Exhibit 2

[Apple](#)
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Apple hires top IBM chip designer and blade server guru

Posted by [Tom Krazit](#)

Apple's decision to hire Mark Papermaster away from IBM could mean that its Xserve lineup is taking on a more prominent role.
(Credit: Apple)

Updated throughout at 4:55 p.m. PT with additional details and comment from IBM.

One of IBM's top chip executives has agreed to join Apple as a senior executive, but he might have to fight off his former employer first.

Mark Papermaster, until recently IBM's vice president of microprocessor technology development, plans to join Apple in early November in a position that will see him working closely with Apple CEO Steve Jobs in what IBM believes is an attempt to expand Apple's presence in the markets for servers and chips for handheld devices, according to the copy of a lawsuit filed by IBM against Papermaster. IBM is suing Papermaster to prevent him from joining Apple and divulging trade secrets related to IBM's Power chips and server products, according to the complaint filed in the U.S. District Court for the Southern District of New York.

Papermaster has authored several papers on chip development at IBM, which of course used to make PowerPC processors for Apple before the company **switched to Intel's processors in 2005**. IBM called Papermaster "IBM's top expert in Power architecture and technology," and his most recent position involved managing IBM's blade server division.

An Apple representative declined to comment on the lawsuit or confirm Papermaster's pending employment with the company. IBM issued this statement: "Mr. Papermaster's employment by Apple is a violation of his agreement with IBM against working for a competitor should he leave IBM. We will vigorously pursue this case in court."

If Papermaster is able to successfully join Apple, he'll be working closely with Apple CEO Steve Jobs "providing to Apple technical and strategic advice on a variety of issues," according to IBM's complaint. But which issues?

Apple's Xserve servers haven't exactly been a high priority **over the last couple of years**, as Apple has switched the Mac to Intel's processors and rolled out the iPhone. But a spruced-up Xserve blade server could be a nice complement to the Mac if Apple ever gets serious about tackling the enterprise market.

Still, Illuminata analyst (and **CNET contributor**) Gordon Haff believes that Apple is unlikely to plunge back into the server market headlong after successfully pulling off **the transition from a computer company to a consumer electronics company**. Apple appeared to be serious about the server market when it launched the Xserve earlier this decade, but has spent less and less time extolling the product over the last two or three years, he said.

Papermaster's hire could signal Apple's intentions to build out a cloud-computing infrastructure to **support things like MobileMe**, or future services along those lines. Dense-but-powerful blade servers are being eyed by many companies as they build out the data centers of the future, and if Apple ever wants to be a major player in the future of Internet-delivered services, it's going to need a lot of computing power at its disposal. Papermaster's expertise in system design--putting together the entire package of processor, chipset, and the rest of the guts that form a computer--could serve him well at a company that prides itself on soup-to-nuts design.

As an extremely well-respected figure in the clubby world of chip design, Papermaster might also be stepping in to lead Apple's chip design efforts. **Apple's acquisition of P.A. Semi** earlier this year showed the company is very serious about chip design. Jobs told *The*

New York Times that P.A. Semi would be used to build chips for the iPhone and iPod Touch.

Papermaster's expertise lies with the Power architecture, of which **Don Dobberpuhl's P.A. Semi team is also well-acquainted**. The primary role for the Power architecture these days is in gaming consoles--all three major gaming consoles use a chip based on the Power architecture--but that doesn't necessarily mean Apple has that goal in mind, either.

If Apple wants to continue its strategy of designing and building complete systems, hardware, software, and now chips for iPhone and iPod Touch, it's going to need someone who can predict the future of chip design and advise Jobs and Apple's executive team on how Apple can best take advantage of those trends. Papermaster, with a unique set of skills in the tech industry, might be just that guy. "They probably need somebody with an experience set that doesn't exist at Apple today," Haff said.

It might take a fight in order to bring him on board, however. IBM's decision to sue Papermaster hearkens back to the dispute between Google and Microsoft over Google's decision to **hire Kai-Fu Lee away from Microsoft** to run Google's research operation in China. The two parties **eventually settled out of court**.

Noncompete clauses are generally considered worth less than the paper they are printed on in California--Apple's home state--but different states are more strict. Google and Microsoft fought much of their battle over whether the case would be tried **in Washington state or California**.

In the final reading, Papermaster's hire might wind up as a partial solution to all those questions over what Apple should do with its pile of cash: give a chunk of it to IBM to make this case go away.

Tom Krazit, a staff writer for CNET News, focuses on all things Apple. He has covered traditional PC companies such as Dell and Hewlett-Packard, chip companies such as Intel and Advanced Micro Devices, and mobile computers ranging from Research In Motion's to Palm's. E-mail Tom.

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