# Developer Road Show

# Developer Road Show

- Corporate Overview
- Internet
- MacOS
- Component Software / CyberDog
- Tools
- Hardware
- MultiMedia

# Q3/Q4 Results

- Sales stabilization during all quarters; product mix shifts to higher end, higher margin, with lowered operating expenses

- Revenues:
  - $2.321 billion in Q4
  - $2.179 billion in Q3
  - $2.185 billion in Q2

- Operating expenses:
  - Q4 dropped $14 million from Q3
  - Q3 dropped $35 million compared to Q2

- Profit/Loss
  - $25 million profit in Q4
  - $32 million loss in Q3
  - $740 million loss in Q2

# Q3/Q4 Results

- **Improved balance sheet**
  - Cash end of Q4 was over $1.7 billion
  - Cash end of Q3 was $1.359 billion
  - Cash end of Q2 was $592 million
  - Inventories reduced by over $400 million

- **Improved PowerBook quality**
  - Implementing programs to resolve these problems and we expect PowerBook shipments to increase during Q4 as a result.

- **Solidified organization**
  - Completed the staffing of its top-level management
    Marco Landi as Chief Operating Officer
    Ellen Hancock as Chief Technology Officer

# Looking Forward

## Apple Computer presents
## a brief outline of the future

# Centers of Business Activity

| Macintosh | Servers & Alternative Platforms | Imaging | Information Appliances |
|---|---|---|---|

AppleSoft

AppleNet

AppleAssist

WW Sales

Marketing

Apple Research Labs

# Focusing on Apple Strengths



| Enterprise | Small Bus | Home | Education | Scientific |
|---|---|---|---|---|

**Publishing**

**Multimedia**

**Technical**
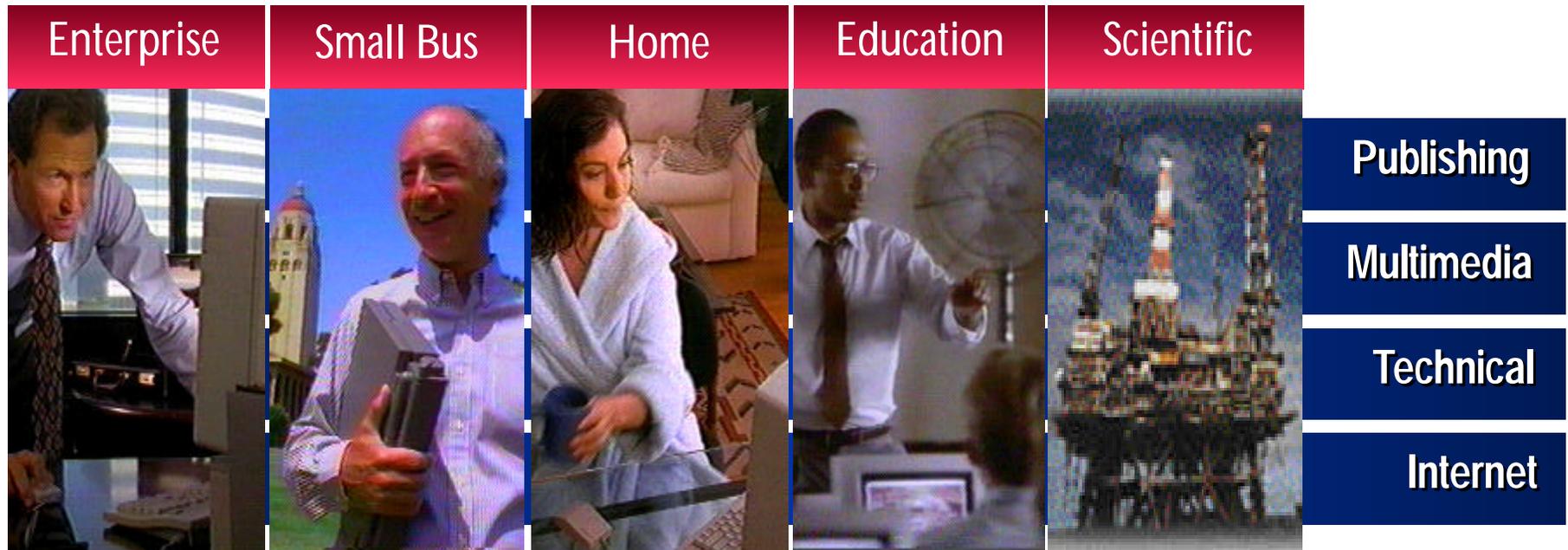
**Internet**

#2  Internet servers worldwide
63%  multimedia development
47%  commercial publishing
64%  Web page development / 25% Web browsing
60%  marketshare in K12 education
50%  chemical scientists & aerospace engineers

"For 60 million Macintosh users, this is not just a logo. It's a symbol of freedom."

Dr. Gil Amelio
Chairman and CEO
Apple Computer, Inc.

