



ALDUS

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# TECHNICAL SPECIFICATIONS

## PageMaker for the Macintosh: Version 2.0

foreign languages and is generally considered to have set an international industry standard for ease of use. PageMaker retails

Version 2.0 includes many new features, many of which are available only to Macintosh users. High resolution, automatic page numbering, automatic facing page layout, file sizes up to 100MB, compatibility with other word processing software, word processing features produced on the PC, hardware and software available to support continuous technical specifications revised to meet these new

- IN THIS ISSUE**
- A new guide to basic design (page 2)
- The Venice competition winner (page 2)
- Design tips from a winner (page 3)
- A reminder about Customer Service numbers (page 3)

# THE IDEAS PUB

FEBRUARY/MARCH

This prospectus is preliminary and is subject to completion or amendment. Information contained herein is subject to completion or amendment. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy securities, and it does not constitute an offer to sell or the solicitation of an offer to buy securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

PRELIMINARY PROSPECTUS DATED MAY 4, 1987

2,040,000 Shares



## Common Stock

Of the shares of Common Stock offered hereby, 1,350,000 shares are being sold by Aldus Corporation (the "Company" or "Aldus") and 690,000 shares are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." Prior to this offering, there has been no public market for the Common Stock. The Company currently anticipates that the initial public offering price will be between \$14 and \$16 per share. See "Price Range" for a discussion of the factors considered in determining the initial price.

See "Risk Factors" for information that should be considered by prospective investors.

**THESE SECURITIES HAVE NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. TO THE CONTRARY IS A CRIME.**

	Price to Public	Underwriting Discounts and Commissions
Per Share .....	\$	\$
Total (3) .....	\$	\$

- (1) See "Underwriting" for information relating to indemnification of the Underwriters.
- (2) Before deducting expenses payable by the Company estimated at \$ and expenses payable by the Selling Shareholders estimated at \$.
- (3) The Company has granted to the Underwriters a 30-day option to purchase up to 300,000 additional shares solely to cover over-allotments, if any. To the extent that the option is exercised, the Underwriters may purchase additional shares.

5/10

*He*

*Here is the public offering prospectus*

*& some recent press materials.*

*Proceeds to Company (2)*

*Paul*



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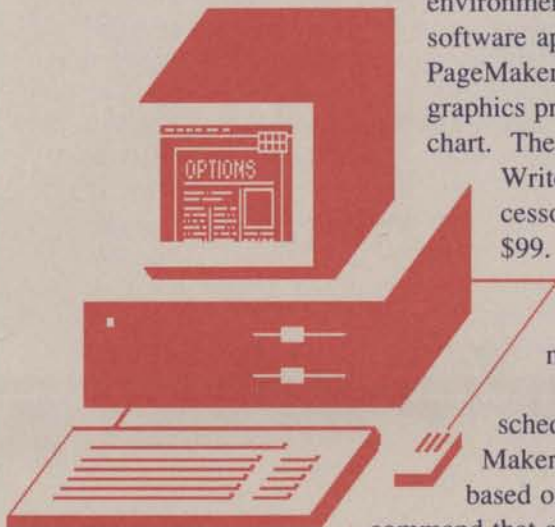
# Aldus ships its first PageMaker for the PC

PAGEMAKER FOR THE PC AT AND COMPATIBLES is now available on dealers' shelves, retailing for \$695. People who buy the PC product before the end of April also receive Microsoft Windows, the visual operating environment that allows you to work on multiple software applications simultaneously — on your PageMaker publication, for example, along with a graphics program you might be using to prepare a chart. The Windows bonus includes Windows Write, Windows Paint, and Windows desk accessories, a package that normally retails for \$99. Copies of PageMaker sold after April will be bundled with a modified version of Windows that includes only the disks necessary to run PageMaker.

Like PageMaker 2.0 for the Macintosh, scheduled for release in late March, PC PageMaker features kerning, automatic hyphenation based on a built-in dictionary, and a "Select all" command that allows you to highlight an entire story in one stroke, even if it runs across multiple columns or pages. Other new features include 128-page files and 9,999-page documents; 40 ruler guides; text block resizing; new fill patterns, line widths, and screen percentages; and additional control over word and paragraph spacing.

The PC product was designed in tandem with 2.0 for the Macintosh, freeing Aldus engineers to concentrate on one set of product enhancements instead of diluting their resources between the Macintosh and MS-DOS operating environments. The two products now share 80 percent of their code, which ensures that, as new features are added to one product, the other product can quickly follow suit. It also means that files created with PageMaker for the PC can be placed in the new Macintosh version, and vice versa — a significant issue for the 43 percent of our users who have PC compatibles in their offices.

PageMaker 2.0 for the Macintosh will retail for \$495 — reduced to \$75 for registered users and \$37.50 for subscribers to Aldus' Extended Technical Support Service. People who bought PageMaker 1.2 after the September 3 product announcement receive 2.0 free. Registered users will be notified of 2.0's ship date in advance. ■



PageMaker on the PC.

The Desktop Publisher is published bimonthly by Aldus Corporation. Subscriptions are offered free of charge to registered users of Aldus software.

The Desktop Publisher is created with Aldus PageMaker® and the Allied Linotronic 100™.

## New design contest begins

Aldus is pleased to announce a new contest: "What's Black and White and Read All Over? — The PageMaker Business Design Competition." As the name implies, we are looking for one- or two-color documents created with PageMaker on a PC or Macintosh for business use. The six categories open for submissions are:

- newsletters
- flyers, brochures, and spec sheets
- catalogs
- forms
- campaigns (corporate ID packages, direct mail campaigns, and other sets of materials with a similar look)
- unusual applications

The winner for each category will receive a \$250 gift certificate for a luxury weekend package for two at a Hyatt Regency anywhere in the United States or Canada.

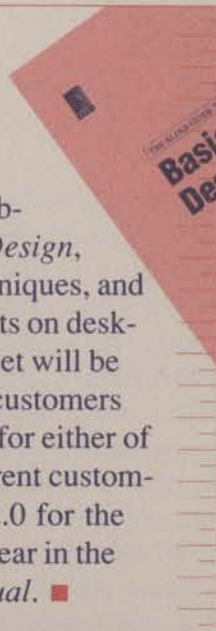
The competition runs from now through May 31, 1987. To enter, fill out and return the coupon that appears on page 2, along with three copies of the publication, a disk containing a page or two of your work, and a letter describing the production process. Entries will be judged on skill in working

*continued on page 2*



## Watch for *The Aldus Guide to Basic Design*

Aldus Corporation will soon be publishing *The Aldus Guide to Basic Design*, a primer of design tips, layout techniques, and general rules for creating documents on desktop publishing systems. The booklet will be mailed free to all new PageMaker customers who return their registration cards for either of the new products, as well as to current customers who move on to PageMaker 2.0 for the Macintosh. Registration cards appear in the front of the *PageMaker User Manual*. ■



Design contest  
continued from page 1

with PageMaker, ingenuity in pushing PageMaker to new limits, design strength, and usefulness of the publication for its intended environment.

Winners of the "PageMaker 1986" competition

(see story on this page) can submit entirely new samples of their work; nonwinners (including honorable mentions) can resubmit publications they sent in for "PageMaker 1986," as long as they complete the entry procedures described above. ■

## A Bostonian goes to Venice

Paul Souza was genuinely surprised to learn he'd won the grand prize — a trip to Venice — in the PageMaker 1986 Design Competition. He was understandably proud of his entry, but he assumed there were many other talented PageMaker users out there competing with him.

And there were, as the hundreds of submissions bear witness to, but the five judges thought his entry was the best of the 16 finalists they reviewed in January. So if he

and his wife can negotiate with their 4 1/2-month-old son, they'll be off to Venice this spring. Souza's winning entry was a 298-page spiral-bound grant proposal for Boston's WGBH Educational Foundation, submitted to the Corporation for Public Broadcasting for funding. The proposal outlines a video educational program based on the "Migration" segments of the award-winning television program, *NOVA*. (Funding is still pending.)

In designing the proposal, Souza relied heavily on charts created in MacDraw and placed on PageMaker master pages, graphics positioned in PageMaker and embellished with drop shadows, and information panels (called "menus") created in Page-

Maker with Souza's own PageMaker measuring tool (see Design Tips, page 3). The only color is in the blue-gray paper used for the cover and section dividers.

Competition in PageMaker 1986 was so stiff the judges had difficulty choosing between Souza and the three runners-up: Tessa Jolls for her newsletter *HR Reporter* (Beverly Hills, California); Frank Stapleton for his 297-page catalog for MacPherson's Wholesale



A page from Souza's winning entry.

Distributors (Emeryville, California); and Kevin Kohrman for the Green Bay Advertising Federation's annual report (Green Bay, Wisconsin).

Kohrman was one of the three September winners, Stapleton an October finalist. Jolls' *HR Reporter* was one of the previously unannounced November winners, which also included Eda Warren's brochure for the Pegasus Players, a Chicago theater group; and Jack Honaker's *Washington County News*, from Abingdon, Virginia.

The winning entries for December were Robert Goodman's *Whale Song*, a four-color 130-page book on whaling in Hawaii; Stephen Ord's packaging for storage-

### THE PAGEMAKER DESIGN COMPETITION ENTRY FORM

Deadline: **May 31, 1987**

I have enclosed three copies and a disk of my PageMaker-created publication.

The publication is:

- Totally PageMaker-created. Version number \_\_\_\_\_
- Totally PageMaker-created except logo or photo.
- Partially PageMaker-created. Explain \_\_\_\_\_
- Computer  PC  Macintosh  Printer \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Company name \_\_\_\_\_ Phone \_\_\_\_\_

Type of business \_\_\_\_\_

PageMaker serial number \_\_\_\_\_

Entrants grant full rights of reproduction of the sample publication and related information and consent to the use of their name and photography by the Aldus Corporation and its designees without compensation.

Signature \_\_\_\_\_ Date \_\_\_\_\_



management software, from Ontario, Canada; and Jane Wrede's *Etc.* magazine for Elmbrook Church in Waukesha, Wisconsin.

November and December honorable mentions went to James Lennon's *Wedding Planning Book*; Bob Reznick's annual report, *Back Talk*; Carl Schuetz's annual report for the National Kidney Foundation of Maryland; David Rinehart's photography catalog; and Keith Grigoletto's user's manual for 3Com Corporation's 3+Menus.

Judging the 16 finalists were PageMaker users Diane Burns, designer, TechArt; David Healy, designer and owner of First Image; Steve Manus, typographer, Aptos Post Typography; Hugh Dubberly, designer, Apple Creative Services; and Bob Lee, designer, Verdery & Lee.

A catalog of the 16 finalists, including descriptions of their production procedures, will be published this spring and mailed free to all registered users. ■

## Production of this issue

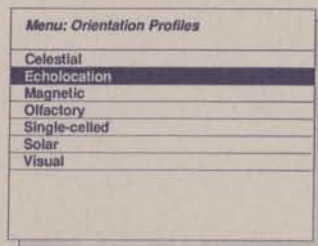
This issue of *The Desktop Publisher* was produced on the Compaq PC using a prerelease version of PageMaker 1.0 for the PC. Proofs were printed on an Apple LaserWriter Plus, and the final version was run out on the Linotronic 100. The illustration on page 1 was done in Windows Paint. ■

## Design Tips

For this issue, we asked Venice competition grand-prize winner Paul Souza to reveal some of his secrets to his PageMaker success, emphasizing techniques he used to create his winning entry (see story on page 2). This is what he came up with.

### Measuring tools

Souza relies routinely on self-created measuring tools to check his alignment of rules, headlines, and text. Using PageMaker's box tool, he draws rectangles of varying depths to correspond to the distances between elements on a page.



A sample menu.

On the information menus, for example (pictured here), which appear throughout his WGBH proposal, he created a tool to standardize the space between hairlines.

Here's how it's done:

- With "Hairline" selected from the Lines menu, draw the box that will contain the menu items.
- Within the box, draw the first horizontal hairline 2 picas from the top and the remaining hairlines at 1-pica intervals.

- Using the pointer tool, draw a selection box around the new tool, making sure to encompass both the box and the interior lines.
- Hold down the mouse button until the pointer tool changes to a four-headed arrow, then drag the measuring tool to the pasteboard, out of the way.
- When you go to check spacing, again draw a selection box around the measuring tool to grab all its parts. Drag it into position on the page, off to the side of the elements you're aligning so as not to entangle the measuring tool with selected items on the page. Sometimes it helps to have "Snap to" guides turned off.
- When you're through, save it to the Scrapbook for future use.

### Nonbordered white squares

For more graphics flexibility in PageMaker, Souza uses white squares or rectangles to cover up parts of a graphic he wants to eliminate. The circles on the cover of his WGBH proposal were broken up using this method. To achieve the effect, he:

- drew a small box the size of the desired break
- selected "White" from the

Shades menu, then "None" from the Lines menu

- moved the box into position to erase a section of the



Souza's proposal cover.

already drawn circle. If a box also covered up a portion of another circle he wanted visible, he selected that circle and chose "Bring to front" from the Edit menu.

Souza uses his white erasure boxes most often with master page elements, since he finds it easier to load up the masters with repeating elements and erase them later, rather than re-create them again and again within the publication. ■

## A reminder to call us directly

The latest addition to the lineup of Aldus customer services is the direct telephone number for registered users. Call (206) 628-2320 if you're seeking technical support or other information from Customer Service.

Subscribers to the Extended Technical Support Service (\$75 annually for Macintosh owners, \$125 for PC owners) have access to a toll-free 800 number. Lines are open to all registered users 11 hours each weekday, from 7 a.m. to 6 p.m. PST. ■

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THE DESKTOP PUBLISHER —  
For people who use  
PageMaker



Aldus Corporation  
411 First Avenue South  
Suite 200  
Seattle, WA 98104  
206 622-5500

BULK RATE  
U.S. POSTAGE  
**PAID**  
SEATTLE, WA  
PERMIT NO. 798

## IN THIS ISSUE

*A new guide to basic  
design (page 2)*

*The Venice competition  
winner (page 2)*

*Design tips from a  
winner (page 3)*

*A reminder about  
Customer Service  
numbers (page 3)*



# THE DESKTOP PUBLISHER

FEBRUARY/MARCH 1987

VOL. 2, NO. 1





# TECHNICAL SPECIFICATIONS

# PageMaker®

## **PageMaker for the Macintosh: Version 2.0**

PageMaker® desktop publishing software integrates text and graphics, allowing users to design, edit and produce high-quality communications. In combination with a laser printer, PageMaker produces near-typeset quality output at a fraction of the time and expense required by conventional production techniques. In combination with a Linotronic™ 100 or 300, a PageMaker/Macintosh™ system is capable of producing true typeset-quality output at resolutions of over 1,200 dots per inch.

PageMaker was introduced to the market in July 1985. It is currently available in seven

foreign languages and is generally considered to have set an international industry standard for power, versatility and ease of use. In the U.S., PageMaker retails for \$495.

PageMaker version 2.0 includes over 20 new features, many of them suggested by users. Highlights include kerning, automatic hyphenation, interactive facing pages, support for file sizes up to 128 pages, and file compatibility with both PC-based word processors and documents produced with PageMaker 1.0 for the PC.

The number of hardware and software options available to Macintosh users and supported by PageMaker is continuously growing. This technical specifications sheet will be revised frequently to reflect these new developments.





# PAGEMAKER FOR THE MACINTOSH: SYSTEM CONFIGURATION NOTES

## Hardware

### Recommended System Configuration

- Apple® Macintosh Plus™ and hard disk
- Apple Macintosh II
- Apple Macintosh SE

**Laser printer output:** Apple LaserWriter™, Apple LaserWriter Plus™, or other PostScript®-compatible laser printer for the Macintosh.

**Typeset-quality output:** Allied Linotype® Linotronic 100 (up to 1270 dpi) and Linotronic 300 (up to 2540 dpi).

### Minimum System Configurations

- Apple Macintosh 512 Enhanced and 800K external disk drive
- Apple Macintosh 512 and hard disk
- Apple Macintosh XL and hard disk

### Large Screen Monitors

- Radius FPD™
- The Big Picture™, E-Machines

### Scanners

- Abaton™ Scan 300™
- Datacopy JetReader™, Model 730
- Microtek MS-300A
- MacVision™, Koala Technologies
- ThunderScan®, Thunderware®
- MacScan™, New Image Technology, Inc.

PageMaker imports scanned images in the MacPaint and Tag Image File Format (TIFF) formats.

### Printers

- Apple LaserWriter and LaserWriter Plus
- Dataproducts® LZR 2665™
- QMS PS800™
- Apple ImageWriter™ I, II or wide carriage
- Texas Instruments OmniLaser™ 2108, 2115

In general, PageMaker supports PostScript-compatible laser printers that interface with the Macintosh.

### Typesetters

- Allied Linotype Linotronic 100 (up to 1270 dpi) and Linotronic 300 (up to 2540 dpi)

### Print Spoolers

PageMaker will support spooling through the Apple printer driver or any spooler that adheres to the print spooling protocol developed by Adobe Systems and Apple.

## Software

### Word Processors

#### MACINTOSH-BASED

- MacWrite™
- Microsoft® Word 1.05 and 3.0
- Microsoft Works
- WriteNow™
- ASCII files

**Other:** Aldus Corporation is currently working with several additional software developers on compatibility between their Macintosh-based word processors and PageMaker.

**Reciprocal compatibility:** There is compatibility between PageMaker 2.0 and Microsoft Word 3.0, which allows stories typed (or edited) in PageMaker to be exported as Word files.

#### PC-BASED

PageMaker 2.0 for the Macintosh accepts files generated in a number of PC-based word processors, retaining their formatting and type specifications in transit.

The following PC-based word processors will be supported by installable import filters from Aldus:

- WordPerfect™
- WordStar® 3.3
- XyWrite III™

The following PC-based word processors are supported through conversion programs from other vendors:

- Microsoft Word
- Windows Write
- MultiMate™
- IBM DCA Format Files (including Lotus Manuscript™, Samna Word™, DisplayWrite™, WordStar® 2000, Office Writer and Volkswriter 3™)

**Other:** PageMaker 2.0 also accepts ASCII files from a number of additional PC-based word processors.

### Graphics Programs

The following graphics programs can be placed directly into PageMaker 2.0:

- Cricket Draw
- Cricket Graph
- FullPaint™
- Illustrator™
- Easy 3D™
- MacDraw™
- MacDraft™
- MacPaint™
- MGMStation™ CAD
- Encapsulated PostScript (EPS) files
- SuperPaint

**Other:** Other graphics programs that export files in the TIFF, PICT, EPS or MacPaint formats are supported by PageMaker 2.0.

