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thursday, october 30, 2008 @ 9:00pm

Apple recruits top chip designer, IBM responds with suit



Apple recently recruited a top chip designer from IBM, resulting in a lawsuit that seeks to prevent the executive from taking his knowledge as "IBM's top expert in Power architecture and technology" to the Mac maker.

Mark Papermaster, who served as IBM's vice president of microprocessor technology development, is set to [join Apple within the next couple weeks](#) to begin working closely with chief executive Steve Jobs. According to a report by Tom Krazit of *CNet News*, IBM's complaint filed in the U.S. District Court for the Southern District of New York indicates that IBM believes this is "an attempt to expand Apple's presence in the markets for servers and chips for handheld devices."

IBM has issued a statement saying "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."

AppleInsider is making available both a copy of IBM's 10-page complaint [[PDF](#)], as well as the 7-page noncompete agreement [[PDF](#)] signed by Papermaster in June of 2006.

PowerPC and PA Semi

Papermaster is the author of a number of papers on chip development at IBM. While Apple has transitioned its Macs from PowerPC to Intel, IBM continues to design and build PowerPC processors for applications from autos to all the major game consoles to workstations and servers. Papermaster's current position has been to manage the company's blade server division.

Apple recently acquired [PA Semi](#), a fabless chip developer that had just introduced a new, highly efficient processor based on a PowerPC design. While pundits immediately began to assume that the company would transition back to PowerPC, the more obvious motivation, cited early by *AppleInsider*, related to [new custom hardware Apple could create](#) using the expertise of PA Semi's brain pool. Jobs later reported that the company would be using the new facilities to develop custom silicon [for its handheld devices](#).

Xserves and blades

CNet observes that "a spruced-up Xserve blade server could be a nice complement to the Mac if Apple ever gets serious about tackling the enterprise market" but also cited analyst Gordon Haff, who "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."

A blade server is a high density, self contained server built into a card or module that allows for many independent server "blades" to be packed together in a small space. Apple's 1U Xserve is a slim server, but is not a blade server design. Apple sells its Xserves to broadcasters and video pros, education, and the hospitality industry, such as cruise ships and hotels that [rack up Xserves to deliver video on demand](#) services. Building a true blade server would have only a moderate impact on the space consumed by such applications. Given the current size of Apple's server business, it is unlikely the company is desperate to enter the blade server market, even if Papermaster has experience in that product segment at IBM.

It's further suggested that Apple may want to get into the blade server business to support its MobileMe services, writing, "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."

Of course, Apple already has massive power at its disposal, running the iTunes Store as the largest video and music retailer on the planet, as well as the iPhone App Store, the most successful mobile software outlet. It also runs the online Apple Store, one of the most significant online computer retailers, and of course MobileMe, which is pioneering easy-to-use cloud computing services for consumers.

Apple's chip design brain trust

As was the case with PA Semi, the hiring of Papermaster is most likely an effort to build Apple's brain trust in chip development. The expert team Don Dobberpuhl assembled at PA Semi is certainly familiar with IBM's PowerPC technologies already, but Papermaster could provide broader expertise or management experience to Apple. It appears PA Semi will be [developing ARM SoC](#) or 'system on a chip' devices that serve as the integrated CPU, GPU, and other functions for mobile devices such as the iPhone and iPod touch. Apple also uses ARM SoCs in its AirPort base stations and appliance servers such as Time Capsule.

Custom designed chips could also find their way into the company's Macs, although the [latest crop of notebooks](#) released this month indicate Apple has invested in pairing Intel's CPU with NVIDIA's new controller with relatively powerful integrated graphics. The company has a significant history of building custom parts for new devices or features that were unserved by the generic commodity market.

Suing Papermaster

Whatever Apple has planned for Papermaster, IBM's complaint may not have much to stand upon. *CNet* notes that "noncompete clauses are generally considered worth less than the paper they are printed on in California," and concludes "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."

Likely for the same reason, IBM has filed its case against Papermaster in New York. The company's complaint describes the 26 year IBM veteran as a member of the "elite Integration and Values Team (I&VT), a group comprising the 300 senior managers of the Company."

IBM says Papermaster "has spent much of his career working in IBM's Systems and Technology Group, more specifically developing 'Power' architecture, a set of confidential know-how belonging to IBM, and using 'Power' architecture to design, develop, and manufacture microprocessors and servers based on that technology."

Referencing Papermaster's current position as vice president of IBM's Blade Development unit, the complaint notes that "IBM's blade model servers [are] based on technology other than 'Power.'"

The complaint also says "Apple and IBM are competitors in the design, manufacture and sale of electronic devices, including servers, personal computers, and microprocessors," noting that while IBM sold its PC business to Lenovo, it continues to hold an interest in that company and generates "significant revenues" from it. It also lists Apple's Xserve as a direct competitor to IBM's System x and BladeCenter lines of small servers.

IBM's complaint says "the relationship between Apple and IBM will become even more competitive in the future." It notes Apple's acquisition of PA Semi, and states that "IBM and PA Semi have been competitors since at least 2006, when Apple, then a customer of IBM, considered replacing IBM's PowerPC microprocessors, which Apple used to incorporate in its line of personal computers, with microprocessors designed by PA Semi."

IBM offered Papermaster "a substantial increase in his total compensation package" to stay at IBM, including "one year's salary." The complaint says Papermaster asked for time to consider the offer, then submitted his resignation the next day.

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