# There are 60 Million Macintosh Users Worldwide

- Fanatically loyal following
- Eight-thousand software titles
- Macintosh rated #1 for customer loyalty, second year in a row *

# Broadening our Strengths
## Extending and improving on the Apple Advantage

- Creating the Ultimate Computing Experience
- We've Made the Right Connections
- Capitalizing on the Internet and Multimedia
- Strengthening Apple's Value Proposition
- Managing by the Numbers
- Supporting our Developers
- Focusing on the Customer

# Creating the Ultimate Computing Experience

- Superior technology is the cornerstone of Apple's transformation strategy
- Regular system upgrades
- Extending the Macintosh Advantage:
  - easiest-to-use human interface
  - the richest environment for graphics, the Internet and multimedia,
  - extensive communication and collaboration capabilities

# We've Made the Right Connections

## Powerful Alliances

- **Sun Microsystems, Inc.**
  - Java to become an integral part of the Mac OS and Newton

- **Netscape, Inc.**
  - To enhance the quality of multimedia, video-based images, and digital music of Netscape Navigator

- **Silicon Graphics, Inc.**
  - To accelerate the development of "digital studios" for feature film, animation, and broadcast video

- **Apple, Netscape, Silicon Graphics**
  - To develop a new file format based on Apple's 3D metafile format

- **Apple, IBM, Netscape, Oracle Corp., Sun**
  - To announce guidelines for making low-cost, easy-to-use network computing devices

# Capitalizing on the Internet and Multimedia

- Most of Apple's computer are shipped Internet-ready

- Every computer will have adequate RAM, network connections, and Internet software by 1997

- Targeting growth opportunities in emerging regional markets

- Proliferation of Information appliances for Internet access

- Strong international strategic alliances

# Strengthening Apple's Value Proposition

## Offering products that deliver distinctively superior user value

- Strengthen the attributes our customers value most for a delightful user experience:
  - Scalable user interfaces
  - Internet connectivity
  - Graphic capabilities
  - Application choices
  - Industrial design

# Managing by the Numbers

## Reducing costs through tighter manufacturing practices and asset utilization

- Aggressively promote our best-sellers
- Drop unprofitable models
- Simplify product lines and selection

# Supporting our Developers
## Giving third-party manufacturers a license to thrill

- Aggressive licensing of the Mac OS to IBM and Motorola

- Users will have thousands of software titles to choose from

- Making sure that new third-party products emerge first on the Mac OS

# Focusing on the Customer
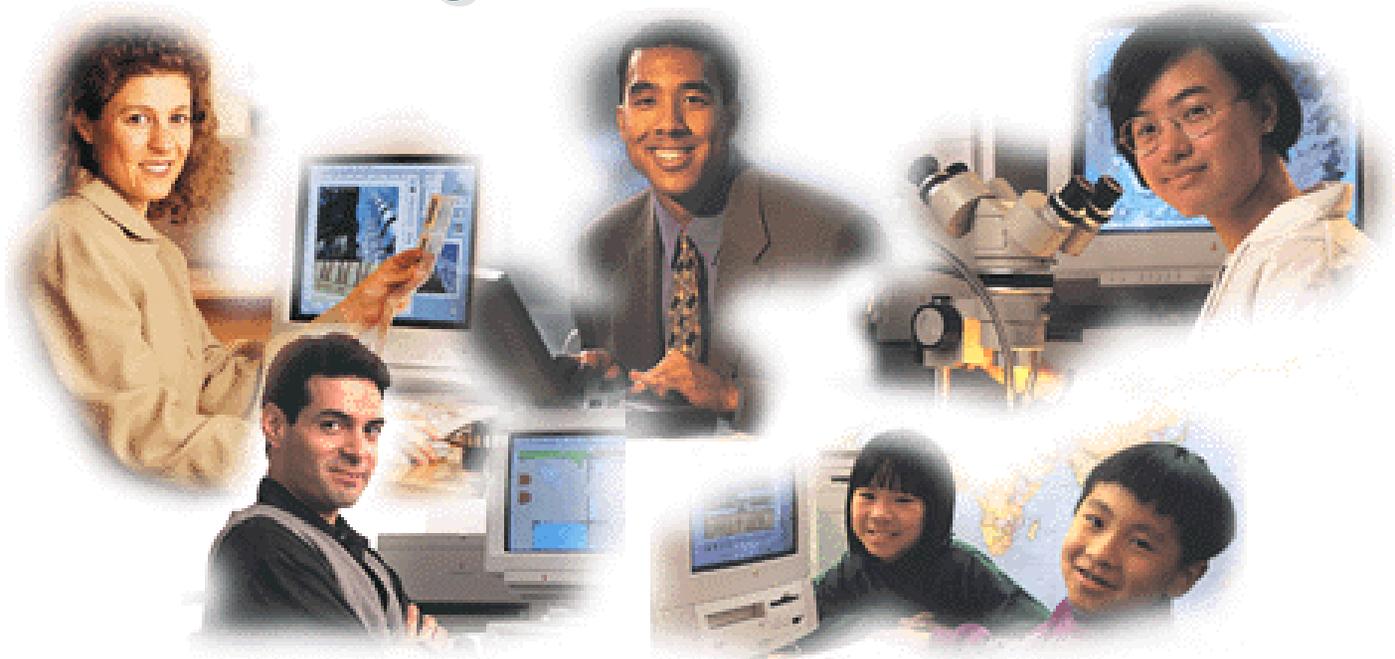
Apple will develop products that provide a delightful user experience for the millions of people who create, communicate, and learn in homes, schools, and businesses.