A number of additional graphics programs — including Jazz® and Excel — are supported via the Clipboard.

**Glue:** Glue™, by Solutions, Inc., works with PageMaker 2.0 to allow users to import files from any Macintosh application that supports Glue, regardless of whether it supports PageMaker directly.

**PictureBase:** PictureBase™, a desk accessory from Symmetry Corporation, works as an art management system so users can quickly place graphics in PageMaker 2.0 without going through the standard Macintosh File menu.

## PAGEMAKER FILES

PageMaker files created with Macintosh version 2.0 or PC version 1.0 can be transferred between the two environments via a communications link. Documents created in one environment can be opened and worked on in the other. Formatted text, bit-map graphics, scanned images, and PostScript files will remain intact during transit. Graphics created with MacDraw, Windows "Draw!"™ and similar programs will not come across directly.

### Downloadable Fonts (vendors)

- Adobe Systems
- Century
- Cassady
- Other PostScript-compatible fonts
- Bit-map fonts

PageMaker supports both bit-map and PostScript-compatible downloadable fonts. Over 100 typefaces are now available in the PostScript environment.

## Networks

PageMaker works with a variety of networks and file transfer programs. File servers are networking environments that include data management and communications software. File transfer software is used to transfer files between the Macintosh and PC environments. Disk servers are used to partition hard disks into private, shared, and public volumes. To determine the best network for your application, consult your PageMaker reseller.

### File servers

- AppleShare™
- TOPS®

### File transfer

- MacLink®
- PC MacBridge™

### Disk servers

- MacServe™
- 3Com®

The following are registered and unregistered trademarks of the companies listed: PageMaker, Aldus Corporation; Apple, AppleShare, Macintosh, MacWrite, MacPaint, LaserWriter and ImageWriter, Apple Computer, Inc.; Microsoft, Microsoft Corporation; DisplayWrite, International Business Machines Corporation; PostScript, Illustrator, Adobe Systems; WordStar, MicroPro International Corporation; Volkswriter 3, Lifetree Software; WordPerfect, WordPerfect Corporation; XyWrite III, Xyquest, Inc.; MultiMate, Multimata, Inc.; Samna Word, Samna Corporation; Linotype and Linotronic, Allied Corporation; FullPaint, Ann Arbor Softworks; MacDraft, Innovative Data Design, Inc.; JetReader, Datacopy Corporation; Abaton, Scan 300, Abaton Technology Corporation; MacVision, Koala Technologies; ThunderScan, Thunderware, Inc.; Radius FPD, Radius; The Big Picture, E-Machines, Inc.; MegaScreen, Micrographic Images; Jazz, Lotus Manuscript, Lotus Development Corporation; MGMStation CAD, L.E. Computer Engineering Group, Ltd.; WriteNow, T/Maker Software; PC MacBridge, Tangent Technologies, Ltd.; MacScan, New Image Technology.



# PAGEMAKER FEATURES

## User Interface

- Screen functions as an electronic paste-up board, complete with rulers, column guides and a toolbox of design aids
- Pull-down menus
- Mouse-based selection and manipulation of text, graphics and menu commands
- Many keyboard shortcuts
- Five page views: full-page, actual size, 200% enlargement, and 50% and 75% reductions
- WYSIWYG (what-you-see-is-what-you-get) screen display
- A highly intuitive and interactive environment for electronic page composition

## Document Formatting

- Up to 128 pages per file, 9,999 pages per document
- Up to 20 columns per page
- Page sizes up to 17 inches by 22 inches
- Master pages for recurring design elements and page numbers
- Automatic page numbering
- Independent formatting of left- and right-hand pages
- Ability to override master page formats at any point in the document
- Ability to insert or delete pages

## Page Composition

- Complete control over page composition
- Ability to integrate text and graphics from many sources (see inside pages for a current list)
- Ability to change the number of columns, column widths (both regular and irregular) and column positions page by page
- Ability to resize and reposition text blocks
- Ability to resize and reposition graphic elements
- Ability to see and work on facing pages simultaneously

## Text Handling

- Powerful built-in text editor for inserting, deleting, cutting, pasting or creating new text
- Ability to change the length, width or position of text blocks on a page or between pages
- Automatic text threading from column to column and page to page so that changes ripple through the entire document
- Ability to present text flush left, flush right, centered or justified — and to change such specifications at any time
- Ability to wrap text around both regularly and irregularly shaped graphics
- Ability to change type specifications — i.e. type size, face and style — for any increment of text, including a word, line, paragraph, column, page or entire story

## Typography

- Type sizes from 4 to 127 points
- Type styles including plain, bold, italic, small caps, all caps, strikethru, subscript and superscript
- Support for a wide range of typefaces (depending on the printer capabilities)
- Support for reversed type
- Complete control over leading (line spacing) in half-point increments
- Control over word spacing, letter spacing and paragraph spacing
- Kerning, both automatic and manual
- Automatic hyphenation and justification, based on a 110,000-word Houghton-Mifflin dictionary and user-specified entries of up to 1,000 words
- Prompted and manual hyphenation
- The ability to fill the space between tabbed columns with dots, dashes, underlines or user-specified characters (leadered tabs)
- Em-space, en-space and thin-space characters

## Graphics

- Cropping
- Proportional resizing (reducing and enlarging)
- Non-proportional resizing
- Ability to draw lines, squares, rectangles, circles and ellipses in widths from .25-point (hairline) to 12-point
- Rapid repositioning (“fast move” feature)
- Ability to create screens in PageMaker at 10%, 20%, 30%, 40%, 60% and 80%
- Ability to fill in PageMaker-created shapes with 10 patterns
- Ability to place PostScript graphics files (on PostScript-compatible printers)





# TECHNICAL SPECIFICATIONS

# PageMaker<sup>®</sup>

## PageMaker for the PC

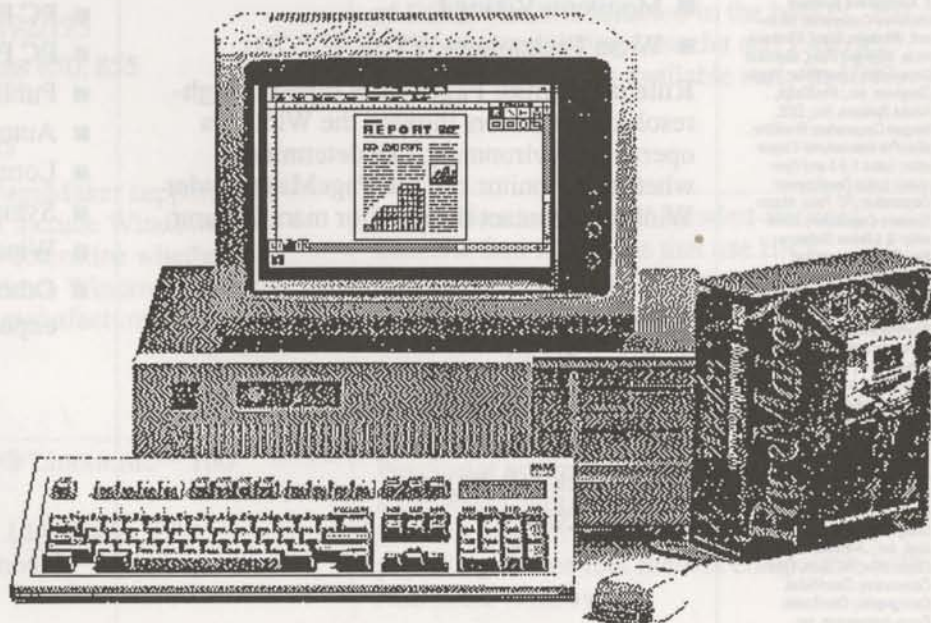
PageMaker<sup>®</sup> desktop publishing software integrates text and graphics, allowing PC users to design, edit and produce high-quality printed communications within an office setting.

In combination with a laser printer, PageMaker produces near-typeset quality output at a fraction of the time and expense required by conventional production techniques. By bringing production in-house, it gives users greater flexibility and control throughout the design and production process. Payback on the \$695 package is immediate and direct. Users frequently recover the full cost of the program in the savings on their very first job.

Aldus Corporation has designed PageMaker to support the broadest range of hardware and software of any desktop publishing product on the market

today. That advantage is expected to persist for three reasons. First, PageMaker has been written to support more word processing and graphics packages from the outset. Second, Aldus Corporation, as the recognized leader in desktop publishing, is working with other industry leaders to establish standard file formats and import mechanisms that will make it easy for other software vendors to make their applications compatible with PageMaker. Third, PageMaker runs under the Microsoft Windows operating environment, the PC standard that allows PageMaker to easily address a wide and growing range of printers, peripherals and other software programs.

The number of hardware and software options supported by PageMaker is continuously growing. This technical specifications sheet will be revised frequently to reflect these new developments.





# PAGEMAKER FOR THE PC: SYSTEM CONFIGURATIONS

## Input

### Hardware

#### Recommended System

- IBM® PC AT™ or compatible
- 640K RAM (512K minimum)
- 20 MB hard disk (10 MB minimum)
- Graphics card: IBM Enhanced Graphics Adapter (EGA), Hercules™ Graphics Card, or other Windows-compatible display device
- Mouse: Microsoft®, Mouse Systems™ or other Windows-compatible pointing device

**Rule of Thumb:** PageMaker runs under the Microsoft Windows operating environment. If the hardware configuration supports Windows, it should support PageMaker.

#### Monitors

##### Standard Monitors

PageMaker supports monochrome and enhanced color displays. CGA displays are not recommended.

##### High-Resolution Monitors

- Conographic ConoVision™ 2800
- Micro Display Systems Genius® Display
- Moniterm Viking I
- Wyse Technology WYSE WY-700

**Rule of Thumb:** PageMaker supports high-resolution monitors through the Windows operating environment. To determine whether a monitor can run PageMaker under Windows, contact the monitor manufacturer.

#### Scanners

- Canon IX-12
- Datacopy 730, JetReader™
- Dest PC Scan™
- Microtek MS-300A
- Ricoh IS-30

**Rule of Thumb:** PageMaker imports scanned images in TIFF (Tag Image File Format) and supports scanners through a software-based TIFF interface. To determine whether a scanner supports TIFF, contact the scanner manufacturer.

### Software

#### Word Processors

- Microsoft Word™
- WordStar® 3.3
- MultiMate™
- XyWrite™ III
- WordPerfect™
- Windows Write™
- IBM DCA Format Files (including Samna Word™, DisplayWrite™ 3, WordStar 2000, Office Writer and Volkswriter 3™)
- ASCII Text Files

#### Graphics Programs

- Windows Paint™
- Windows Draw!™
- In\*a\*Vision™
- PC Paint™
- PC Paintbrush®
- Publisher's Paintbrush™
- AutoCAD® (ADI format)
- Lotus 1-2-3® (PIC format)
- Symphony® (PIC format)
- Windows GDI Metafiles
- Other graphics programs that export TIFF files

## Output

### Hardware

#### Laser Printers

- Apple LaserWriter™, LaserWriter Plus™
- Dataproducts LZR 2665
- DEC PrinterServer 40
- HP LaserJet, LaserJet Plus
- IBM Pageprinter 3812
- Laser Connection PS Jet
- QMS PS800, PS2400
- Texas Instruments Omni-Laser™ 2108, 2115

**Rule of Thumb:** The number of laser printers supporting both Windows and PostScript is increasing all the time. To determine whether a given printer will run PageMaker under Windows and/or PostScript, contact the printer manufacturer.

#### Dot Matrix Printers

- C-Itoh 851
- Epson FX-80, LQ 1500, MX-80 Graptrax
- HP ThinkJet
- IBM Pro Printer
- NEC P2, P3
- Okidata 92/93, 192/193
- Texas Instruments 850, 855
- Toshiba P1351
- And many others

**Rule of Thumb:** PageMaker supports dot matrix printers that include Windows printer drivers. To determine whether a given printer includes a Windows driver, contact the printer manufacturer.

#### Typesetters

- Allied Linotype® Linotronic™ 100 (1240 dpi)
- Allied Linotype Linotronic 300 (2400 dpi and above)

### Software

#### Windows

Under the Microsoft Windows operating environment, PageMaker supports a wide (and growing) range of dot matrix and laser printers. To determine whether a printer supports Windows, contact the printer manufacturer.

#### Page Description Languages

Page description languages allow software applications such as PageMaker to describe pages to a page printer by using abstract concepts (such as shapes, patterns and formatted text), rather than by using bit-maps.

**PostScript™:** PageMaker supports PostScript, the page description language developed by Adobe Systems and licensed to a number of laser printer manufacturers. To determine whether a given printing device is PostScript-compatible, contact the printer manufacturer.

**DDL™:** PageMaker will support Imagen Corporation's Document Description Language (DDL), which has been adopted by Hewlett-Packard as the page description language for its LaserJet Publisher Kit. HP has announced that a board-level implementation of DDL, which is installed in the host PC and connected to existing LaserJet and LaserJet Plus printers, will be available early in 1987.

#### Fonts

PageMaker supports all Hewlett-Packard LaserJet font cartridges that use HP's USASCII or ROMAN-8 character set, including the new Microsoft Windows "Z" cartridge recently announced by Hewlett-Packard.

PageMaker also supports downloadable (soft) fonts on the HP LaserJet Plus and PostScript printers. To determine whether PageMaker supports particular fonts, contact the font suppliers and ask whether they are providing device font metrics compatible with Microsoft Windows.

The following listing references the trademarks, including registered and unregistered trademarks, of the companies listed: PageMaker, Aldus Corporation; IBM, PC AT and DisplayWrite 3, International Business Machines Corporation; Microsoft, Windows, Word, Windows Write, Windows Paint, Microsoft Corporation; LaserWriter, Apple Computer, Inc.; PostScript, Adobe Systems, Inc.; DDL, Imagen Corporation; WordStar, MicroPro International Corporation; Lotus 1-2-3 and Symphony, Lotus Development Corporation; PC Paint, Mouse Systems Corporation; Volkswriter 3, Lifetree Software, Inc.; PC Paintbrush and Publisher's Paintbrush, ZSoft Corporation; Hewlett-Packard, Hewlett-Packard Corporation; WordPerfect, Satellite Software International; XyWrite III, Zyrquest, Inc.; Windows Draw! and In\*A\*Vision, Micrografix, Inc.; Multimate, Multimate, Inc.; Samna Word, Samna Corporation; Linotype and Linotronic, Allied Linotype, Inc.; Full Paint, Ann Arbor Softworks; Hercules, Hercules Computer Technology; MacDraft, Innovative Data Design, Inc.; AutoCAD, Autodesk, Inc.; JetReader, Datacopy Corporation; PC Scan, Dest Corporation; ConoVision, Conographic; OmniLaser, Texas Instruments, Inc.



# PAGEMAKER FEATURES

## User Interface

- Screen functions as an electronic paste-up board, complete with rulers, column guides and a toolbox of design aids
- Pull-down menus
- Mouse-based selection and manipulation of text, graphics and menu commands
- Many keyboard shortcuts
- Five page views: full-page, actual size, 200% enlargement, and 50% and 75% reductions
- WYSIWYG (what-you-see-is-what-you-get) screen display
- A highly intuitive and interactive environment for electronic page composition

## Document Formatting

- Up to 128 pages per file, 9,999 pages per document
- Up to 20 columns per page
- Page sizes up to 17 inches by 22 inches
- Master pages for recurring design elements and page numbers
- Automatic page numbering
- Independent formatting of left- and right-hand pages
- Ability to override master page formats at any point in the document
- Ability to insert or delete pages

## Page Composition

- Complete control over page composition
- Ability to integrate text and graphics from many sources (see inside pages for a current list)
- Ability to change the number of columns, column widths (both regular and irregular), and column positions page by page
- Ability to resize and reposition text blocks
- Ability to resize and reposition graphic elements
- Ability to see and work on facing pages simultaneously

## Text Handling

- Powerful built-in text editor for inserting, deleting, cutting, pasting or creating new text
- Ability to change the length, width or position of text blocks on a page or between pages
- Automatic text threading from column to column and page to page so that changes ripple through the entire document
- Ability to present text flush left, flush right, centered or justified — and to change such specifications at any time
- Ability to wrap text around both regularly and irregularly shaped graphics
- Ability to change type specifications — i.e. type size, face and style — for any increment of text, including a word, line, paragraph, column, page or entire story

## Typography

- Type sizes from 4 to 127 points
- Type styles including plain, bold, italic, small caps, all caps, strike thru, subscript and superscript
- Support for a wide range of type faces (depending on the printer capabilities)
- Support for reversed type
- Complete control over leading (line spacing) in half-point increments
- Control over word spacing, letter spacing and paragraph spacing
- Kerning, both automatic and manual
- Automatic hyphenation and justification, based on a 110,000-word Houghton-Mifflin dictionary and user-specified entries of up to 1,000 words
- Prompted and manual hyphenation
- The ability to fill the space between tabbed columns with dots, dashes, underlines or user-specified characters (leadered tabs)
- Em-space, en-space and thin-space characters

## Graphics

- Cropping
- Proportional resizing (reducing and enlarging)
- Non-proportional resizing
- Ability to draw lines, squares, rectangles, circles and ellipses in widths from .25-point (hairline) to 12-point
- Rapid repositioning ("fast move" feature)
- Ability to create screens in PageMaker at 10%, 20%, 30%, 40%, 60% and 80%
- Ability to fill in PageMaker-created shapes with 10 patterns
- Ability to place PostScript graphics files (on PostScript-compatible printers)



# FROM THE ALDUS DESKTOP

VOLUME 2, NUMBER 1

FOR AUTHORIZED ALDUS RESELLERS

JANUARY/FEBRUARY 1987

## A Special Offer for Promoting PageMaker

**F**rom now until March 31, 1987, authorized PageMaker resellers can take advantage of our Promote PageMaker! offer by ordering the new PageMaker 1.0 for the PC AT\* and compatibles. For just \$35 and a stocking order of at least one copy of PageMaker 1.0, we'll send you:

- a full-feature store copy of the product
- a PageMaker videotape, which includes a product demonstration and features PC and Macintosh PageMaker users
- a scripted set of 35mm slides for your seminar presentations

To take advantage of this limited Promote PageMaker! offer, simply call the Aldus Sales Department, (206) 628-2375. For an additional \$25, we will bundle your Promote PageMaker! store copy of the product with the complete version of Microsoft Windows, the operating system that allows PageMaker to run in the Macintosh-like environment of pull-down menus and mouse-operated commands.

