SAGE COMPUTER

QUESTIONS & ANSWERS

1. Q: When was the company founded?
   A: August 15, 1981
      Incorporated - January 8, 1982
      Production - June 14, 1982.

2. Q: What was the corporate charter at company inception?
   A: To manufacture low-cost, high performance, supermicro systems
      that can enhance an individual's capabilities for information
      processing.

3. Q: Why did you locate in Reno, Nevada?
   A: Key management were located in Reno. Availability of qualified
      resources.

4. Q: How has the company been financed?
   A: Founders/Venture Capital.

5. Q: Is the company profitable?
   A: Yes, since the first month of production.

6. Q: What is the installed base of SAGE Computers?
   A: Several thousand systems (2800).

7. Q: What is your monthly run rate?
   A: Several hundred systems (300).

8. Q: What was your last year's revenues?
   A: $2.4 Million.

9. Q: What is your current revenue rate?
   A: $14 Million.

10. Q: How does the company currently distribute the product?
    A: We currently have sales offices in Boston, Dallas, and San
        Francisco, with 120 domestic dealers and OEMs, and 41
        International Distributors and Representatives.

11. Q: Where does it distribute beyond the U.S.?
    A: We currently have 41 distributors in 35 countries, mostly
        in Europe and the Pacific Basin.

12. Q: What is the ratio of U.S. to sales around the world?
    A: 40% are sold internationally.
13. Q: What service and support does SAGE offer?
A: SAGE gives a 90 day warranty, extendable to one year, factory and regional service support, dealer training and sales seminars.

14. Q: What kind of person or organization buys a SAGE computer now?
A: Developers, engineers, universities, and businesses.

15. Q: Do you have a couple of examples of interesting or typical users?

16. Q: How long does it take to become familiar with the operation and use of the machine?
A: 90 minutes.

17. Q: Do you plan to keep the same distribution strategy?
A: Yes, with more regional distribution centers.

18. Q: Will a typical SAGE customer change over the next year? How so?
A: More business users in select markets, more technical and number crunchers.

19. Q: In a market where high venture or public investment does not insure success, how will SAGE plan and manage its growth?
A: Strict financial discipline, product innovation, and vertical market concentration.

20. Q: How will SAGE survive the current microcomputer marketing and pricing wars?
A: Unique product, a price/performance niche.

21. Q: Does SAGE plan to "go public" in the near future?
A: Yes, SAGE Computer anticipates going public when the market conditions are favorable.

22. Q: What motivates a potential buyer to purchase a SAGE over a competitors product?
A: The price/performance ratio.
23. Q: What competitive products does SAGE sell against?
   Secondary - Multi-user Altos, IBM PC

24. Q: How "user-friendly" is the SAGE product?
   A: SAGE uses an ergonomic terminal for a friendly appearance. Documentation is aimed at first time users, but also offers full technical details for advanced applications.

25. Q: What are the warranty and support guarantees for SAGE products.
   A: SAGE provides a 90-day warranty, extendable to one year and phone and dealer and divisional support.

26. Q: Increasingly, software sells systems. What operating systems and popular applications does SAGE support?
   A: 9 Operating Systems, 23 Languages, and 250 Applications.

27. Q: What about CP/M?
   A: We sell CP/M - 68K.
   Q: MS-DOS?
   A: Not at this time. Negotiations are underway with MicroSoft.
   Q: Unix?
   A: We sell Idris, a version of Unix.

28. Q: Any plans to be IBM PC compatible?
   A: Only with p-System applications.

29. Q: Networking is also increasingly important to users. Explain SAGE's capabilities?
   A: We currently have Multi-user, but come to SAGE Faire '84 February 3, 4, and 5, 1984 to see what else SAGE has.

30. Q: Does SAGE target any vertical markets for its products?
   A: Yes, numerous. Scientific/Engineering; Government; Education.

31. Q: Can you project expected sales levels over the next three years? That would be what rate of growth?
   A: 200% per year.
32. Q: What are SAGE's current product offerings?
   A: The SAGE II, and SAGE IV.

33. Q: What is SAGE's product development strategy?
   A: A broader product line with greater capacity.

34. Q: What is SAGE's marketing strategy?
   A: We have addressed the key influencers and developers, which has lead us to certain business market segments.

35. Q: How will SAGE's product, marketing and distribution strategies evolve in the next few years?
   A: To strengthen marketing distribution channels while differentiating SAGE's unique price/performance.

36. Q: Why a 68000-based machine?
   A: Fast, flexible, a proven chip with inherent advantages over other CPUs.

37. Q: Are SAGE II and SAGE IV software compatible?
   A: Yes!

38. Q: Does SAGE provide a multi-user system capability?
   A: Yes!

39. Q: How does SAGE and its product offerings fit into the microcomputer industry if Commodore is at one end with a home computer and let's say Convergent or Fortune are at the high end?
   A: Above Fortune in performance, below Fortune in price.

40. Q: How long will it take SAGE to adopt other operating systems?
   A: Many are currently under development.

41. Q: What are SAGE's opinions about windowing technique software and pointing devices such as the mouse?
   A: Both are important innovations. SAGE Computer currently offers a mouse and has been doing R&D work on windowing.
42. Q: Will SAGE utilize consumer marketing and merchandising techniques that seem to be the trend in microcomputer sales?
   A: Yes.

43. Q: How strong is the dealer base now, in terms of numbers AND quality?
   A: 120 dealers domestically.

44. Q: What Independent Software Vendors (ISVs) are developing software for SAGE computers?

45. Q: How will SAGE expand dealer and ISV quality and quantity in the future?
   A: Offering margins and future sales that will make it profitable to the ISVs. Convincing market that we are driving the market, not following it.

46. Q: How does a cult or grassroots computer company expand its sales beyond word of mouth markets?
   A: Successful distribution of easy-to-use, established software products with high-performance hardware.

47. Q: Are the attributes of a computer that programmers and editors love the same attributes more general purpose customers can or want to utilize?
   A: In the long run, yes.

48. Q: How is SAGE researching and planning to develop its products to reach the more general marketplace?
   A: User studies, in-field evaluations, market analysis, broader software support, and distribution.

49. Q: How is SAGE attacking ergonomic issues?
   A: New terminals and documentation.

50. Q: What new product announcements are planned for the next twelve months?
   A: Several.

51. Q: How many employees do you have?
   A: 94 as of November, 1983.

52. Q: What are the communications capabilities of the SAGE?
   A: Asynchronous modem software is included with each system.

53. Q: How many software applications exist today?
   A: 250 and growing.
54. Q: How does your product compare to IBM PC, PC Jr., APPLE II?
   A: Higher price/performance and Multi-user capabilities.

55. Q: What is the price range?
   A: $3900 - $10,800.

LOCAL INTEREST

56. Q: Does Nevada have a high-tech future?
   A: Yes, with its lifestyle and resources.

57. Q: Do you work closely with State government?
   A: As required.

58. Q: Does SAGE work with the university?
   A: Yes, and will do more so in the future.

59. Q: How does computer manufacturing effect the environment?
   A: It is a clean industry.

60. Q: Where can you buy SAGE Computers in Reno?
   A: Through local dealers.

61. Q: Will you stay in Reno?
   A: Yes.

62. Q: How many local employees?