

PLAINTIFF'S  
EXHIBIT

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Comes v. Microsoft

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# Apple Study Group

Ballmer  
MacIntosh  
Maples  
Marquardt  
Yee

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C.A. No. 2:96CV6451

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## Should We Invest in Mac Applications?

**YES!**

- Great business, why retreat?
- We can learn for another environment, vender, customer set.
- Little incremental investment.

*Apple is not our competitor - We are their's*

- We are not trying to win their customers

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# Microsoft Resource Allocation

|                        | Actual<br>Headcount | % of Apps<br>Headcount |
|------------------------|---------------------|------------------------|
| Product Managers       | 19                  | 33%                    |
| Program Managers       | 13                  | 21%                    |
| Development (estimate) | 32                  | 14%                    |

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## What is Apples Future?

- Ballistic in the near term -  
One year to fix
- If they fix problems, they will be a long term part of  
the industry - (10-20% share)

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## Apple's Major Problems

- Leadership void
- Weak, high priced product line, focused on niches
- Slow product development
- Corporate culture in transition
- Unfocused marketing efforts
- Losing competitive uniqueness
- High cost structure, poor cost management
- Close environment - volumes low

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## What Will be the Effect of Win 3.0?

- Short term

Wind from their sails

However, will decrease uncertainty

- Medium term

Little to Positive effect

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# What Would I Do If I Were Apple

## When Win 3.0 Announces?

- **No legal action**
- **Focus on Apple advantage**
  - Ease of install, printing, networking
  - Extensibility
  - Cost of ownership
  - Application base, software price
  - Graphics
  - Easier file system, long names
  - System 7.0
- **Stress Windows' shortcomings**
  - Underneath is DOS
  - Compatibility problems with old Win and non Win apps
  - Difficulty of programming, machine setup
- **Down play the experience**
  - But, discuss philosophical differences

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# What Should Apple Do?

## Long Term

- **Product development**
  - Accelerate cycle
  - Address entry product line
  - System 7.0
  - Upgrade interface, networking, groupware
- **Find leaders**
- **Focus marketing**
  - Clear messages; Today's advantages vs. the future
  - Address key business segments
    - Large and medium business
    - Education

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## Apples Potential Legal Response to Win 3.0?

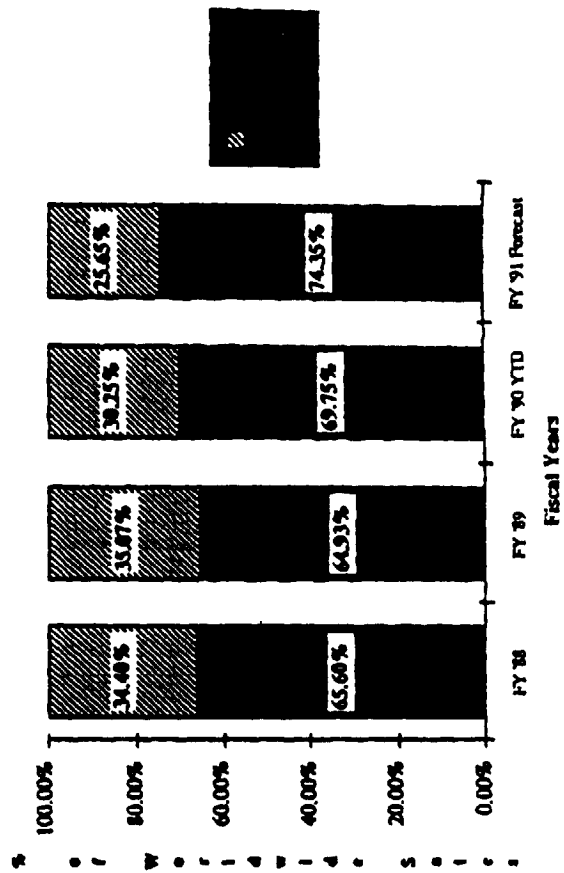
- Take no Action
- Amend the Win 2.03 / New Wave Suit to include Win 3.0
- File second Suit in the same jurisdiction
- File a second in another jurisdiction
- Try to enjoin Microsoft from distributing Win 3.0

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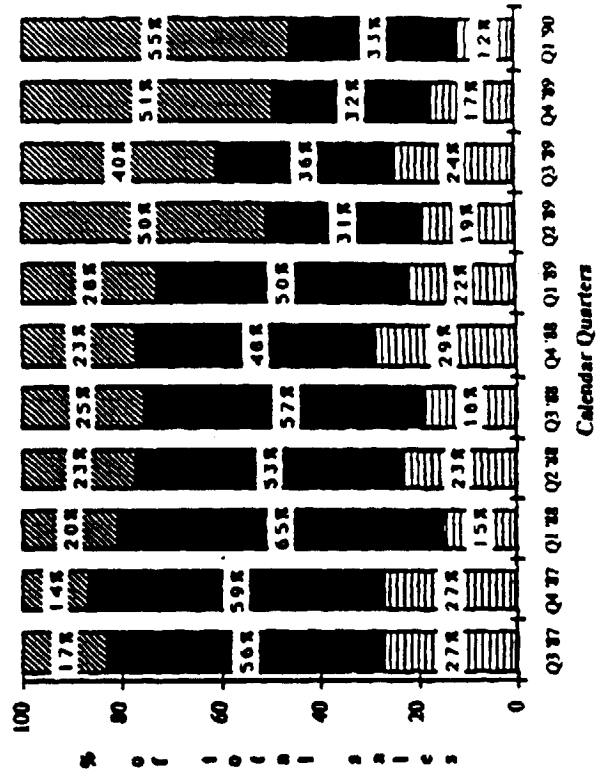
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# Microsoft Applications Revenues WorldWide