PC PageMaker, like PageMaker 2.0 for the Macintosh (which is scheduled for

release in late March), includes many new features that greatly enhance the product's versatility and efficiency. The new PC version retails for \$695, but anyone who buys PageMaker 1.0 before the end



The new PageMaker for the PC.

of April receives the full version of Windows, Windows Write, Windows Paint, and Windows desk accessories, which together retail for about \$99.

Customers who return their PageMaker registration cards to Aldus also get 45 days of free technical support, a subscription to the bimonthly newsletter *The Desktop Publisher*, and a free copy of *The Aldus Guide to Basic Design*. For \$125 a year, your PC customers are eligible for Aldus' Extended Technical Support Service, which gives them additional telephone technical support, access to a toll-free 800 number, and a subscription to the quarterly technical journal, *The Aldus File*. ☞

## A New Sales Program Targets Fortune 1000 Companies

By Kathy Humphrey  
Marketing Manager, Corporate Development

Aldus has recently introduced a support and training program designed to help you sell desktop publishing systems to major corporations. Our research with Fortune 1000 companies has shown that many large corporations are beginning to turn to desktop publishing to reduce the enormous costs and improve the quality of their printed communications.

Because companies have told us they often support their software purchases through in-house microcomputer support groups, Aldus Corporate Services have been tailored to these groups: we provide technical assistance, written materials, and training packages so they can in turn offer their PageMaker users the best possible support. Our services are divided into two categories:

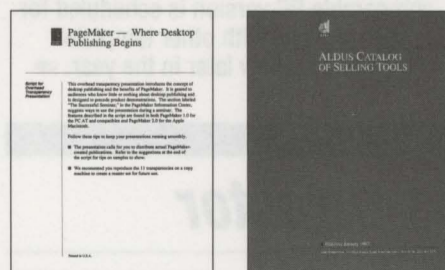
- **Aldus Training** — includes on-site training classes for in-house corporate trainers, Authorized Training Centers for users, reseller-run classes for users, and *PageMaker Classroom* training materials
- **Aldus Support** — includes telephone technical assistance, newsletters, the PageMaker Technical Support Notes, free PageMaker updates on current releases, and discounts on new releases

Continued on back page, column 1

## Additional Selling Tools for the New PC PageMaker

### Merchandising Kit Mailed to Resellers

The PageMaker Merchandising Kit — a box of promotional tools for the PageMaker selling cycle — is now available to authorized resellers. The kit, which was mailed to your store in mid-February, contains many useful PageMaker sales and demonstration aids, including a full-color point-of-purchase display, a scripted sales presentation with overhead transparencies, and copies of the PageMaker product brochure.



Selling tools from the Merchandising Kit.

But the heart of the kit is the PageMaker Information Center, a large file box of selling information for both Macintosh and PC desktop publishing systems. The file folders contain information on technical specs, press clips, seminar presentations, demonstration tips, PageMaker-produced samples, and much more. The Merchandising Kit also includes *The Aldus Catalog of Selling Tools*, which you can use to order additional copies of free tools or other items available for sale.

The kit itself costs \$15. To order your own copy, call the Aldus Sales Department at (206) 628-2375. ☞

### Direct Phone Lines Operating for PageMaker Customers

As another benefit for your PageMaker customers, the Aldus Customer Service Department has installed a direct line for technical support — customers can now call (206) 628-2320 for help. Subscribers to the Extended Technical Support Service (\$75 annually for Macintosh owners, \$125 for PC owners) have access to a toll-free 800 number for their calls. Telephone lines are open to all registered users 11 hours each weekday, from 7 a.m. to 6 p.m. PST. ☞

### Aldus Promotes PageMaker With Microsoft Word 3.0

To generate more PageMaker sales, Aldus and Microsoft Corporation have developed a joint product brochure to promote the strengths of both PageMaker 2.0 for the Macintosh and the new Microsoft Word 3.0. The brochure emphasizes the sophisticated compatibility of the two products — which allows Word text to be placed in PageMaker and PageMaker to export the text back to Word with editing changes intact. The first edition of the brochure included an order form for a PageMaker Quick Tour or Aldus video and was mailed with 40,000 packages of Word 3.0 in early February. The brochure will also be inserted in shipments of PageMaker 2.0, with an order form for a Word 3.0 demonstration disk. ☞

### Watch for PageMaker 2.0 Demonstration Packages

The demonstration kit for the beta version of PageMaker 2.0 for the Macintosh will arrive in your mailbox in March, followed by the full-product demo when the product ships. The 2.0 Quick Tour for your customers will go on sale shortly after the ship date. ☞

### A Design Guide Published for New Customers

**T**o encourage your customers to return their registration cards, Aldus is giving away its new *The Aldus Guide to Basic Design*, a primer of design tips and layout techniques for publishing. The 72-page booklet will not only be sent to all new customers who return their registration cards, but also to current users who switch to PageMaker 2.0 for the Macintosh. Watch the mail in late March for your store copy.

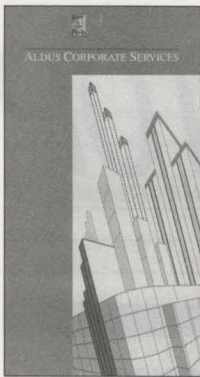
From the Aldus Desktop is published bimonthly by Aldus Corporation.

Subscriptions are offered at no charge to authorized Aldus resellers.

From the Aldus Desktop is created with Aldus PageMaker® and the Linotronic™ 100 printer.

Printed in U.S.A. 999-416





The new brochure.

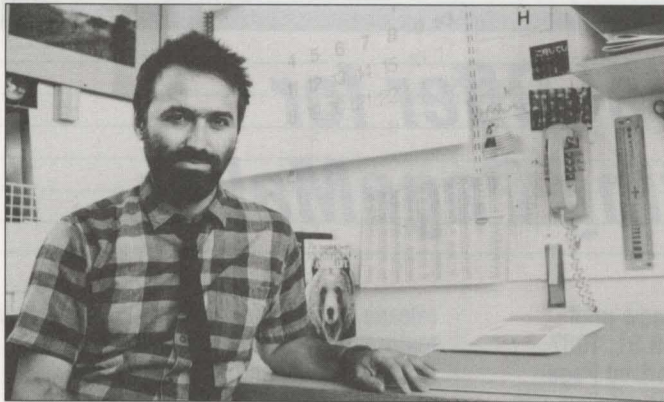
New brochures that describe the various options for corporate support were mailed to you in mid-February. As the brochure describes, Corporate Support I offers technical assistance, newsletters, free PageMaker upgrades, and new PageMaker releases to specified individuals within the corporation. Corporate Support II adds an on-site Train-the-Trainer session to these level I services. The level I package sells for \$1,000 and level II for \$2,000; all services are available only in the U.S. and Canada.

With Aldus' Corporate Services, you can meet the needs of Fortune 1000 accounts. As you know, large corporations don't just buy equipment — they want to be sure they'll receive responsive assistance before they commit to hardware and software purchases. Support and training are an integral part of the desktop publishing solution they choose, which is why our service packages can help you close sales. For more information or additional copies of the corporate brochure, call the Aldus Sales Department at (206) 628-2375. ☞

Italy, home of Aldus Manutius. A panel of professional designers and typographers chose Souza from 16 finalists during the January MacWorld Expo in San Francisco. His stiffest competition came from the three runners-up: Tessa Jolls for her newsletter *HR Reporter* (Beverly Hills, California); Frank Stapleton for a 297-page art supply catalog (Emeryville, California); and Kevin Kohrman for the annual report of the Green Bay Advertising Federation (Green Bay, Wisconsin).

## A New Contest Begins for PageMaker Customers

The results are in on Aldus Corporation's six-month PageMaker 1986 Design Competition — Boston designer Paul Souza has won the grand prize trip to Venice,



The grand-prize winner for the PageMaker 1986 Design Competition.

No sooner had the Venice contest drawn to a close than Aldus launched a

PageMaker business design competition, "What's Black and White and Read All Over?" As the name implies, Aldus is looking for one- or two-color documents for business use created with either the PC or Macintosh versions of PageMaker. The six categories open for submissions are:

- 1) newsletters;
- 2) flyers, brochures, and spec sheets;
- 3) catalogs;
- 4) forms;
- 5) campaigns (corporate ID packages, direct mailings, and other

collections of materials with a similar look); and 6) unusual applications.

Tell your customers to get their entries in by May 31, 1987. All submissions should include three copies of the publication, a disk containing a page or two of the piece, and a letter describing the production process. Entry coupons appear in the February 1987 issue of *The Desktop Publisher*. The winner for each category will receive a \$250 gift certificate for a luxury weekend package for two at a Hyatt Regency hotel anywhere in the United States or Canada. ☞

## A Catalog of Design Winners will Showcase PageMaker

As a special service to PageMaker resellers, Aldus has decided to publish an illustrated catalog of the 16 finalists in the PageMaker 1986 Design Competition. The catalog promises to be an effective showpiece for PageMaker by portraying some of the most visually exciting user samples to date and describing their production procedures and PageMaker techniques. It should be ideal for communicating PageMaker's versatility and design power to your potential customers, especially since the winning entries include newsletters, annual reports, brochures, catalogs, and a 130-page full-color hardbound book. Both resellers and registered users will receive the catalog free by mail this spring.

## Training Continues for HP and Apple Resellers

Desktop publishing training for Hewlett-Packard resellers continues as part of Aldus' \$2-million joint marketing agreement with HP and Microsoft. Aldus' alliance with the two companies was announced last October, and since then thousands of HP reseller salespeople have been trained in the use and sale of PageMaker for the PC.

In February, the three companies took their training activities to Canada, where 1,000 resellers signed up in Edmonton, Montreal, and Toronto. Aldus was also asked to demonstrate PC PageMaker at the regional announcements of two new HP products — the HP LaserJet 2000 printer and ScanJet scanner.

On the Macintosh side, PageMaker 2.0 training for Apple resellers heated up the second week in February, when Aldus sales representatives traveled to Vancouver, Winnipeg, Toronto, Calgary, Montreal, and Edmonton. These training activities followed a 15-city training program in Apple's U.S. Training Centers.

For information on future training activities and how you can participate, call the Aldus Sales Department. ☞

## Illustrations in This Issue

The initial cap "F" on Page 1 was created with Cricket Draw and pasted onto the artwork manually. The symbols ending each article are ITC Zapf Dingbats.

Illustrations were reduced, half-toned, and stripped in by the printer, using placeholders drawn with PageMaker's box tool. ☞

## Specialty Products Help Sell PageMaker

### PageMaker Portfolio Receives Rave Reviews

Resellers are showering Aldus with orders for *PageMaker Portfolio: Designs for Newsletters*, Aldus' template package of newsletter formats and design guidance for PageMaker customers. Rave reviews have come from both the press and actual users, including one high-level corporate executive who called it "fabulous — the best thing to come out of a desktop publishing vendor yet."

"Every day we take calls from users who want *Portfolio*," says National Sales Manager Jennifer Seman, "and we turn around and refer them to resellers in their cities. It's important for resellers to have the package on hand, since it opens doors to PageMaker and desktop publishing. *Portfolio* immediately shows potential customers how they can create newsletters that look like one of our templates, giving them added incentive to buy PageMaker."

*PageMaker Portfolio* includes 21 newsletter templates on disk, a self-guided tutorial, and a 114-page workbook that explains how to use the templates and gives advanced design



The popular newsletter templates.

techniques for adapting them to individual needs. It's particularly attractive to nondesigners, who gain confidence in their publishing skills as they learn more about layout and design.

The package retails for \$79, but you can order it at the special reseller price of \$39.50 by calling (206) 628-2375. The newsletter *Portfolio* is currently compatible with either PageMaker 1.2 or 2.0 for the Macintosh. A comparable PC version is scheduled for release in April, with other template packages to follow later in the year. ☞

### PageMaker Classroom Trains Customers

*PageMaker Classroom*, Aldus Corporation's comprehensive set of training materials for a one-day hands-on session in PageMaker and desktop publishing, has gone into its second printing to satisfy growing reseller demand. According to Aldus Training Director Sandy Hogan, resellers are using the materials to train staff and customers, in some cases charging as much as \$200 a day per customer for the PageMaker training classes.

"Everybody seems to be happy with *Classroom*," says Hogan. "The students are happy because it brings them quickly up to speed with PageMaker, and resellers are happy because it brings customers back to their stores for more purchases. *Classroom* includes everything, right down to what transparency the students should be looking at when."

*PageMaker Classroom* retails for \$750, but it is available to resellers for only \$500. The PC version will be out in late March, followed later in the spring by the 2.0 version for the Macintosh. ☞

## FROM THE ALDUS DESKTOP

January/February 1987  
Volume 2, Number 1

Aldus Corporation  
411 First Avenue South  
Suite 200  
Seattle, WA 98104  
(206) 622-5500

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## Aldus Hires a Sales Director



Aldus Corporation is pleased to announce the hiring of Tim Buckley as the new director of sales, a position created to meet the growing management needs of the company. Before coming to Aldus, Buckley was vice president of sales for Decision Resources, a \$14-million company known for its PC-compatible graphics software, Chart Master, Sign Master, Diagram Master, and Map Master.

According to Mike Solomon, Aldus vice president of marketing and sales, it was Buckley's experience with a fast-growing business, similar in structure to

Aldus, that contributed to the company's decision to hire him.

Buckley has spent much of February in the field with Aldus sales reps. With the release of PC PageMaker and the inevitable growth of Aldus, Buckley hopes this year to increase Aldus' high level of service and support for PageMaker resellers. "We are committed," he says, "to helping our resellers expand the market for desktop publishing."

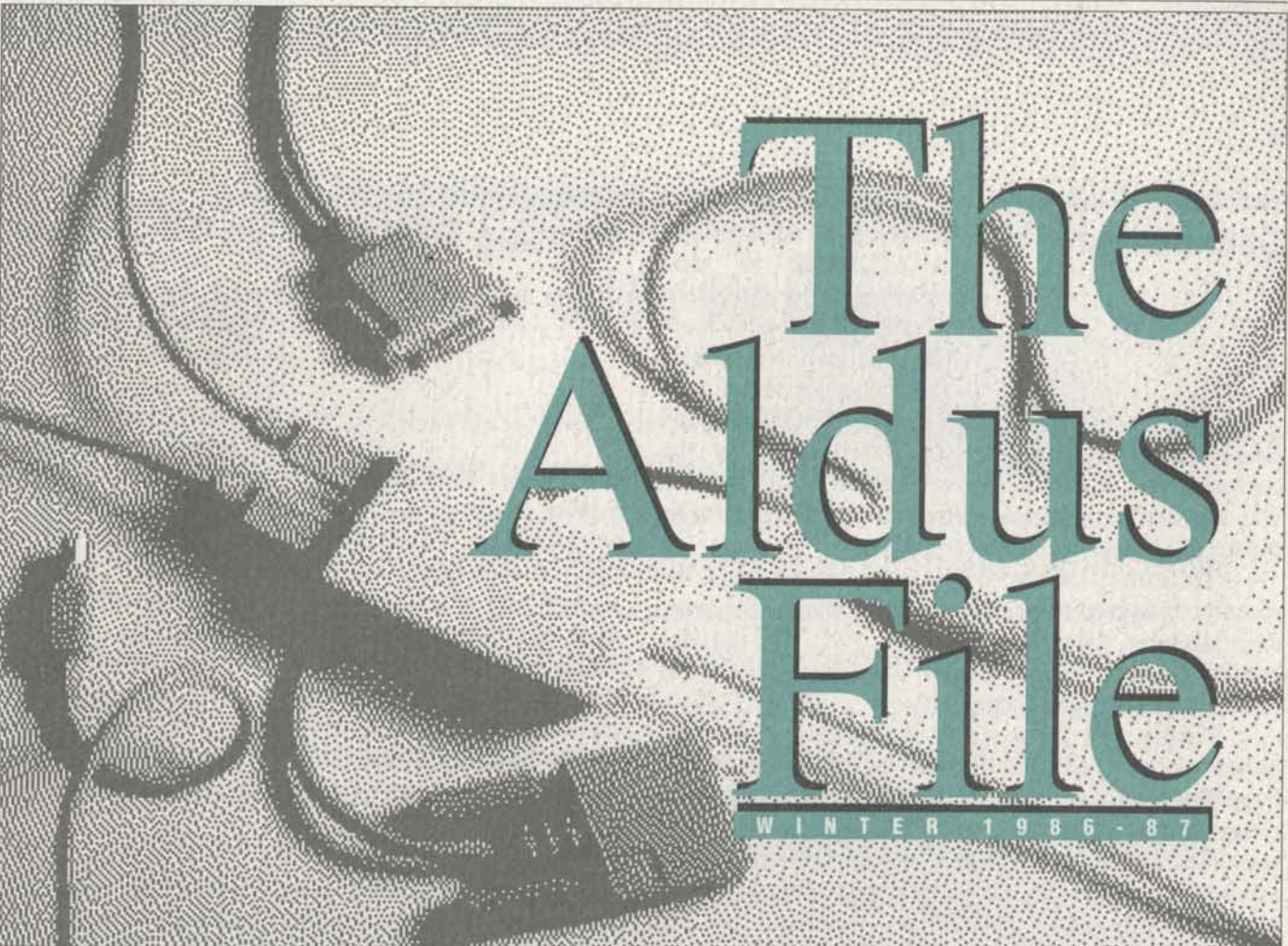
Before joining Decision Resources, Buckley was manager of national accounts for Exxon Office Systems. He is a 1973 graduate of Pennsylvania State University. ☞

## PageMaker Ads Appear in National Magazines

Here's a look at Aldus' February and March advertising schedule for the new PC PageMaker. Advertising for PageMaker 2.0 for the Macintosh will begin in May. We will also be running ads for *PageMaker Portfolio: Designs for Newsletters* in the March issues of *MacWorld* and *MacUser*.

