His 386SX machine sells for \$2199, and it includes 2 MB RAM, 80 MB hard disk, a full VGA with 512K of RAM. It also includes 1 year of on-site service by GE. And DR-DOS. And some other bundled software which is loaded on the hard disk. The system has won PC Magazine Editor's Choice for 2 months, so he has a lot of nice stuff to plaster on the outside of his box: GE and Intel logos, the 1-year service contract, the PC Magazine logo, etc.—enough to make the machine look like a good buy and a safe buy in a warehouse store. He says he is selling 4,000/month.

Sounds like a pretty nice Windows machine.

He is launching a 25 Mhz 386DX machine this month. It will also be pretty loaded and aggressively priced.

He is running his business on almost zero cash. There is almost zero inventory. From the day that he gets his CPU chips, the machines are on their way to the sales warehouses 10 days later. And those guys turn the machines in 7-14 days, too. So he apparently gets his cash back before he needs to pay his suppliers. The reason he bought DR-DOS is that he didn't need to make any dollar commitment at all. He buys 500 units at a time at \$16.50 and has not commitment other than that. He didn't think we could do anything similar for him.

Joachim/Richard—do you guys want to follow up with him? See if you can work something out with him.

HIGHLY
CONFIDENTIAL

MS 5003510
CONFIDENTIAL

Ex 311

MS-PCA 1153051
CONFIDENTIAL