

roving itself worthy of its name, Power Computing has announced a series of ultra-high performance Mac OS systems which perform up to 50% faster than Apple's current top of the line Power Macintosh 9500/150.

The PowerTower Pro models, unveiled July 22nd, are the first computer systems to use the speedy new PowerPC 604e microprocessor from the AIM (Apple, IBM and Motorola) Alliance. The 604e processor features double-sized instruction and data caches and can achieve greater clock speeds through increased bus divider ratios.

Available at speeds of 180, 200 and a whopping 225 MHz, the PowerTower Pro systems feature a minimum of 16MB of RAM, 1MB of Level 2 cache, a 2GB AV-capable hard drive, an 8X CD-ROM as well as what Power Computing calls the highest performance PCI graphics accelerator on the market—an IMS 8MB Twin Turbo 128-bit video card. Also included with each system is on-board AAUI and 10BaseT Ethernet, an extended keyboard, mouse and

Mac OS System 7.5.3.

For expansion, each PowerTower Pro model is equipped with 8 DIMM slots (which support interleaved memory), six PCI slots, nine expansion (6 front accessible) bays and a daughtercard-mounted CPU.

The company boasts that the top-of-the-line system, the PowerTower Pro 225, outperforms all Intel-based Pentium and Pentium Pro systems running Microsoft's Windows 95, as well as existing Mac OS systems, making it the fastest personal computer currently available.

"PowerTower Pro ... puts the Mac OS firmly back on top," said Steve Kahng, president and CEO of Power Computing.

As in the past, Power Computing will build PowerTower Pro systems to customer specifications. Below are prices for base configurations:

Existing owners of Power Computing systems will be pleased to hear that the company plans to ship a series of processor upgrade cards in September. The cards, which range from \$395 US for a 132MHz PowerPC 604 to \$1,195 US for a 200MHz 604e, will upgrade existing PowerCenter, PowerWave and PowerCurve Mac OS systems. Apple owners need not apply,

however; Power Computing will only sell the daughter cards to system owners which provide a qualifying Power Computing serial number.

Power Computing's home page is <http://www@powercc.com>.

stockbrokers and others still are talking about Apple Computer and its financial situation—but this time the reason is the good news in the bad news of the most recent money-losing quarter. Brokers who seemed ready to write Apple off and who pooh-poohed optimistic talk of a turnaround are now upgrading the stock and expressing more hope about its future.

At noon on Friday, July 19, Apple's stock was trading at \$21, up 1/8. It closed the day before that at \$20 7/8, up \$4. That compares to its record low price of \$16 set earlier in the week. Its 52-week high is \$49 9/16 (on July 18, 1995).

The company suspended its quarterly dividend the week of February 15, 1996, the first in the history of the company dividends have not been paid. There is no

estimate when the dividends will be resumed.

Apple lost \$32 million in the quarter ending June 28, 1996, a cause for celebration in light of the staggering \$740 million loss during the fiscal quarter ending March 29, 1996. The loss amounted to \$0.26 a share.

Included in the quarterly results was a one-time after-tax gain of approximately \$39 million on the sale of Apple's investment in America Online, the company reported.

Revenues for the quarter were \$2.179 billion, a 15% decrease from the year ago quarter but approximately equal to the \$2.185 billion reported in the March 1996 quarter.

In a May 13, 1996 address, Gilbert Amelio, Apple's chief executive officer, said he hoped the company can be profitable at \$9 billion in revenues—\$2 billion less than last year's.

In its restructuring, Apple has reduced its workforce from 15,544 to 13,729, primarily in the areas of manufacturing and administration. Apple's sale of its Fountain, Colo., manufacturing site is responsible for over half of the downsizing.

Fred Anderson, Apple's executive vice president and chief financial officer, said, "We made great strides in the quarter in shoring up the company's balance sheet and improving liquidity. We also made progress toward our goals of operating expense reduction and gross margin improvement."

Amelio said Apple is not standing still. "Over the next few months we plan to introduce a number of new products for our target customers. Apple will continue to focus on the industry's more significant growth areas: the Internet and multimedia. With our strategy set and management team and organization in place, we're on schedule for the continued execution of Apple's transformation."

The slowing of the bleeding at Apple may calm fears that the company is vulnerable to a hostile takeover. Reuters news service reported that Apple has declined to comment on a recent New York Times report that the company may spin off one or more units, and that it has already begun moving some manufacturing sites from its books.

All the news has not been good, however. The Wall Street Journal reported on July 3 that sales of the Macintosh dropped 30 percent to 50 percent in April and May compared to year-ago levels. Reports from key retailing chains and from research firm Computer Intelligence indicate that Apple's PC sales are worse than the projected decline in second quarter sales, the newspaper said.

Additionally, MacWEEK reported on July 9, 1996, that Apple executives are worried that the less fanatical may find little to distinguish the Macintosh from its rivals. An internal strategy paper circulated among Apple executives suggests consumers may no longer find that Apple's products excel in comparison to those available on the "Wintel" computer platform.

But don't count Apple, with its legions of devoted followers, down for the count. It may be bruised and bloodied, but there still is a lot of fight left.

Computer Intelligence InfoCorp. reports that the Macintosh led the PC industry in repurchase loyalty again in 1995, as it did in 1994 (see AppleBits for more details). The repurchase rates measure what percentage of each brand's users who purchased a PC in 1995 purchased the same brand of PC they had previously owned.

In a story earlier this month, MacWEEK quotes Daniel Kunstler, senior equity analyst at San Francisco-based J.P. Morgan Securities Inc., as being cautiously optimistic about Apple's prospects. "They've got the right team, and they've got an organizational structure and a game plan that could be successful."

The game plan is Amelio's "stay-the-course" philosophy. As reported in MacSense HotBits May 2, Amelio told an investors conference in San Francisco that he hopes to return the company to profitability within a year. He also said the company will reduce the number of models it sells but would not eliminate whole categories of products.

In its news release on July 17, 1996, Apple listed five reasons for the brighter financial picture:

Sales stabilization: Sales revenues for the quarter were roughly equivalent with the previous quarter, as were unit shipments. Third quarter sales shifted toward higher margin, high-end systems.

Lowered operating expenses, reduced loss: Operating expenses dropped \$35 compared to the previous quarter and the number of employees decreased.

Improved PowerBook repair program: Apple expects shipments to increase during the next quarter.

Solidified organization: Filled all of its top-level management positions with the appointment of Marco Landi as chief operating officer and Ellen Hancock as chief technology officer.

Improved balance sheet: Cash at the end of the quarter was \$1.359 billion, compared to \$592 million at end of the previous quarter. To improve its liquidity, Apple raised \$661 million in cash by issuing convertible debentures during the quarter, sold its Fountain, Colo., facility, converted other assets to cash, reduced inventories and reduced accounts receivable.

After a year of staggering setbacks and disappointments, it is a welcome change to report that Apple is pulling itself back together. And while there is still much work to be done, the recent news out of Cupertino is giving Mac users some long-lost optimism—which alone is cause enough for celebration.