Magazine	Issue Date
PC World	Feb., March
PC Magazine	Feb. 24, March 10
PC Week	Feb. 10, March 2, March 17, March 24
InfoWorld	Feb. 9, Feb. 23, March 9, March 30





# The Aldus File

WINTER 1986 - 87

TECHNICAL NOTES FOR USERS

DIRECT FROM ALDUS

## Commentary

By Colleen Byrum, Aldus Customer Service Manager / Page 2

DIRECT FROM ALDUS

## Printing Fonts

Tips for improving printer-to-printer accuracy / Page 2

INSIDE PAGEMAKER

## PostScript Files

How to write, edit, and print PostScript files / Page 3

DESKTOP DIAGNOSTICS

## Printing Problems

Solutions to common printing problems / Page 5

COMPATIBLE PRODUCTS

## Network Information

Three networkable hard disks with PageMaker compatibility / Page 6



## Commentary

by Colleen Byrum  
Aldus Customer Service Manager

A NUMBER OF NEW BENEFITS ARE NOW AVAILABLE to subscribers of our Extended Technical Support Service. In early November, the Aldus Customer Service Department initiated an 800 number for the exclusive use of ETSS contract holders. The number was sent out in a private mailing earlier this month, so please call if you haven't received it.

To make calling even more convenient, we recently extended our telephone schedule to 11 hours each weekday, from 7 a.m. to 6 p.m. PST. We also expanded our staff and changed our phone system to eliminate the wait for return calls.

Finally, we have added an entirely new component to our customer service program — on-line PageMaker support through CompuServe, the largest computerized information network in the country. The resources will include a library of PageMaker technical notes that explain the product's capabilities in depth, electronic roundtable discussions monitored by our technical support representatives, electronic mailing, and a bulletin board message relay. The bulletin board makes it possible for you to solve a PageMaker problem during, say, the weekend, when Aldus' staff is off duty.

The cost of joining CompuServe will entitle you to these PageMaker resources at no extra charge.

*continued on page 7*

Winter / 1986-87

Vol. 1, No. 3

# The Aldus File

The Aldus File is produced by Aldus Corporation for distribution to subscribers to the Extended Technical Support Service and to authorized PageMaker dealers. The Aldus File is created with Aldus PageMaker and the Allied Linotronic 100.

**Aldus Corporation**  
411 First Ave. South, Suite 200, Seattle, WA 98104 (206) 622-5500

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## Printing Fonts

THE MORE POPULAR DESKTOP PUBLISHING BECOMES, the more documents there are moving from desktop to desktop. It's not uncommon to create a PageMaker document on one Macintosh system and print it out from another — whether you're working within a company, hopping from Mac to Mac, or transferring a document from your home system to the equipment in a typesetting service bureau. Printed to a LaserWriter or a Linotronic, the output should be identical, but different system configurations can cause discrepancies between the screen representation and printed version of a document. The reasons for this have to do with the read only memory (ROM) capacities of the Macintosh, dissimilar versions of screen fonts, and different releases of Aldus Prep.

### ROMs

The 512K Macintosh has a 64K ROM, while both the Enhanced Macintosh and Macintosh Plus have the newer 128K ROM. Stored in these ROMs is the Macintosh Screen Font Manager software, which uses the screen fonts for plain type to create its own versions of bold, italic, and bold-italic type styles, in lieu of true screen fonts. The Font Manager for the 64K ROM makes the characters of these variations too wide, causing PageMaker to compose fewer characters on a line. In printing, this can result in poorly spaced justification and excess white space at the end of ragged right lines. The new 128K ROMs, however, house a more sophisticated Font Manager capable of displaying more accurate character widths, thereby minimizing the discrepancy between the screen representation and the printed output of a PageMaker file.

### Screen Fonts

Currently, there are three versions of the Times and Helvetica screen fonts. The first generation was designed to work with the 64K ROM Macintosh. The second generation, designed for the new 128K ROM Macintosh, utilizes the FOND resource, which contains additional character-width information to enable the fonts to be displayed more accurately. The third generation screen fonts, recently released by Adobe Systems, have more accurate character widths, as well

*continued on page 8*



# Understanding PostScript Files and Learning to Work with Networks

**F**OR OUR THIRD ISSUE of *The Aldus File*, we have prepared articles that respond to a number of our most frequent requests for information. On the previous page is a discussion of printer-to-printer accuracy for PageMaker documents created and printed with different font/Macintosh configurations — part of our continuing commitment to explain the complexities of fonts. In the following pages, we discuss networking and explain the procedures for creating, editing, and printing PostScript files. Our diagnostics section offers solutions to some notable problems that occur with PostScript printers.

In September, Aldus Corporation announced two new products — PageMaker 2.0 for the Macintosh and 1.0 for the IBM PC AT and compatibles. Following the release of these products, *Aldus File* will devote its pages to analyzing their new features, such as program compatibility with scanners, printers, and other peripherals; word-, letter-, and paragraph-spacing controls; graphics handling; and the exchange of PageMaker files from the PC to the Macintosh environment.

## PostScript Files

POSTSCRIPT IS A COMPLEX SET OF COMMANDS that are used to describe the appearance of a printed page. Instead of sending these commands directly to the printer, PageMaker can write them to disk so you can do one of three things: edit them, send them to a PostScript printer that doesn't have PageMaker, or simply view them.

To create a PostScript file, first connect your Macintosh to a PostScript printer, such as the LaserWriter. If you don't own a PostScript printer, you'll need to use a PageMaker System disk that contains version 3.2 of the Apple system. If you're using an earlier version, you won't be able to select a LaserWriter unless there is one available on the AppleTalk network.

Return to your Macintosh, boot it with the new System disk, and open PageMaker as you normally

would. When you want to write a PostScript file, go directly to the "Print..." dialog box so PageMaker will think it is still connected to a PostScript printer. Do not use Chooser prior to selecting "Print..." or the system will realize that it is no longer really connected.

Below are the procedures for writing, opening, and printing PostScript files.

### Writing a PostScript File

To write a PostScript file, you'll need to set up your usual printing parameters in the "Print..." dialog box. Immediately after clicking "OK," use one of the keyboard commands described below to send the file to disk, rather than to the printer. Or, to proceed more quickly to the keyboard commands, you can press the Return key, instead of clicking "OK."

There are three ways to write a PostScript file to disk. Each method varies the amount of information written in the PostScript file and the way that information is handled when it is sent to the printer.

*continued on page 4*



PostScript Files / continued from page 3

### COMMAND / F:

Includes Aldus Prep; all information is temporary.

### COMMAND / F – COMMAND / D:

Includes Aldus Prep; all information is permanent.

### COMMAND / OPTION / F:

Does not include Aldus Prep; file information is temporary.

Three ways to write a PostScript file.

1. THE COMMAND/F METHOD: *Command/F* writes a file that includes Aldus Prep, along with the PageMaker document description. Both Aldus Prep and the PageMaker document are held for the duration of this print job only. For this method:

- Create a PageMaker publication.
- Select "Print..." from the File menu.
- Specify the printing options and click "OK," followed quickly by *command/F* (the command and F keys should be depressed simultaneously until the message below appears).
- A message will appear on the screen indicating that a PostScript file is being written.

### Writing PostScript™ to file "PostScript1."

On returning to the Finder after quitting PageMaker, there will be a file named "PostScript 1" on the System disk. This file contains the PostScript commands for the publication, written out in ASCII form. Included in those commands are Aldus Prep and the document description. When sent to a PostScript printer using a downloader program, Aldus Prep and the document description are loaded for this job only. After the publication is printed, Aldus Prep and the document description are purged from the printer.

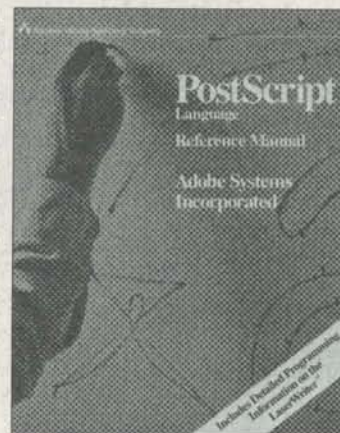
2. THE COMMAND/F–COMMAND/D METHOD: This combination is used to download Aldus Prep so the printer remains prepared for all subsequent PageMaker files until the power is turned off. To use this method, create a blank file in PageMaker. Send the PageMaker/PostScript file to disk using *command/F*, followed by *command/D*. This file now contains only Aldus Prep and will be downloaded so that it remains in the printer from one job to the next. For printing several jobs, use this method in conjunction with the one that follows.

3. THE COMMAND/OPTION/F METHOD: This method is used when Aldus Prep is already downloaded. If the above procedure has been used, or a PageMaker file has been printed using the standard procedure, Aldus Prep will already be loaded in the printer, remaining there until the printer's power is shut off. Since Aldus Prep is large, PostScript files will download and print more quickly.

### Editing a PostScript File

Once a PostScript file has been written to disk, it is easy to change the information in that file. Simply open the file in a word-processing program, such as Microsoft Word or MacWrite, by choosing "Open" from the File menu. Word may be a better choice in terms of speed, file capacity, and ease of file transfer. Edit the PostScript file and then use "Save as..." to save it as text-only under a new name.

The book *PostScript Language Reference Manual*, published by Addison-Wesley Publishing Company, provides detailed information for understanding the commands encountered in a PostScript file. A companion piece to the *PostScript Language Reference Manual* is the *PostScript Language Tutorial and Cookbook*, which is divided into two sections—a PostScript tutorial and four chapters of PostScript programs.



A leading guide to PostScript.

### Printing a PostScript File

Once a PostScript file has been created, edited, and re-saved as a PostScript file, use a separate program to send that information to the printer. There are two types of programs for this. Font Downloader, from Adobe Systems, has the capacity to download PostScript files, as well as Adobe fonts. PS Dump is available in the public domain (via CompuServe, in the Aldus Forum) to send PostScript files to the printer. With either program, find the name of the file to send to the printer and then click "OK." If a PostScript error occurs, try sending the file again after rebooting the printer. If the error persists, consult the *PostScript Language Reference Manual* to determine the cause. ■



## Printing Problems

Although error messages triggered during the printing of PageMaker files appear infrequently, they rank among the most frustrating problems that users encounter. Below are four problems that seem to occur more often than others.



### Problem:

*Prints a line of unjustified text shorter than what appears on screen (though you should always expect small differences).*

### Sources and Solutions:

1. The document was created in a bit-map font (New York, Geneva, Monaco) and printed with "font substitution" turned on in the "Print..." dialog box. The Times, Helvetica, or Courier substitution altered the line length. Select the text in PageMaker and then change it to a built-in LaserWriter font.
2. Bold, italic, and bold-italic lines print out shorter than they appear on the screen. If you plan to use any of these three styles often, install the appropriate screen font directly in the PageMaker system (see article on page 2).



### Problem:

*Cuts off a part of a character, line, or page.*

### Sources and Solutions:

1. Most PostScript printers have a nonprinting area of approximately 1/4 inch around the page. The margin dimensions vary from printer to printer and can be modified slightly by a service technician. Adjust the page set-up accordingly.
2. If you are printing letter size on the LaserWriter, try printing with "Max print area" turned on in the "Print..." dialog box. The maximum print area for letter size is 8 inches by 10.78 inches. With "Max print area" turned off, the image area is 7.68 inches by 10.16 inches.
3. If, after printing, a MacDraw file is missing information or appears with clipped edges, reopen the file in MacDraw, select "White" from the Lines menu, and draw a box around the image. Now choose a fill pattern of "None" or "White" to redefine the boundary of the file. Or bring the MacDraw file into PageMaker via the Clipboard.



### Problem:

*Takes a long time to print.*

### Sources and Solutions:

1. This is usually caused by bit-map fonts, which take a long time to download to the printer. Downloadable laser fonts download somewhat faster than bit-map fonts (though still more slowly than printer-resident fonts). In any case, you can minimize the problem by using no more than three or four bit-map fonts or only laser fonts in your PageMaker document.
2. If printing takes longer than 45 minutes, turn the printer off and on and try again.
3. You may have chosen "Smoothing" in the "Print..." dialog box. If you want smoothing, you'll have to tolerate the printing delays.
4. Print delays can also result from a combination of legal size pages, horizontal orientation, tiling, several dashed line styles, patterned fill styles, reducing, enlarging, several changes in type styles and sizes, and reverse type.



### Problem:

*Alters MacDraw documents.*

### Sources and Solutions:

1. If the printer inserts extra spaces in your text every 35 characters on a Macintosh Plus or every 13 characters on a 512K Macintosh, this is a bug in Aldus Prep. Keep the length of the text strings in MacDraw short or try printing the document with Aldus Prep version 1.2.2.
2. If the printer turns round-cornered rectangles into an "s" shape, this is a bug and there is currently no fix. Use bigger rectangles or draw them with PageMaker tools.
3. If the printer rejects MacDraw's underline or outline styles, this is a bug and there is currently no fix. Type the text in PageMaker instead.
4. If the printer sends a message that reads, "Simplify your document," the combination of text and graphics may be too complex. Try printing the document without the graphic. If this works, indicating that the graphic is causing the problem, simplify the graphic in MacDraw. As you're redoing it in MacDraw, watch out for large smoothed polygons, which can overload the printer. ■

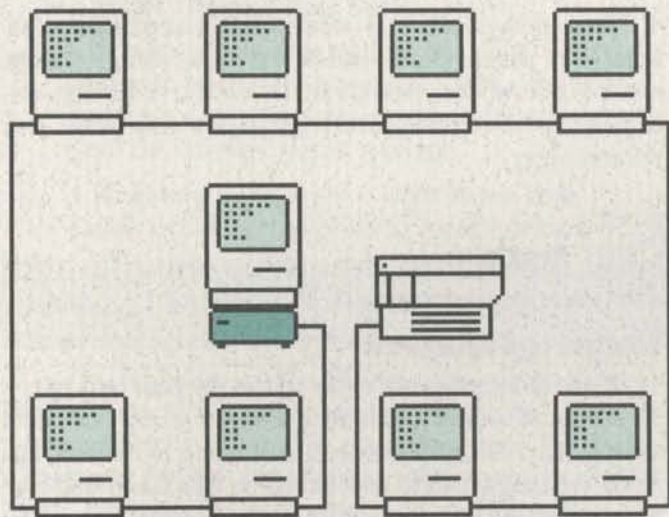


## Network Information

THE IDEA OF NETWORKING GREW from a need to share expensive peripheral devices — from hard disks to laser printers. As networks became more sophisticated, people realized that a common hard disk, for exam-

ple, also made it easy for them to share data files. One person could create a word-processing file and store it in a shared section of the hard disk, while other users could copy the file to their portion of the disk, without ever having to swap disks.

For Macintosh owners, AppleTalk is the only standard network connection scheme. Up to 32 people can be connected to a single LaserWriter using AppleTalk cabling and interface boxes, available from Apple.



A Macintosh attached directly to the hard disk acts as the control center, or server, for the network.

Hard disks shared on an AppleTalk network are referred to as disk or file *servers*. Typically, the manufacturer of a hard disk with a network option provides networking software with the drive. A Macintosh is attached directly to the hard disk to act as the control center, or server, for the network. Using a disk server, a number of users can have simultaneous access to the disk, with each user assigned a specific portion, or *volume*, of the hard disk. These volumes, each of a fixed physical size, are established by a network manager. No user may read or write information to another user's volume. Some systems even provide for controlled volumes, which give one user read and write access, while another user may only have read access.

A true file server allows several users to use the same copy of an application and edit the same data file simultaneously. The application and data file are placed in a shared volume, to which all users are allowed read and write access. Because the system and application take care of policing the access, no two users can write to the same place on the disk simultaneously.

Like the vast majority of Macintosh programs, PageMaker is not a multi-user application; it must be placed, with its publication files, in a separate, private volume for each user. Attempting to share a single copy of PageMaker among several users will not only produce system errors and data loss, but will violate the Aldus license agreement as well. In the future, true file servers will become available for the Macintosh, giving users access to any available space on the hard disk and facilitating multi-user applications. Once these file servers become available, Aldus plans to support multi-user versions of PageMaker.

A number of hard disk manufacturers have designed networkable hard disks that are compatible with PageMaker. The following sections present some of the idiosyncracies associated with these products when they are used with PageMaker.

### Corvus

Corvus manufactures Omninet. Instead of using AppleTalk as the transmission medium, each Macintosh is connected to an interface box (available from Corvus) via its modem port, and a twisted pair cable connects the boxes together.

Omninet also includes print spooling, which allows users to send a file to the LaserWriter and immediately regain control of the Macintosh without having to wait for the printing to finish. For print spooling to work, however, the LaserWriter must be connected to the network via its modem port, rather than through its AppleTalk connector.

PageMaker is not compatible with the Omninet print spooling feature. PageMaker needs to be able to send and receive information from the LaserWriter so that Aldus Prep can be properly downloaded to the LaserWriter before the first print job takes place. PageMaker also needs to carry on this type of dialog to allow for the automatic downloading of fonts. With print spooling, print jobs move into a queue on the hard disk, where PageMaker is unable to send and receive the necessary information for printing.

To use PageMaker with Omninet, connect the Macintosh to the Corvus interface box via the modem port; to print, use the AppleTalk port to connect the Mac-



intosh to the LaserWriter. These procedures utilize both nets — one for disk serving (Omninet) and one for printing (AppleTalk).

## 3Com

3Com manufactures a 70MB hard disk, the 3Server3, which includes a central processor to handle the duties usually performed by the Macintosh server. The design allows for very fast disk access. The 3Server3 can also be used as a disk server on both an Apple and an IBM PC network simultaneously. Currently, most administrative functions, such as installing the system software on the 3Server3 and manipulating the print spooler, can only be performed from an IBM PC. On December 1, however, 3Com will release its EtherSeries Enhanced, which will provide administrative functions from the Macintosh.

As with the Corvus network, PageMaker must be installed in a private volume for each user on the network. PageMaker does support print spooling on the 3Com network. For successful print spooling, the following software versions must be used:

PageMaker	Version 1.2
EtherWare	Version 2.4.2
EtherPrint	Version 1.2
LaserWriter	Driver Version 3.0
Laser Prep	Version 3.0
System	Version 3.1

EtherWare is the 3Com networking software, EtherPrint the spooling software. For spooling to work, it is essential that you use the correct version of each of these pieces. Check with a 3Com dealer for EtherWare and EtherPrint upgrades. Run the LaserWriter installer for LaserWriter 3.0 on each system of the network to make sure that the appropriate driver, Laser Prep, and Chooser have been installed.