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# Macintosh Quarterly Sales



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## Apple Hardware Plans

**"FARSIDE" Project - (target ship date 9/90)**

- Target price < \$1500
- Modified Compact (Plus/SE) Design Center
- 68000 CPU running at 8 mhz
- 2 MB RAM, expandable to 4 MB
- 9" B&W Screen
- 256k ROM
- No slots
- Single 1.44 MB floppy, optional hard drive
- System 6.x included

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# Apple Hardware Plans

## "RAYBAN" Project: (target ship 9/90)

- Target Price <\$5000
- New design center, slightly smaller than Mac IIcx
- Modular system with color monitor
- 68030 CPU running at 20mhz
- 2 MB RAM, expandable to 17MB
- Built in microphone with mono-sampling at 11/22 khz and 3:1 and 6:1 real time compression
- On board video circuitry
- 13" color screen (cost reduced RGB monitor)
- 1 slot configured as a direct 030 slot or as a NuBus slot
- 512K ROM, 1 SIMM ROM expansion slot
- Single 1.44 MB floppy, 40 MB hard drive
- System 7.x included

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## Apple Hardware Plans

**"PINBALL" Project: (target ship date Q1 '91)**

- Target price < \$2000
- New design center, about the size of the IIGS
- CPU could be 68020 or 030, running 16mhz
- Built in 4 bit color
- Floppy based, optional hard drive

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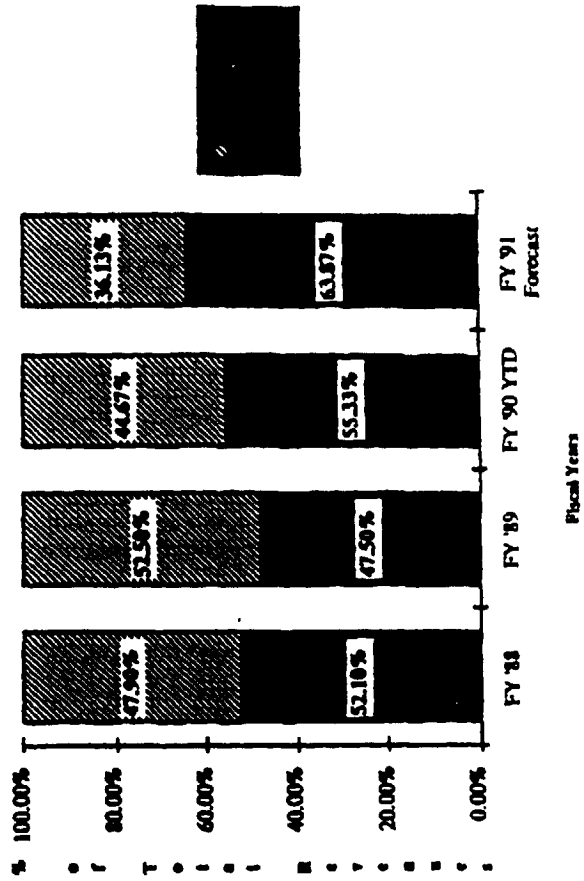
## Apple Hardware Plans

**"LOVESHACK" Project: (target ship date late FY'91)**

- Price comparable to current Portable price
- 2 MB RAM, 40 MG hard drive
- Use of new pseudo-static RAM, saves on COGS
- New battery option, 1.5 lbs lighter than existing battery
- Ability to remove battery and run off A/C
- Lighter keyboard to reduce weight of machine

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# Microsoft Applications Revenues Domestic

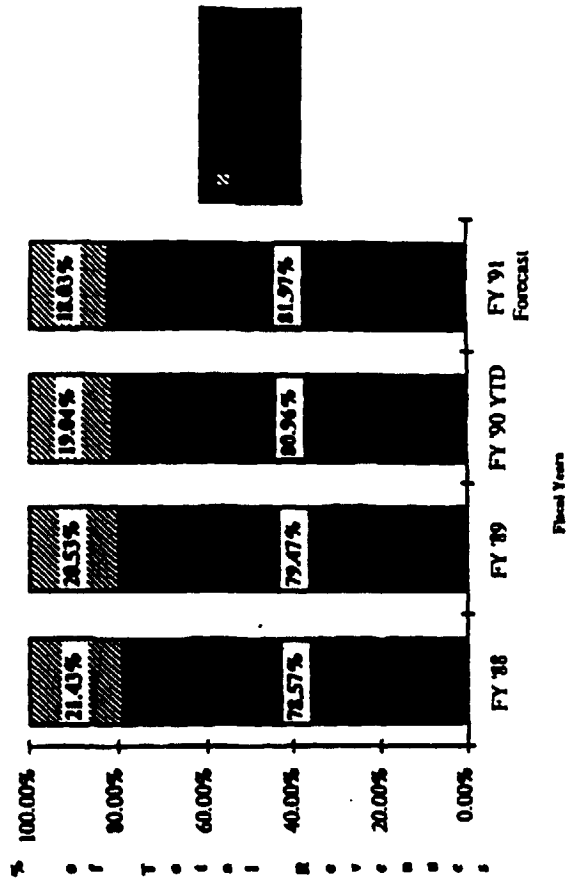


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# Microsoft Applications Revenue International



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