## MacServe

MacServe, by Infosphere, is a piece of software that allows virtually any Macintosh hard disk to double as a disk server. In this way, several users can share existing Apple HD-20s or other hard disks. MacServe allows multiple servers on the network, so that several users with local hard disks can make these drives available as shared resources to the rest of the network. For PageMaker to work well on MacServe networks, it must be installed in a private volume for each user. Print spooling is provided for the ImageWriter only, and PageMaker is able to take advantage of it. ■

*Commentary / continued from page 2*

Currently, CompuServe rates run:

**Basic connect for prime time (8 a.m. to 6 p.m.)**

- \$12.50/hour — 300 baud
- \$15/hour — 1200 baud
- \$22.50/hour — 2400 baud

**Basic connect for non-prime time (after hours, weekends, holidays)**

- \$6/hour — 300 baud
- \$12.50/hour — 1200 baud
- \$19/hour — 2400 baud

These fees do not include surcharges for such special programs as stock market or airline information.



PageMaker 1.0 for the PC and 2.0 for the Macintosh.

## New Products

In September, Aldus announced the release of two new products in the coming months — PageMaker 2.0 for the Macintosh and 1.0 for the IBM PC AT and compatibles. Retail prices are set at \$695 for PC PageMaker and \$495 for 2.0. Current PageMaker owners, however, can buy the new Macintosh version at reduced rates: \$75 for registered users and \$37.50 for ETSS subscribers. Details will be mailed out later this year. ■

## Illustrations in This Issue

The illustrations on the cover and on page 3 were created using MacVision software from Koala Technologies Corporation. MacVision uses a video camera to save 3-dimensional scenes as MacPaint documents. The

image of the cables was cleaned up in MacPaint after being scanned by MacVision, then placed and cropped in PageMaker. A halftone of the illustration was made by the printer. The photographs on pages 4 and 7 were also converted to halftones and stripped in. The illustrations on pages 6 and 8 were made from screen dumps cleaned up in MacPaint, then placed in PageMaker. ■



**Printing Fonts / continued from page 2**

as the FOND resource, resulting in still greater fidelity between screen and printer.

For consistent results, if a PageMaker document is to undergo any editing on a system other than the one on which it was created, it must be:

- created on and printed from a Macintosh of the same ROMs, and
- created on and printed from a Macintosh whose operating system contains the same versions of screen fonts.

But for optimum results, always install Adobe bold, italic, and bold-italic screen fonts if you use these styles often in your documents. (These screen fonts are available from Adobe Systems, in Palo Alto, California.) Documents created on the 64K ROM Macintosh, however, will produce discrepancies between screen and printer, regardless of the screen fonts you use. To minimize these distortions, it is especially important to use the Adobe bold, italic, and bold-italic screen fonts here, rather than the versions simulated by the Macintosh whenever it can't find true fonts. Differences are shown below.

**System-simulated screen fonts for Times Roman:**

Plain	Italic	Bold	Bold-Italic
effort	<i>effort</i>	<b>effort</b>	<b><i>effort</i></b>

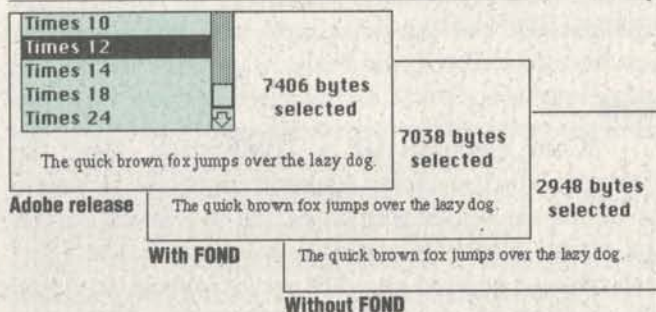
**Adobe screen fonts for Times Roman:**

Plain	Italic	Bold	Bold-Italic
effort	<i>effort</i>	<b>effort</b>	<b><i>effort</i></b>

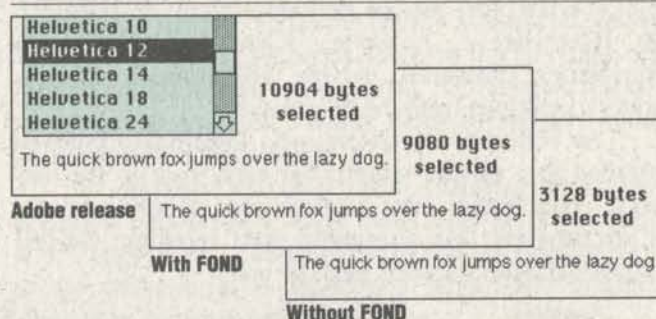
Here's how to determine which screen fonts your system carries. Open the Font D/A Mover, select the plain screen font for either Times or Helvetica, and compare it with the examples in the next column:

- Adobe releases: Notice the shape of the letters. Times 12 point has an underbite on the lowercase "e." Helvetica 12 point has flat sides on the lowercase "o."
- Second generation, with FOND: Notice the amount of disk space required. Because of FOND, second generation fonts use up more storage space than their predecessors.
- First generation, without FOND: Notice the amount of disk space required.

The illustration below shows the appearance and size (in bytes) of the screen fonts for 12-point Times.



This illustration shows the appearance and size (in bytes) of the screen fonts for 12-point Helvetica.



**Aldus Prep**

There are currently two versions of Aldus Prep. The original release forced tighter letter spacing, sometimes contributing to the screen-printer fidelity problem. The latest Aldus Prep (version 1.2.2) has been altered to incorporate the original character widths established by the font designers. Although neither version affects screen display, the new Aldus Prep prints more accurate character widths and therefore more representative line lengths. Be sure to use the same version of Aldus Prep on the Macintosh system you're printing from as you did on the system that produced your PageMaker document.

Most typesetting service bureaus provide information about the system/font configuration they prefer, and some will even supply a copy of their system. A service bureau could also ask you to freeze your document by saving it as a PostScript file (see article on page 3) to eliminate potential problems. Within an office, it is handy to keep a disk containing the appropriate system near the printer for everyone to copy. As for the upcoming PageMaker 2.0, Aldus recommends that 512K Macintosh owners upgrade to the new 128K ROM and 800K disk drive to steer clear of screen-to-printer infidelities and take advantage of the new 2.0 features, such as kerning and variable letter spacing for justified text. ■



Desktop  
Publishing  
Defined.







# And Here's How PageMaker

## DESKTOP PUBLISHING BEGINS WITH PAGEMAKER.

Creating a professional-looking printed piece has always been a very complicated and costly process.

Until now.

Because today there's a tool that allows you to design, lay out and produce top-quality printed materials right at your desk. A tool that eliminates typesetting delays and charges. A tool that can save you time and money on every project.

That tool is PageMaker® desktop publishing software.

Developed by the publishing industry professionals at Aldus Corporation, PageMaker turns your personal computer into a sophisticated publishing system. Yet, it's so simple to learn and use that you don't need any publishing or graphic arts experience to get terrific results.

PageMaker gives you all sorts of help to make page layout and design easier than you ever thought. You simply create text and graphics on your computer, bring them into PageMaker and do your cutting and pasting electronically.

You'll find PageMaker can produce virtually any printed piece imaginable — from newsletters and annual reports to catalogs or even this brochure. And when you print your pages with a laser printer, the finished product is so professional most people will think you had it typeset.

With PageMaker, nothing ever needs to come between you and great-looking work.

Choose from many type faces, in sizes from 4 to 127 points.

Place scanned images or illustrations and charts from leading graphics programs directly onto your page.

Crop or proportionally scale graphic elements to fit.

Write headlines and captions to fit any space with PageMaker's built-in text editor. Correct mistakes and typos right on the page.

Place text directly from word processing programs with no additional typing.

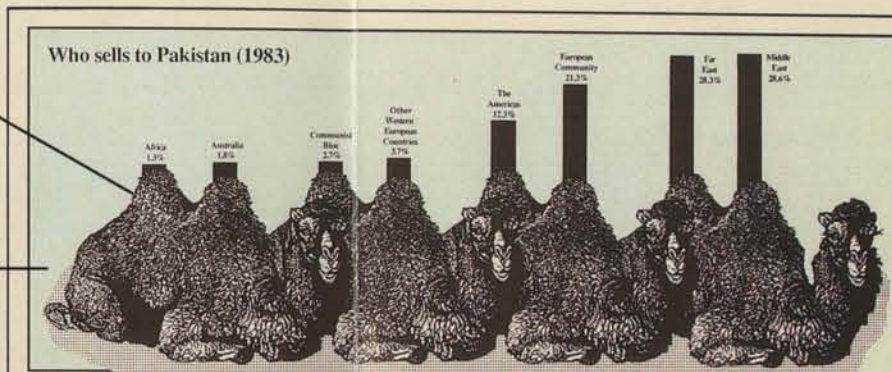
Use up to 10 different column widths per page.

Select line rules, bars and screens in a variety of styles from PageMaker's built-in design library.

Create type in bold, italic, outlined, shadowed or reverse styles.

## International Demographics

CONSUMER TRENDS AND MARKETS ABROAD  
MAY 1986 VOLUME 5, NUMBER 5



### COUNTRY PROFILE

## The Islamic Republic of Pakistan

"Pakistan...composed of letters taken from the names of our homeland...Punjab, Afghana, Kashmir, Iran, Sindh, Tukharistan, Afghanistan, and Baluchistan. It means the land of the Paks, the spiritually pure and clean." So stated a group of Muslim students in Cambridge, England 14 years before the British parliament carved Pakistan out of India in 1947. The India Independence Act created two separate and independent dominions. India was to be predominately Hindu; Pakistan was to provide a "homeland for South Asian Muslims."

The original partitioning allowed for both an East and West Pakistan separated geographically by India. However, in language, culture, ethnic

background, and economic resources, these two areas were totally disparate. Their only bond was their state religion—Islam. Years of violence ensued. Finally, in 1971, a large Indian army entered on the side of Bengali separatists, and Bangladesh was born. With the secession of East Pakistan, the modern boundaries of Pakistan were finalized.

Pakistan is now in a period of transition. For most of 1985, President Mohammed Zia-ul-Haq (who seized power in 1977) ruled Pakistan under martial law. On December 30, 1985 martial law was lifted and a modified version of the 1973 constitution was adopted, restoring fundamental rights of Pakistanis and powers of the

judiciary. Zia remains head of the Pakistani state (and Chief of Army Staff) but shares authority with Prime Minister Mohammed Khan Junejo, leader of the majority party in the National Assembly.

Pakistan's 796,095 square kilometers make it just larger than the state of Texas. Not included in the area are the disputed Pakistan-held areas of Jammu and Kashmir, an additional 95,181 square kilometers. These areas and Balistan and Gilgit in the North are not included in the Pakistani census.

*continued*

### INSIDE

Can you trust population projections?.....	4
Doing business in Pakistan.....	5
How French women see themselves.....	9

THIS MONTH: PAKISTAN

Newsletter by Carol Terrizzi, American Demographics, Inc.

Print your page on a laser printer for near-typeset quality or, for true typesetting, send your output, via modem or disk, to a service bureau equipped with a compatible typesetter.

## GO FROM START TO FINISH IN 4 STEPS.

1. Begin your publication by preparing text, illustrations and graphics.

Write and edit all your copy with a standard word processing program, choosing type specifications as you go. Create illustrations and graphics using a scanner or any of the popular computer graphics programs.

2. Next, develop a format for your publication with PageMaker's master page feature.

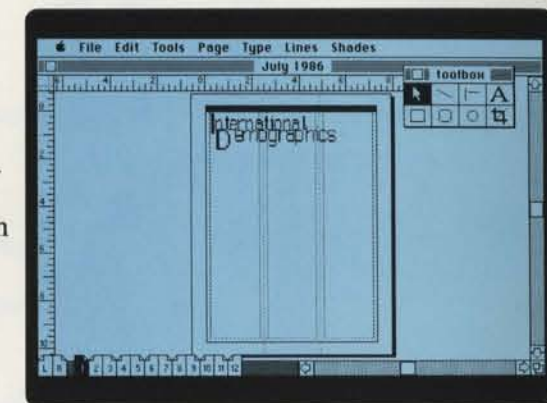
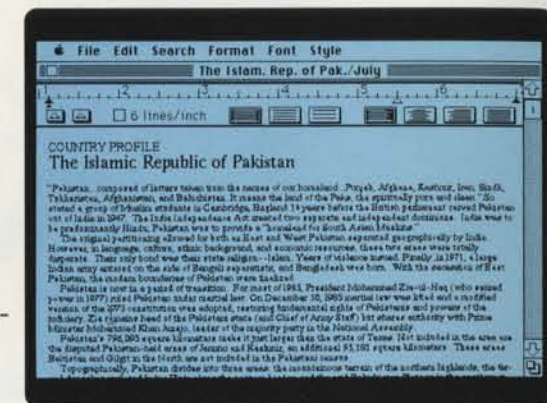
Define the margins, the number of columns and the column widths. Then add standing design elements like column rules, bars, screens, boxes, headers and you're ready to go. PageMaker lets you modify individual page formats any time you choose.

## PAGEMAKER COMES WITH LOTS OF HELP.

For all its dazzling ability, PageMaker is remarkably easy to understand and use.

To start with, we give you a very comprehensive manual that explains exactly how PageMaker works and walks you through the process of putting together a sample page. PageMaker also has a full complement of help screens, which cover everything from wrapping copy around graphics to spacing lines.

And, in the rare case you become completely stumped, the Aldus Corporation offers PageMaker users an even more sophisticated problem-solving tool: real people.

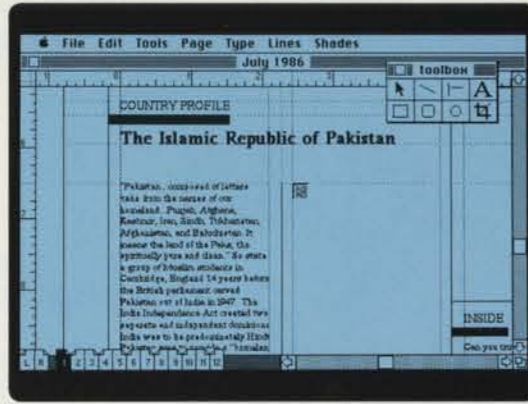




# PageMaker Software Lets You Do It.

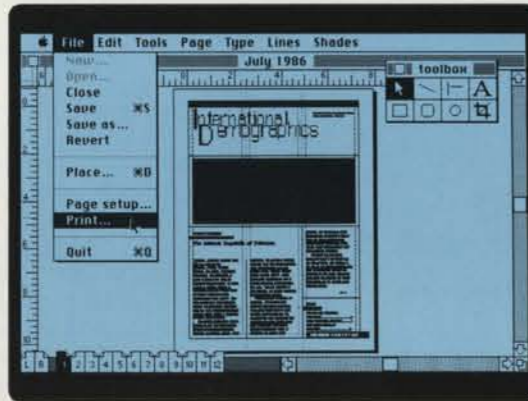
3. Now, bring your text or illustration into PageMaker, position the pointer and click your mouse button.

PageMaker fills a column with typeset text, then allows you to flow the remaining copy to another column or page. You can also crop or proportionally scale your graphics to fit any space. On-screen rulers and guidelines help you put everything in its place with ease and accuracy.



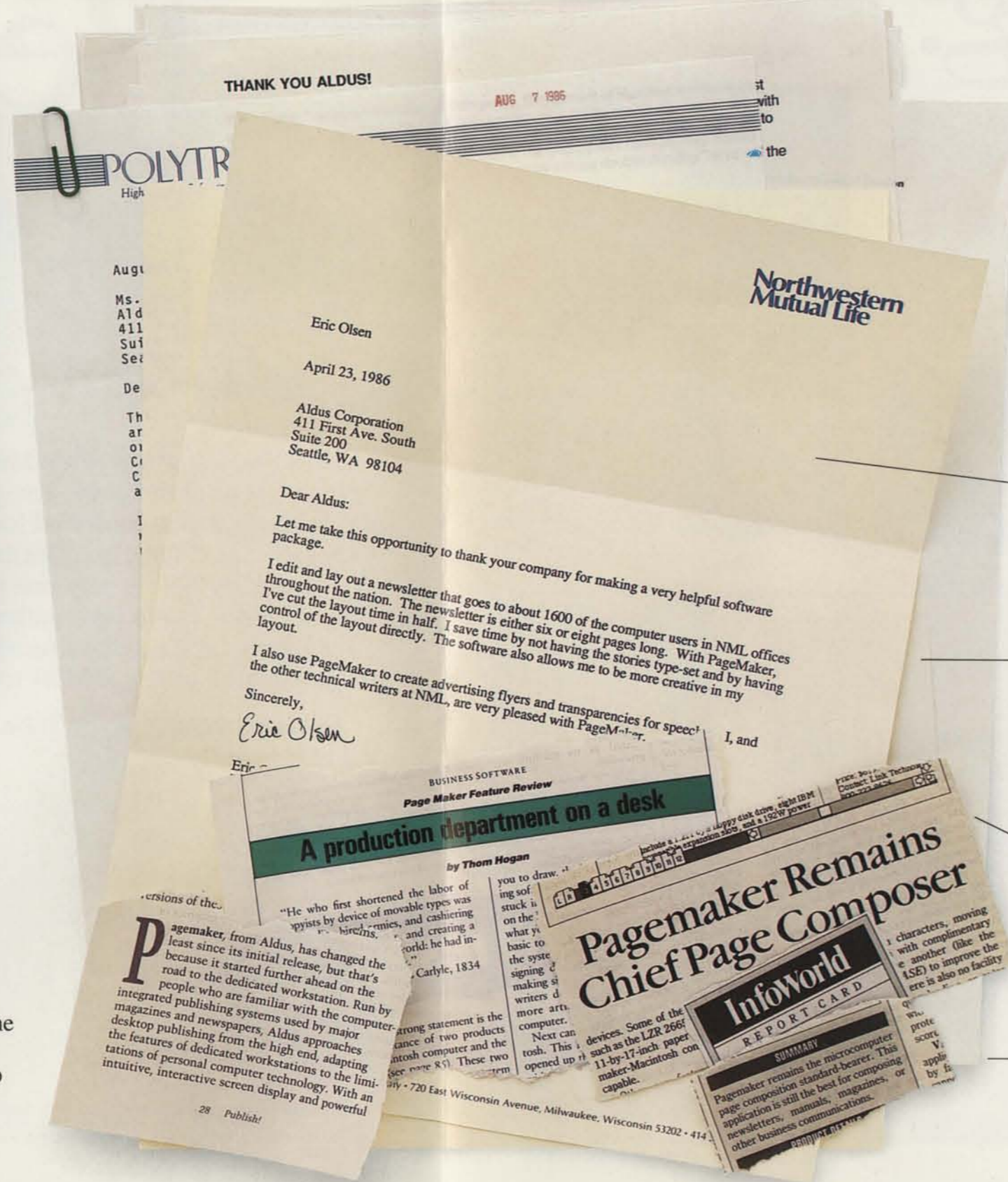
4. Once the pages look the way you want, you're ready to print.

Laser printer output makes excellent camera-ready art for most applications. PageMaker output can also be easily integrated with conventional production techniques to include black and white and four-color photos, high-resolution art, oversize pages, overlays, spot-color and special graphics effects.



Our technical support staff is on duty Monday through Friday between the hours of 7 a.m. and 6 p.m. Pacific Time. As a registered user you'll receive 45 days of free telephone support beginning with your first call. After that, additional technical support is available for a nominal fee as part of Aldus Corporation's Extended Technical Support Services package.

You'll also receive our bimonthly newsletter, *The Desktop Publisher*, and have the opportunity to enter your best work in our ongoing design competitions. You can count on Aldus for all the help you'll ever need to do great work with PageMaker.



**YOU'LL SAVE TIME AND MONEY ON EVERY JOB. BUT DON'T TAKE OUR WORD FOR IT.**

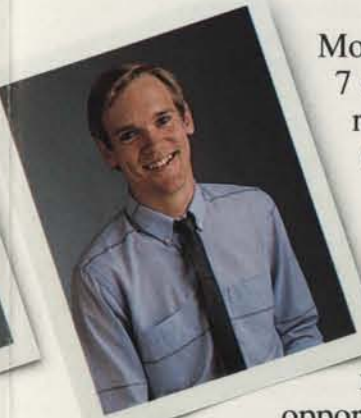
Of course, we think desktop publishing with PageMaker is the most incredible new communications tool since the typewriter. But then, we *did* invent it. So we thought you might also like to hear what some other, less biased, people have said about PageMaker.

"With PageMaker, I've cut the layout time in half. I save time by not having the stories typeset and by having control of the layout directly. The software also allows me to be more creative in my layout." – Eric Olsen, Northwestern Mutual Life, Milwaukee, WI

"My art director and I are delighted with the versatility and ease of use of PageMaker. It saves us a tremendous amount of time on layout and preparation, thereby freeing up time for design creativity." – Michael Cummins, W.R. Grace & Co., Lexington, MA

"I generally complete 8-15 publication projects on PageMaker each week. In the same time it used to take to develop one rendering for a customer, I can now provide 4-5 versions, typeset, lay out and give the customer a page proof. And all of this saves the customer money." – Paul Rhetts, Laser Publishing and Design, Columbia, MD

"The money PageMaker saved us on typesetting and paste-up of our 32-page catalog was about \$8,000. Just as important, we also saved about 150 hours over producing the same catalog manually. Your program paid for itself, our computer and our laser printer on this one publication." – Doug Root, Polytron, Hillsboro, OR



**BUSINESS SOFTWARE**  
**Page Maker Feature Review**  
 A production department on a desk  
 by Thom Hogan

versions of the...  
 "He who first shortened the labor of typists by device of movable types was...  
 Pagemaker, from Aldus, has changed the least since its initial release, but that's road to the dedicated workstation. Run by people who are familiar with the computer integrated publishing systems used by major magazines and newspapers, Aldus approaches desktop publishing from the high end, adapting the features of dedicated workstations to the limitations of personal computer technology. With an intuitive, interactive screen display and powerful...  
 you to draw...  
 ing software stuck in...  
 on the...  
 what you basic to the system...  
 signing & making...  
 writers & more arts...  
 computer...  
 Next can...  
 tosh. This...  
 11-by-17-inch paper...  
 maker-Macintosh...  
 capable...  
 devices. Some of the...  
 such as the LZR 266...  
 11-by-17-inch paper...  
 maker-Macintosh...  
 capable...  
 characters, moving...  
 with complimentary...  
 e another (like the...  
 ASE) to improve the...  
 ere is also no facility...  
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 by f...  
 SUMMARY  
 Pagemaker remains the microcomputer page composition standard-bearer. This application is still the best for composing newsletters, manuals, magazines, or other business communications.

28 Publish



# Seeing Is Believing.



Now you know how PageMaker can save you time and money, give your publications a more polished look, and increase your control and flexibility. Which means there's only one thing left for you to do. Go to your authorized Aldus dealer and ask for a hands-on demonstration of PageMaker today.

Because tomorrow you'll be busy using it.



*PageMaker*

Aldus Corporation  
411 First Avenue South, Suite 200  
Seattle, WA 98104 (206) 622-5500

## Technical Specifications: PageMaker for the Apple Macintosh

**System Configuration:** The recommended configuration for PageMaker 2.0 is a Macintosh™ Plus with a hard disk, Macintosh II or Macintosh SE. Minimum system configurations that support all functions are a 512K Macintosh with a hard disk, or a 512E with an 800K external drive.

**Output Devices:** PageMaker supports the Apple® ImageWriter®, LaserWriter® and LaserWriter Plus printers; the Allied Linotype® Linotronic™ 100 and 300 imagesetters; and other PostScript®-compatible output devices.

**Software Support:** PageMaker directly accepts formatted text files from MacWrite™, Microsoft Word, Microsoft Works, and WriteNow™, as well as unformatted ASCII text files from other word processors. Installable import filters and third-party conversion programs will be available to allow placement of formatted files for additional PC-based word processors. PageMaker directly accepts graphics files from Adobe Illustrator™, MacPaint™, MacDraw™, MacDraft™, FullPaint™, Cricket Graph and Cricket Draw, other PICT (picture-formatted) applications and PostScript. PageMaker also accepts graphs, charts, spreadsheets, clip art and material from virtually all other Macintosh programs through the Macintosh Scrapbook or Clipboard.

This brochure was created in PageMaker with camera-ready output to an Allied Linotype Linotronic 100. The samples presented on previous pages were also created in PageMaker, with camera-ready output to either a laser printer or PostScript-compatible imagesetter. Final production, including the integration of spot color and photographs, was accomplished through conventional methods.





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# ALDUS CORPORATE SERVICES





## Aldus Corporate Services are divided into two components.

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- Aldus Training:**
- On-site classes for training trainers
  - *PageMaker Classroom* training materials
  - Authorized Training Centers and dealer classes for training users
- Aldus Support:**
- Telephone technical assistance
  - Newsletters and Technical Support Notes
  - Free PageMaker updates and discounts on new PageMaker releases

## Corporate desktop publishing starts with training.

---

To minimize the time you spend in course development and training, we can augment your existing training efforts with a variety of programs.

### **PageMaker Train-the-Trainer Classes**

An Aldus Corporate Training Specialist will visit your company to conduct a one-day, hands-on Train-the-Trainer Class for up to 10 people. We will teach corporate trainers how to use PageMaker, explain the fundamentals of electronic page layout, and discuss various techniques for educating your company's users on PageMaker and desktop publishing. Class materials include an instructor's manual, student workbooks, overhead transparencies, and the data disks necessary for participants to leave the class with their own PageMaker-produced documents.

### **PageMaker Classroom**

*PageMaker Classroom* is a complete set of training materials available to corporations that prefer to conduct their own training sessions. It contains the same materials used in the Train-the-Trainer Class. If your company prefers a customized course, you can use these training materials as a starting point and purchase the right to copy or modify the materials for your particular needs and training style.

### **Authorized Training Centers and Dealer Seminars**

For corporations that do not have internal training programs, Aldus can provide a list of local Authorized Training Centers, dealers, and consultants who offer PageMaker classes.



## Aldus meets the support and training needs of corporate desktop publishing.

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Aldus Corporation, the worldwide leader in desktop publishing software, offers comprehensive support and training to help PageMaker users in all departments of corporations produce effective and visually powerful business publications.

We recognize that many PageMaker users in corporations approach desktop publishing with high expectations. In some cases, they may have little or no design experience or limited computer experience. Corporations are interested in a level of support and training that goes beyond the needs of the general public. We have drawn on our technical expertise and collective publishing background to develop a variety of services and tools that respond to the specific concerns of corporate PageMaker users.



CORPORATE  
MICROCOMPUTER  
SUPPORT CENTER



USERS

MIS, FINANCE, ENGINEERING,  
MARKETING, SALES, ART

Most companies have told us they prefer to support software through their in-house microcomputer support groups. Thus, Aldus Corporate Services have been tailored to the responsibilities of these groups. We offer technical assistance, written materials, and training packages to microcomputer support groups so they can provide the best possible service to their PageMaker users. An array of services is available to respond to the operational and administrative requirements of individual corporations.



## Aldus supports your desktop publishing needs.

To help corporate microcomputer support centers provide effective assistance to their PageMaker users, Aldus offers two levels of service:

- 1) Corporate Support — Level I, which provides on-going support
- 2) Corporate Support — Level II, which provides both on-going support and a Train-the-Trainer Class.

### **Corporate Support — Level I**

To receive on-going technical assistance from Aldus, we ask that you designate two individuals within your organization to serve as PageMaker supervisors for your company. Additional supervisors can be designated for an additional fee. Each supervisor will receive:

- the option of unlimited phone calls to Aldus Technical Support staff via a toll-free number
- distribution copies of *The Desktop Publisher*, a bimonthly newsletter of product announcements and design tips
- *The Aldus File*, a quarterly newsletter of in-depth technical analyses
- PageMaker Technical Support Notes, an addendum to the *PageMaker User Manual*, with on-going revisions and additions
- free PageMaker upgrades to distribute to corporate users
- new PageMaker releases at 50 percent discount
- upgrades and new releases provided by either bulk shipment of disks or one master disk
- a library of PageMaker resources, electronic mailing, and a bulletin board message service via CompuServe

### **Corporate Support — Level II**

Corporate Support — Level II gives corporations the highest level of personal assistance for PageMaker by combining all the features of Corporate Support — Level I with an on-site Train-the-Trainer Class.



## We can support your users directly.

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If you prefer that all your PageMaker users have access to technical assistance directly from Aldus, rather than through the microcomputer center, two services are available.

### User Subscription Service

- provides subscriptions to the bimonthly *The Desktop Publisher* and quarterly *The Aldus File*.

### Extended Technical Support Service

- provides telephone technical assistance via a toll-free number, plus *The Desktop Publisher*, *The Aldus File*, free PageMaker upgrades, and major releases at reduced prices.

## Aldus Corporate Services

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<b>CORPORATE SUPPORT — LEVEL II</b>		
<ul style="list-style-type: none"><li>■ Train-the-Trainer Class</li><li>■ Centralized support for two in-house support personnel</li><li>■ Unlimited calls to Aldus Technical Support via toll-free line</li><li>■ Newsletters, support notes</li><li>■ Bulletin board service</li><li>■ Minor upgrades free of charge</li><li>■ Major releases at 50 percent discount</li></ul>	<b>CORPORATE SUPPORT — LEVEL I</b>	
	<ul style="list-style-type: none"><li>■ Centralized support for two in-house support personnel</li><li>■ Unlimited calls to Aldus Technical Support via toll-free line</li><li>■ Newsletters, support notes</li><li>■ Bulletin board service</li><li>■ Minor upgrades free of charge</li><li>■ Major releases at 50 percent discount</li></ul>	<b>USER SERVICES</b>
		<ul style="list-style-type: none"><li>■ User Subscription Service</li><li>■ Extended Technical Support Service</li></ul>
<b>TRAINING</b>		
<ul style="list-style-type: none"><li>■ Train-the-Trainer Class</li><li>■ PageMaker Classroom (materials only)</li><li>■ Right to copy/modify materials</li></ul>		



## Aldus Corporate Price List

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Corporate Support — Level I	\$1000/year
Corporate Support — Level II	\$2000/year
Additional PageMaker supervisor	\$100 per person/year
Train-the-Trainer Class	\$1500
PageMaker Classroom	\$600
PageMaker Classroom reproduction /modification rights	\$2500

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## Aldus Corporate Support Requirements

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- Both levels of Corporate Support are available to all organizations that own 10 or more copies of PageMaker (for either the Macintosh or PC AT and compatibles.)
- Aldus Corporate Support packages are sold as single units to each microcomputer support group within a company. Companies with multiple support groups must purchase a separate package for each group, if they wish to reach all their PageMaker users.
- The programs described are available only in the United States and Canada. Prices are in U.S. dollars and are subject to change without notice.
- Orders for Aldus Corporate Services can be placed through your reseller or by calling Aldus Corporation Customer Relations at (206) 628-2320.



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Aldus Corporation  
411 First Avenue South  
Suite 200  
Seattle, Washington 98104  
206.622.5500



2,040,000 Shares



Common Stock

Of the shares of Common Stock offered hereby, 1,350,000 shares are being sold by Aldus Corporation (the "Company" or "Aldus") and 690,000 shares are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." Prior to this offering, there has been no public market for the Common Stock of the Company. It is currently anticipated that the initial public offering price will be between \$14 and \$16 per share. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price.

See "Risk Factors" for information that should be considered by prospective investors.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

	Price to Public	Underwriting Discounts and Commissions (1)	Proceeds to Company (2)	Proceeds to Selling Shareholders (2)
Per Share . . . . .	\$	\$	\$	\$
Total (3) . . . . .	\$	\$	\$	\$

- (1) See "Underwriting" for information relating to indemnification of the Underwriters.
- (2) Before deducting expenses payable by the Company estimated at \$ and expenses payable by the Selling Shareholders estimated at \$
- (3) The Company has granted to the Underwriters a 30-day option to purchase up to 300,000 additional shares solely to cover over-allotments, if any. To the extent that the option is exercised, the Underwriters will offer such additional shares at the Price to Public shown above. If the option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be \$ , \$ , and \$ , respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject to the right of the Underwriters to reject any order in whole or in part. It is expected that delivery of the shares will be made at the offices of Alex. Brown & Sons Incorporated, Baltimore, Maryland, on or about , 1987.

**Alex. Brown & Sons**  
Incorporated

**Montgomery Securities**

The date of this Prospectus is , 1987.

*This Prospectus (except for the full-color pages) was prepared using PageMaker.*

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.



# ALDUS MILESTONES

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## 1984

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February Aldus Corporation founded to develop easy-to-use software tools to perform publishing design and layout on a microcomputer.

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## 1985

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July First shipment of PageMaker 1.0 for the Apple Macintosh.

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October First international version of PageMaker shipped.

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## 1986

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March PageMaker 1.2 for the Apple Macintosh released.

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April PageMaker receives Software Publishers' Association award for "The Best New Use of a Computer" for 1985.

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October OEM agreement signed with Hewlett-Packard.  
Cooperative marketing efforts begin with Hewlett-Packard and Microsoft to promote a desktop publishing system.  
*PageMaker Classroom* training program introduced.

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December *PageMaker Portfolio: Designs for Newsletters* introduced.  
OEM agreement established with Wang Laboratories.

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## 1987

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January PageMaker 1.0 for the IBM PC AT and compatibles shipped.  
PageMaker receives *InfoWorld's* 1986 Readers' Choice awards for "Desktop Publishing Product of the Year" and "Macintosh Software Product of the Year."

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February OEM agreement signed with DEC.

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April IBM announces OEM agreement signed with Aldus: PageMaker will be included in the system configuration for IBM's Personal Publishing SolutionPac™.  
PageMaker 2.0 for the Apple Macintosh released.  
Over 60,000 copies of PageMaker shipped to date.

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## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by the more detailed information and consolidated financial statements (and notes thereto) appearing elsewhere in this Prospectus.*

### The Company

Aldus develops, markets and supports desktop publishing software for the Apple Macintosh and the IBM PC AT and compatible microcomputers. The Company's desktop publishing software – PageMaker – sets up a computer screen as an electronic paste-up board and gives the user a toolbox of design aids for electronic page composition, thereby reducing the time and expense associated with traditional publishing techniques. PageMaker designs, lays out and produces high-quality printed communications such as newsletters, brochures, manuals and other more complex technical documents. Aldus was an early entrant into the desktop publishing market and is often credited by industry sources with establishing the term “desktop publishing.”

PageMaker was introduced in July 1985 for the Apple Macintosh and in January 1987 for the IBM PC AT and compatible microcomputers. PageMaker is currently the only desktop publishing software which runs in both hardware environments. The Company has sold over 60,000 copies of PageMaker as of April 1987 and believes that it is the leading desktop publishing software product.

Aldus distributes PageMaker and its related products through multiple channels. The Company markets its products to end-users through over 3,100 authorized retail dealer locations in the United States and Canada. Aldus distributes its products internationally through 23 overseas distributors and through Aldus (U.K.) Limited, a 50%-owned joint venture corporation. The Company has entered into OEM agreements with Hewlett-Packard, Wang, DEC and Olivetti whereby these companies market PageMaker as an integrated desktop publishing solution in conjunction with their own hardware. In April 1987, Aldus announced a worldwide OEM and distribution agreement with IBM. IBM has agreed to distribute PageMaker both on a stand-alone basis and as part of its two new IBM SolutionPacs for desktop publishing. Aldus has established close working relationships with Apple, Wang, Hewlett-Packard, IBM, Microsoft and Adobe to ensure technical compatibility of PageMaker with key industry standards and products.

Aldus supports its dealers and end-users through telephone technical support, extensive dealer marketing materials, end-user design aids and authorized training centers.

### The Offering

Common Stock offered by the Company (1) .....	1,350,000 shares
Common Stock offered by the Selling Shareholders .....	690,000 shares
Common Stock to be outstanding after the offering (1)(2) .....	10,287,192 shares
Use of proceeds .....	For general corporate purposes, principally working capital
Proposed NASDAQ symbol .....	ALDS

(1) Assumes the Underwriters' over-allotment option is not exercised.

(2) Does not include 2,507,500 shares reserved at April 21, 1987 for issuance upon exercise of outstanding options under the Company's stock option plans or 560,500 shares available for future grant. See footnote (1) to “Capitalization.”



**Summary Consolidated Financial Information**  
(in thousands, except per share data)

	Period from February 27, 1984 (Date of Incorporation) to December 31, <u>1984</u>	Years Ended December 31, <u>1985</u> <u>1986</u>		Three Months Ended March 31,      April 3, <u>1986</u> <u>1987</u> (unaudited)	
<b>Income statement data:</b>					
Net sales .....	\$ —	\$2,234	\$11,136	\$1,924	\$8,218
Income (loss) from operations .....	(239)	654	3,960	928	2,730
Income (loss) before extraordinary credit .....	(217)	438	2,362	536	1,666
Net income (loss) .....	(217)	518	2,362	536	1,666
Per share (1):					
Income (loss) before extraordinary credit .....	\$.02	\$.04	\$.21	\$.05	\$.15
Net income (loss) .....	\$.02	\$.05	\$.21	\$.05	\$.15
Shares used in per share computations (1) .....	11,240	11,240	11,240	11,240	11,240

	<u>April 3, 1987</u>	
	<u>Actual</u>	<u>As Adjusted (2)(3)</u> (unaudited)
<b>Balance sheet data:</b>		
Working capital .....	\$3,620	\$
Total assets .....	9,184	
Long-term debt .....	114	114
Shareholders' equity .....	5,281	

- (1) All shares issued and options granted have been considered outstanding for all periods for purposes of determining per share data. See Note 9 of Notes to Consolidated Financial Statements.
- (2) Assumes the Underwriters' over-allotment option is not exercised.
- (3) Adjusted to reflect sale of the shares by the Company and the anticipated use of net proceeds therefrom. See "Use of Proceeds."

*All share and per share information in this Prospectus has been retroactively adjusted to reflect two-for-one stock splits effected on November 21, 1986 and on April 17, 1987. Unless otherwise indicated, the information presented also assumes the conversion of all outstanding Series A Convertible Preferred Stock into 4,487,192 shares of Common Stock upon the closing of this offering.*



## THE COMPANY

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Aldus Corporation develops, markets and supports desktop publishing software for the Apple Macintosh (the "Macintosh version" or "Macintosh product") and the IBM PC AT and compatible microcomputers (the "PC version" or "PC product"). Desktop publishing involves the electronic design, layout and production of printed communications using page composition software – such as Aldus' PageMaker product – on a microcomputer and sending integrated text and graphics to a printer or typesetter. PageMaker sets up a computer screen as an electronic paste-up board and gives the user a toolbox of design aids for electronic page composition, allowing users to design, edit and lay out high-quality printed communications such as newsletters, brochures, manuals and other more complex technical documents. PageMaker features compatibility with most popular word processing and graphics programs as well as a broad spectrum of printers and typesetters.

The Company was founded in 1984 to develop a powerful, versatile and easy-to-use software publishing tool to perform document design and layout electronically on a microcomputer. Aldus was an early entrant into the desktop publishing market and is often credited by industry sources with establishing the term "desktop publishing." The Company believes that PageMaker's ease of use, easy integration of text and graphics and high-quality output, when combined with relatively low cost microcomputers and printers, make it a cost-effective alternative to more expensive commercial typesetting solutions or to in-house workstation, minicomputer or mainframe-based publishing systems. Additionally, while word processing software products feature easy-to-use text creation and editing capabilities, they are not designed to integrate text and graphics from a variety of sources nor to provide a wide range of page composition and layout functions.

PageMaker was introduced in July 1985 for desktop publishing applications on the Apple Macintosh and in January 1987 for the IBM PC AT and compatible microcomputers. PageMaker is currently the only desktop publishing software that runs in both hardware environments. The Macintosh version 2.0 and PC version are file-compatible and have virtually identical features and functions. The Company has sold over 60,000 copies of PageMaker as of April 1987 and believes that it is the leading desktop publishing software product. In April 1986, the Software Publishers Association honored PageMaker as "The Best New Use of a Computer" for 1985, and in February 1987 *InfoWorld* readers named PageMaker "Desktop Publishing Product of the Year" and "Macintosh Software Product of the Year" for 1986. The suggested retail prices of the Macintosh and PC versions of PageMaker are \$495 and \$695, respectively.

Aldus has followed three strategies in seeking to establish PageMaker as the industry standard for desktop publishing software: (i) working closely with hardware manufacturers and software developers to ensure broad technical compatibility and marketing support for its products; (ii) distributing through retail dealer and original equipment manufacturer ("OEM") channels to achieve rapid widespread distribution and product familiarity; and (iii) emphasizing dealer and end-user support with extensive marketing aids and training.

Aldus markets PageMaker and its related products through multiple distribution channels. The Company markets its products to end-users through over 3,100 authorized retail dealer locations in the United States and Canada, and distributes its products internationally through 23 overseas distributors and through Aldus (U.K.) Limited, its 50%-owned joint venture corporation in the United Kingdom ("Aldus U.K."). The Company has entered into OEM agreements with Hewlett-Packard, Wang, DEC and Olivetti whereby these companies offer PageMaker as an integrated desktop publishing solution in conjunction with their own hardware. In addition, on April 3, 1987, Aldus announced a worldwide OEM and distribution agreement with IBM under which IBM will distribute PageMaker both on a stand-alone basis and as part of its new SolutionPac Personal Publishing System and the SolutionPac Personal Publishing Option.

To ensure broad technical compatibility with important industry standards and products, Aldus has established working relationships with Apple, Wang, Hewlett-Packard, IBM and other major hardware manufacturers; with Microsoft, developer of the Windows graphical user interface and MS-DOS and the new MS-OS/2 operating systems; and with Adobe, developer of the PostScript page description language.

Aldus supports its dealers and end-users through a network of sales representatives, telephone technical support and extensive marketing materials. The Company also offers dealers and end-users training and template products that are designed to assist novice users in creating high-quality printed communications with PageMaker. In addition, the Company licenses selected consultants, colleges, retail dealers and training agencies as authorized training centers.

Aldus was incorporated in the State of Washington in 1984 and began operations in that year. Aldus Manutius, after whom the Company was named, was a 15th-century Venetian scholar-printer who invented italic type, standardized the rules of punctuation and founded the Aldine Press, the first modern publishing house. The executive offices of the



Company are located at 411 First Avenue South, Suite 200, Seattle, Washington 98104, and the Company's telephone number is (206) 622-5500. As used in this Prospectus, unless otherwise indicated, "Aldus" or the "Company" means Aldus Corporation, Aldus Trading Limited, its consolidated foreign sales corporation subsidiary, and Aldus U.K.

## **RISK FACTORS**

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The following risk factors should be carefully considered in evaluating the Company and its business before purchasing the shares offered hereby.

**Short Operating History.** The Company has a brief operating history. Aldus began developing PageMaker in 1984 and commenced shipping product in July 1985. Although sales have grown rapidly since then and the Company has operated profitably since the fourth quarter of 1985, there can be no assurance that the Company will be able to maintain these operating results. Future sales and profitability will depend on a number of factors, including management's ability to adapt to a rapidly changing environment and increased competition.

**Dependence on Single Product.** To date, substantially all of the Company's sales have been derived from its PageMaker software product. The Company introduced a new version of PageMaker for the IBM PC AT and compatible microcomputers in January 1987 and shipped version 2.0 of PageMaker for the Macintosh in late April 1987. The Company's continued sales growth will depend upon market acceptance and reliability of the PageMaker product. In addition, the Company has focused its product development efforts exclusively on the desktop publishing market. The desktop publishing market is relatively new and could be adversely affected by factors outside the Company's control, such as technological change and changing requirements for printed communications.

**Competitive Environment; Technological Change.** The rapid growth of the desktop publishing industry has attracted a number of new entrants. The Company competes with a variety of large corporations and small independent software vendors, and expects to encounter additional competition from established companies and new companies offering competing products. Some of the Company's existing and potential competitors have significantly greater financial, marketing and operating resources than the Company. See "Business – Competition." The Company believes that the principal competitive factors in the desktop publishing market include product features and functions, ease of use, product reliability, price/performance characteristics, brand recognition, and availability and quality of support and training. Although price competition has not been a major factor to date, the Company believes that price competition, with corresponding reduced profit margins, could become a significant factor in the future. The desktop publishing industry is and has been characterized both by rapid technological change and frequent introduction of competitive products. To respond to these changes, the Company will be required to continue to develop new products, periodically enhance its existing products and compete effectively on the basis of price/performance and support.

**Potential Fluctuations in Quarterly Results.** The Company operates with relatively little backlog, and virtually all sales in a given quarter result from orders booked in that quarter. The Company's quarterly results have been, and may in the future be, influenced by the introduction of new versions of PageMaker, customer order deferrals in anticipation of new versions of PageMaker, changes in the mix of Macintosh and PC products sold, changes in sales channel mix and possible delay in the shipment of new products. These factors may cause significant variations in the Company's future quarterly operating results. See "Management's Discussion and Analysis of Results of Operations and Financial Condition."

**Dependence on Qualified Personnel.** The Company's success has been dependent on a limited number of key management and technical employees, particularly its founder and president and certain senior managers who were principally responsible for the development of PageMaker. Competition is intense for highly skilled people with extensive experience in computer programming and advanced electronics. Unavailability of certain of these people, or the Company's inability to attract additional qualified staff, could adversely affect the Company's business.

**No Prior Market; Possible Volatility of Stock Price.** Prior to this offering there has been no public market for the Common Stock of the Company. Consequently, the initial public offering price has been determined by negotiations among the Company, the Selling Shareholders and the Representatives of the Underwriters. See "Underwriting" for a discussion of the factors that will be considered in determining the initial public offering price. Market prices of emerging companies have often been highly volatile and the market price of the Company's Common Stock may also be volatile. Factors such as the announcements of technological innovation or new products by the Company or its competitors, as well as market conditions in the computer software or hardware industry or variations in the Company's operating results, may have a significant impact on the market price of the Company's Common Stock.



**Shares Eligible for Future Sales.** None of the shares of the Company's Common Stock outstanding on the date of this Prospectus will be eligible for resale prior to 120 days after such date, except for shares to be registered in a Registration Statement on Form S-8 discussed below which will be eligible for sale approximately 110 days after such date. All of the Company's shareholders have signed written agreements not to sell any of their shares for 120 days following the date of this Prospectus. At the end of this 120-day period, holders of 8,247,192 shares will be eligible to sell shares in the public market pursuant to Rule 144. The Company intends to file a Registration Statement on Form S-8 as soon as practicable following 90 days after the date of this Prospectus to register the 3,056,000 shares of Common Stock reserved for issuance under its stock option plans. Options for 810,957 such shares (excluding 32,000 shares issued upon exercise of options subsequent to April 21, 1987) were vested as of April 21, 1987. The shares subject to these and any additional vested options will be eligible for sale upon the effectiveness of the Registration Statement on Form S-8. See "Management – Stock Option Plans," "Shares Eligible for Future Sale" and "Underwriting." Significant sales of Common Stock by current shareholders and optionholders could adversely affect the market price of the Common Stock.

### **USE OF PROCEEDS**

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The net proceeds from the sale of the shares offered by the Company are estimated at \$ \_\_\_\_\_ (\$ \_\_\_\_\_ if the Underwriters' over-allotment option is exercised in full). The principal purposes of this offering are to increase the Company's shareholders' equity, to provide a public market for the Company's Common Stock and to facilitate future access to public equity markets. The Company intends to use the net proceeds for general corporate purposes, including working capital to fund operations and possible acquisitions of companies or product lines complementary to the Company's business. No acquisitions are currently being negotiated or planned. The Company may use a portion of the proceeds to acquire or lease additional or new facilities. See "Business – Properties." Pending such uses, the Company will invest the net proceeds in income-producing securities.

The Company will not receive any proceeds from the sale of shares by the Selling Shareholders.

### **DIVIDENDS**

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The Company has never paid cash dividends and currently intends to retain future earnings to fund the development and growth of its business. Accordingly, the Company does not expect to pay cash dividends within the foreseeable future.



## DILUTION

The net tangible book value of the Company at April 3, 1987 was \$4,687,009, or \$.53 per share of Common Stock. "Net tangible book value" per share is equal to total tangible assets of the Company less total liabilities, divided by the number of shares of Common Stock outstanding. As a result of the sale of the 1,350,000 shares of Common Stock being offered by the Company (assuming no exercise of the Underwriters' over-allotment option and at an assumed initial public offering price of \$16.00 per share before deducting underwriting discounts and commissions and offering expenses) and the receipt of the proceeds therefrom, the pro forma net tangible book value of the Company at April 3, 1987 would have been \$26,289,009, or \$2.56 per share. This represents an immediate increase in net tangible book value of \$2.03 per share to existing shareholders and an immediate dilution of \$13.44 per share to new investors purchasing shares at the assumed initial public offering price. The following table illustrates this per share dilution.

Assumed initial public offering price .....		\$16.00
Net tangible book value before the offering .....	\$ .53	
Increase attributable to new investors .....	<u>2.03</u>	
Pro forma net tangible book value after offering .....		<u>2.56</u>
Dilution to new investors .....		<u>\$13.44</u>

The following table compares, as of April 3, 1987, the number of shares purchased from the Company, the total consideration paid to the Company and the average price paid per share by existing shareholders and by purchasers of shares offered by the Company:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Share</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Existing shareholders (1) .....	8,937,192	86.9%	\$ 977,003	4.3%	\$ .11
New investors .....	<u>1,350,000</u>	<u>13.1</u>	<u>21,600,000</u>	<u>95.7</u>	16.00
Total .....	<u>10,287,192</u>	<u>100.0%</u>	<u>\$22,577,003</u>	<u>100.0%</u>	

(1) Sales by the Selling Shareholders in this offering will cause the number of shares held by existing shareholders to be reduced to 8,247,192, or 80.2% of the total shares of Common Stock to be outstanding after this offering. See "Principal and Selling Shareholders."

The foregoing table assumes no exercise of the Underwriters' over-allotment option or of the outstanding stock options, other than the assumed exercise of options to purchase 32,000 shares of Common Stock exercised after April 21, 1987 by two officers of the Company. At April 21, 1987 there were outstanding stock options to purchase an aggregate of 2,507,500 shares of Common Stock (after giving effect to the 32,000 share exercise described above) at exercise prices ranging from \$.025 to \$8.30 per share. To the extent that these or future options are exercised, there will be additional dilution to new investors. See "Management – Stock Option Plans."



## CAPITALIZATION

The following table sets forth the capitalization of the Company as of April 3, 1987, assuming the conversion of all outstanding Series A Convertible Preferred Stock into 4,487,192 shares of Common Stock, and as adjusted to reflect the sale of 1,350,000 shares by the Company.

	<u>Actual</u>	<u>As Adjusted</u>
	(in thousands)	
Long-term debt .....	\$ 114	\$ 114
Shareholders' equity:		
Preferred Stock, 2,000,000 shares authorized; none outstanding .....	—	—
Common Stock, 40,000,000 shares authorized; 8,905,192 shares outstanding (10,287,192 as adjusted) (1) .....	985	
Retained earnings .....	<u>4,296</u>	<u>4,296</u>
Total shareholders' equity .....	<u>5,281</u>	<u>          </u>
Total capitalization .....	<u>\$5,395</u>	<u>\$          </u>

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- (1) Outstanding shares do not include 32,000 shares sold in this offering which were issued subsequent to April 3, 1987 upon exercise of stock options. On April 21, 1987 there were 2,507,500 shares reserved for issuance pursuant to outstanding options under the Company's stock option plan (after giving effect to the 32,000 share exercise described above) and 560,500 shares available for future grant. See "Management – Stock Option Plans."
- (2) For information with respect to an unused line of credit and lease obligations, see Notes 3 and 7 of Notes to Consolidated Financial Statements.



## SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below with respect to the consolidated income statement data for the period from February 27, 1984 to December 31, 1984 and for each of the two years in the period ended December 31, 1986 and with respect to consolidated balance sheet data at December 31, 1984, 1985 and 1986, are derived from financial statements which have been examined by Arthur Young & Company, certified public accountants, whose report with respect thereto appears elsewhere herein. The results set forth below for the three-month periods ended March 31, 1986 and April 3, 1987 are unaudited; however, in the opinion of management, they have been prepared on the same basis as the audited information and include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the consolidated results for the periods presented. The information for the three-month period ended April 3, 1987 is not necessarily indicative of the operating results for the entire year.

	Period from February 27, 1984 (Date of Incorporation) to December 31, <u>1984</u>	Years Ended December 31, <u>1985</u> <u>1986</u>		Three Months Ended March 31, <u>1986</u>	April 3, <u>1987</u>
	(in thousands, except per share data)				
<b>Income statement data:</b>					
Net sales .....	\$ —	\$2,234	\$11,136	\$1,924	\$8,218
Operating expenses:					
Cost of sales .....	—	161	1,066	163	1,742
Selling, general and administrative .....	121	1,121	5,519	718	3,315
Research and development .....	118	298	591	115	431
Total operating expenses .....	<u>239</u>	<u>1,580</u>	<u>7,176</u>	<u>996</u>	<u>5,488</u>
Income (loss) from operations .....	(239)	654	3,960	928	2,730
Equity in income (loss) of Aldus U.K. ....	—	—	—	—	(59)
Interest income .....	<u>22</u>	<u>37</u>	<u>152</u>	<u>8</u>	<u>35</u>
Income (loss) before provision for federal income taxes and extraordinary credit .....	(217)	691	4,112	936	2,706
Provision for federal income taxes .....	<u>—</u>	<u>253</u>	<u>1,750</u>	<u>400</u>	<u>1,040</u>
Income (loss) before extraordinary credit .....	(217)	438	2,362	536	1,666
Extraordinary credit – tax benefit resulting from operating loss carryforward .....	<u>—</u>	<u>80</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss) .....	<u>\$(217)</u>	<u>\$ 518</u>	<u>\$ 2,362</u>	<u>\$ 536</u>	<u>\$1,666</u>
Per share:					
Income (loss) before extraordinary credit ..	\$ (.02)	\$.04	\$.21	\$.05	\$.15
Extraordinary credit .....	<u>—</u>	<u>.01</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss) .....	<u>\$(.02)</u>	<u>\$.05</u>	<u>\$.21</u>	<u>\$.05</u>	<u>\$.15</u>
Shares used in per share computations .....	<u>11,240</u>	<u>11,240</u>	<u>11,240</u>	<u>11,240</u>	<u>11,240</u>

	<u>1984</u>	December 31, <u>1985</u> <u>1986</u>		April 3, <u>1987</u>
	(in thousands)			
<b>Balance sheet data:</b>				
Working capital .....	\$685	\$1,084	\$2,590	\$3,620
Total assets .....	793	1,674	6,381	9,184
Long-term debt .....	—	—	—	114
Shareholders' equity .....	735	1,253	3,616	5,281



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Aldus was in the development stage from inception through July 1985 when it introduced its PageMaker software for the Apple Macintosh and net sales have grown significantly since then. On January 31, 1987, the Company introduced a version of PageMaker for the IBM PC AT and compatible microcomputers. In April 1987, the Company announced that it had signed a worldwide OEM and distribution agreement with IBM under which IBM will distribute PageMaker both on a stand-alone basis and as part of IBM's two new SolutionPacs for desktop publishing. Under the agreement, the Company commenced shipping the PC version on a stand-alone basis in the second quarter of 1987 and expects to begin shipping product for the SolutionPacs in the third quarter of 1987.

**Results of Operations**

The following table sets forth consolidated results of operations as a percentage of net sales.

	<u>Years Ended</u> <u>December 31,</u>		<u>Three Months Ended</u>	
	<u>1985</u>	<u>1986</u>	<u>March 31,</u> <u>1986</u>	<u>April 3,</u> <u>1987</u>
Net sales .....	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Cost of sales .....	7.2	9.6	8.5	21.2
Selling, general and administrative .....	50.2	49.5	37.3	40.3
Research and development .....	13.3	5.3	6.0	5.3
Total operating expenses .....	<u>70.7</u>	<u>64.4</u>	<u>51.8</u>	<u>66.8</u>
Income from operations .....	29.3	35.6	48.2	33.2
Equity in income (loss) of Aldus U.K. ....	—	—	—	(.7)
Interest income .....	<u>1.6</u>	<u>1.3</u>	<u>.5</u>	<u>.4</u>
Income before provision for federal income taxes and extraordinary credit .....	30.9	36.9	48.7	32.9
Provision for federal income taxes .....	<u>11.3</u>	<u>15.7</u>	<u>20.8</u>	<u>12.6</u>
Income before extraordinary credit .....	19.6	21.2	27.9	20.3
Extraordinary credit .....	<u>3.6</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income .....	<u>23.2%</u>	<u>21.2%</u>	<u>27.9%</u>	<u>20.3%</u>

**Year Ended December 31, 1985 Compared to Year Ended December 31, 1986**

**Net Sales.** From inception in 1984 to July 1985 when the Company began shipping product, its operations were devoted primarily to software development; therefore, the Company recorded sales only for the last six months of 1985. Net sales for the year ended December 31, 1986 increased to \$11,136,000 due to a full year of PageMaker sales, the emergence of and growth in the desktop publishing market, market acceptance of PageMaker, expansion of the domestic dealer and international distribution channels and introduction of version 1.2 of the Macintosh product. The rate of growth which the Company has experienced from 1985 to the present should not be viewed as indicative of the rate of growth the Company will experience in the future.

International sales for the years ended December 31, 1985 and 1986 were \$460,000 and \$2,863,000, representing 20.6% and 25.7% of net sales, respectively. Growth in international sales resulted from the introduction of international language versions of PageMaker and the establishment of a network of foreign distributors.

**Cost of Sales.** Cost of sales includes all customer service costs, production of technical manuals and associated materials, the purchase of blank disks, and the cost of transferring the software onto disks. The increase in cost of sales from 1985 to 1986 resulted primarily from increased staffing within the customer service and production departments to accommodate higher sales volumes and an expanded end-user base.



Gross profit margins depend in part on the mix of sales to dealers, OEMs and domestic and international distributors. The Company sells PageMaker through these channels at structured discounts and recognizes higher gross profit margins on sales to dealers, which typically purchase smaller product quantities at lower discounts. International sales occur primarily through distributors. The Company anticipates that the proportion of net sales attributable to OEMs and distributors will increase during 1987, which could increase cost of sales as a percentage of net sales.

**Selling, General and Administrative.** Selling, general and administrative expenses increased from \$1,121,000 for the year ended December 31, 1985 to \$5,519,000 for the year ended December 31, 1986. This dollar increase resulted primarily from higher advertising and promotion expenses, increased staffing for dealer and marketing support, expansion of both domestic and foreign sales and marketing operations and higher administrative support costs incurred relating to the introduction of the PC version of PageMaker in January 1987.

**Research and Development.** Research and development expenses consist principally of the salary costs for software developers. The Company's technical staff increased from 9 to 19 persons during 1986. In accordance with the accounting standard FAS 86, the Company was required to begin capitalizing certain software development costs in 1986 rather than expensing all such costs as incurred. For the year ended December 31, 1986, the Company capitalized approximately \$375,000 of development costs, all of which related to the PC version of PageMaker. The capitalization of software development costs in accordance with FAS 86 defers the expensing of such costs to future periods. In addition to the amounts capitalized, the Company expensed approximately \$591,000 of research and development costs for the year ended December 31, 1986. Although such expenses nearly doubled in 1986, they did not increase as rapidly as net sales during the same period. The Company intends to continue to increase research and development expenditures in absolute terms but, as a percentage of net sales, research and development expenditures may fluctuate depending upon sales levels.

**Federal Income Tax.** The Company's effective federal tax rates for the years ended December 31, 1985 and 1986 were 36.6% and 42.6%, respectively, before the application of an extraordinary credit (relating to a tax loss carryforward) for the year ended December 31, 1985. In 1985, the Company benefited from use of research and experimental tax credits and investment tax credits; such credits were not available in 1986. The Company expects that its federal income tax rate will be lower in 1987 and future periods as a result of the lower statutory rate imposed by the Tax Reform Act of 1986.

### **Three Months Ended March 31, 1986 Compared to Three Months Ended April 3, 1987**

Net sales increased substantially in the first quarter of 1987 primarily due to the introduction and market acceptance of the PC version of PageMaker. Although unit sales from the Macintosh version of PageMaker were higher in the first quarter of 1987 than the prior year period, they declined from the fourth quarter of fiscal 1986. The Company believes this decrease was principally due to the delay in introducing Macintosh version 2.0. Of the total combined first quarter sales of the Macintosh and PC versions of PageMaker, sales of the PC version accounted for a greater proportion due to the delay in Macintosh version 2.0, combined with the higher average unit sale price of the PC version.

Cost of sales as a percentage of net sales rose to 21.2% from 8.5%, due principally to a special three-month promotion whereby Aldus provided a free copy of Microsoft Windows with each PageMaker PC version. Additionally, cost of sales was affected by the Company accruing expenses relating to the anticipated cost of providing free upgrades of the new Macintosh version 2.0 to version 1.2 purchasers. Selling, general and administrative expenses grew to 40.3% of net sales from 37.3% of net sales due to higher levels of sales commissions, the addition of sales personnel, preparation of expanded dealer materials and the cost of outside services. Research and development expenses declined as a percentage of sales, primarily due to the higher level of sales and, to a lesser extent, the capitalization of increased development costs pursuant to FAS 86. The Company's effective federal income tax rate for the first quarter of 1987 decreased to 38.4% from 42.7% for the first quarter of 1986, primarily as a result of the lower statutory rate imposed by the Tax Reform Act of 1986.



## Quarterly Results

The following table contains selected consolidated financial results for each of the five quarters ended April 3, 1987. These results are unaudited; however, in the opinion of management they have been prepared on the same basis as the audited information and include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the information for the periods presented. Beginning in 1987, the Company has elected to end the Company's first three fiscal quarters on the Friday closest to the last day of the three-month period. The change was made to facilitate certain accounting procedures such as the taking of physical inventories and, in the opinion of management, had no material effect upon results of operations for the three months ended April 3, 1987 or on interperiod comparisons.

	<b>Three Months Ended</b>				
	<b>March 31, 1986</b>	<b>June 30, 1986</b>	<b>Sept. 30, 1986</b>	<b>Dec. 31, 1986</b>	<b>April 3, 1987</b>
	(in thousands, except per share data)				
Net sales .....	\$1,924	\$2,447	\$3,119	\$3,646	\$8,218
Income from operations .....	928	1,126	1,220	686	2,730
Income before provision for federal income taxes .....	936	1,180	1,259	737	2,706
Net income .....	536	668	739	419	1,666
Net income per share .....	\$.05	\$.06	\$.06	\$.04	\$.15

Aldus has a short operating history and has grown rapidly since the introduction of PageMaker in mid-1985. The Company's quarterly operating results have been, and may in the future be, influenced by the introduction of new versions of PageMaker (including foreign language versions), customer order deferrals in anticipation of new versions of PageMaker, changes in the mix of PC and Macintosh products sold, changes in sales channel mix between dealers, OEMs and other distributors and delays in the shipment of future products. Consequently, quarterly results should not be considered to be indicative of results to be expected for any other quarter or for any full fiscal year.

Although net sales have increased steadily over the five-quarter period, net income for the quarter ended December 31, 1986 did not increase in proportion to the growth in net sales due principally to increased operating expenses during that quarter. The increased expenses resulted primarily from marketing expenditures relating to the introduction of the PC version of PageMaker in January 1987.

Results for the first quarter of 1987 were favorably affected by unexpectedly high sales of the PC version through domestic dealers and international distributors. The PC version was announced and promotional activities commenced in October 1986 but demand created and initial orders by dealers could not be fulfilled until initial shipments of the product began in January 1987. The Company first shipped the International English version of the PC product in the first quarter and it was well received in certain non-English speaking countries. The Company believes that net sales in the second quarter of 1987 continue to be adversely affected by the deferral of orders for the Macintosh product in anticipation of the introduction of version 2.0. Because version 2.0 of the Macintosh product had not been shipped until the end of April, the Company will not record a full quarter of sales for the new version. Second quarter sales could also be adversely affected if version 2.0 does not receive customer acceptance. In April 1987, the Company announced that it had signed an OEM and distribution agreement with IBM under which IBM will distribute PageMaker both on a stand-alone basis and as part of IBM's two new SolutionPacs for desktop publishing. Under the agreement, the Company has commenced shipping product on a stand-alone basis and expects to begin shipping product for the SolutionPacs in the third quarter of 1987. Although the Company generally has no backlog and cannot predict sales with any certainty, for the second quarter of 1987 the Company expects only a slight increase in net sales over the first quarter.

Over the remaining quarters of 1987, the Company expects to increase its level of expenditures for product development and sales training of OEMs, dealers and distributors; and to experience the full impact of customer service staff increases during the first quarter of 1987. These factors, together with those discussed above that have caused quarterly results to fluctuate in the past, could cause similar fluctuations in the remaining quarters of 1987.



### **Liquidity and Capital Resources**

The Company's primary sources of liquidity have been sales of capital stock and cash flow from operations. In addition, the Company has a \$750,000 unsecured line of credit with a bank under which borrowings bear interest at the bank's prime rate plus 1/2%. As of April 3, 1987, the Company had no outstanding borrowings under this line of credit. The Company's principal commitments as of April 3, 1987 consisted of obligations under operating leases and a limited guaranty of a line of credit for Aldus U.K. See "Management – Certain Transactions." The Company believes that the proceeds from the sale of Common Stock offered hereby, together with existing cash balances, internally generated funds and bank line of credit borrowings, will be sufficient to meet its cash requirements through the first half of 1988.



## BUSINESS

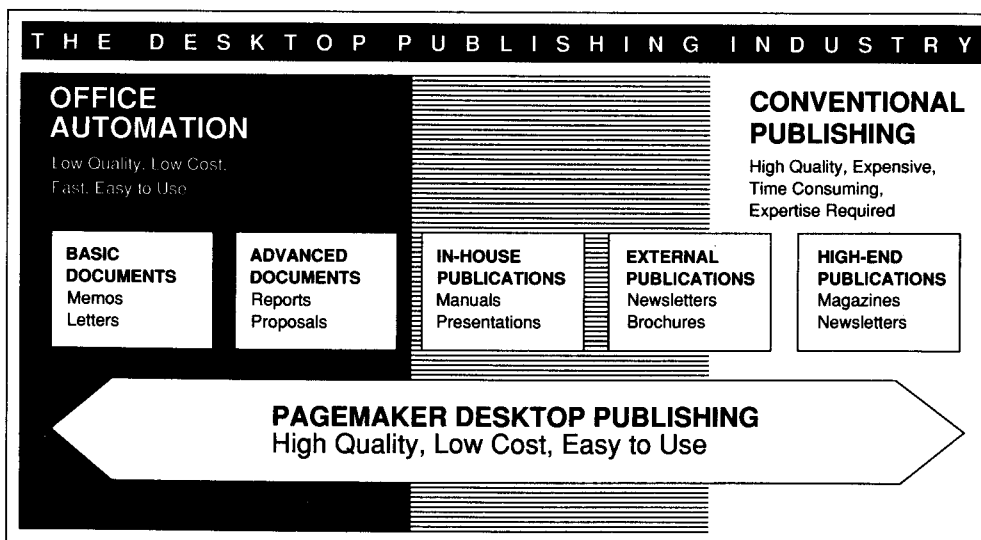
Aldus Corporation develops, markets and supports desktop publishing software for the Apple Macintosh and the IBM PC AT and compatible microcomputers. The Company's desktop publishing software product – PageMaker – was initially created for the Apple Macintosh and was released in July 1985. In January 1987, the Company released a version of PageMaker for the IBM PC AT and compatibles. The Company has sold over 60,000 copies of PageMaker as of April 1987 and believes it is the leading desktop publishing software product. PageMaker is currently the only desktop publishing software which runs in both hardware environments. The Macintosh 2.0 and PC versions are file-compatible and have virtually identical features and functions. In April 1986, the Software Publishers Association honored PageMaker as “The Best New Use of a Computer” for 1985 and in February 1987 *InfoWorld* readers named PageMaker “Desktop Publishing Product of the Year” and “Macintosh Software Product of the Year” for 1986.

### Background and Business Strategy

Aldus was founded in 1984 to develop publishing software that would take advantage of advances in microcomputer processing and graphics capabilities and the introduction of low cost laser printers. The Company's mission was to develop a cost-effective, easy-to-use software tool that would perform on a microcomputer many of the page layout and design functions of a workstation, minicomputer or mainframe-based publishing system.

Businesses, which produce a wide variety of printed material for internal and external distribution, have generally utilized in-house publication departments or commercial printers to perform design, paste-up, proofing and typesetting of high-quality printed communications. Historically, typographic-quality publications have been produced by large commercial printers utilizing typesetters and software pagination systems based on mainframes or mini-computers. Such systems require users to have considerable skill and training in page layout and makeup and are expensive, with prices ranging from \$30,000 to over \$200,000. Consequently, such systems have been sold primarily to large newspapers, magazines, corporate communication departments and commercial typesetters.

Advances in microcomputers and graphics technology, combined with the availability of low cost laser printers and the development of page composition software, have facilitated the advent of relatively low cost microcomputer-based publishing solutions. These systems allow integration of text and graphics and production of typeset-quality printed communications. A typical desktop publishing system consisting of a microcomputer, a laser printer and PageMaker costs approximately \$8,000 to \$12,000. Desktop publishing solutions offer users increased control over the printing process and improved quality and timeliness of printed material. Because desktop publishing systems are affordable and easy to use, they have significantly expanded the market for publishing systems and are becoming increasingly popular with a broad range of small businesses, large corporations, government agencies, educational institutions, graphic designers and business professionals. Typical applications include business communications, such as newsletters, reports to shareholders, and in-house magazines; advertising materials, including ads, brochures and other promotional materials; sales and marketing materials, such as catalogues, price lists and directories; manuals and other forms of documentation; and presentation graphics.





Aldus was an early entrant into the desktop publishing market and is often credited by industry sources with establishing the term "desktop publishing." The Company has followed three business strategies in seeking to establish PageMaker as the leading desktop publishing software product: (i) working closely with hardware manufacturers and software developers to ensure broad technical compatibility and marketing support for its products; (ii) distributing through retail dealer and OEM channels to achieve rapid widespread distribution and product familiarity; and (iii) emphasizing dealer and end-user support with extensive marketing aids and training.

Aldus has established close working relationships with major hardware manufacturers and software developers to ensure technical compatibility of its products with key industry standards and products, as well as to promote broad distribution of desktop publishing systems that incorporate PageMaker. Beginning in 1984, Aldus worked with Apple to promote a desktop publishing system based upon the Macintosh computer, Apple's LaserWriter printer, and Aldus' PageMaker software. These early efforts, which included a major advertising campaign by Apple and extensive dealer-training activities on the part of Aldus, were successful in generating market acceptance for the concept of desktop publishing, as well as strong brand recognition for PageMaker in connection with the Macintosh.

In April 1987, Aldus announced that it had entered into a worldwide OEM and distribution agreement with IBM. IBM has agreed to market PageMaker both on a stand-alone basis and as part of its two new SolutionPacs for desktop publishing: the SolutionPac Personal Publishing System based upon Microsoft Windows, IBM's new Personal System/2 Model 30 and the new PostScript-compatible Personal Pageprinter laser printer, and the SolutionPac Personal Publishing Option, a desktop publishing upgrade kit. The SolutionPac Personal Publishing System features a new operating system developed by Microsoft, with which the PC version of PageMaker will be compatible. Both the SolutionPac Personal Publishing System and the SolutionPac Personal Publishing Option are scheduled for delivery in the third quarter of 1987.

In October 1986, Aldus announced a cooperative marketing effort with Hewlett-Packard and Microsoft to promote a desktop publishing solution based on the Hewlett-Packard microcomputer and its LaserJet printer family, Microsoft Windows graphical operating environment and Microsoft Word word processing software and the PC version of PageMaker. Aldus has also cooperated with numerous developers of text and graphics software programs and manufacturers of computer peripherals, such as printers and scanners, to ensure the widest possible range of compatible products available for use with PageMaker.

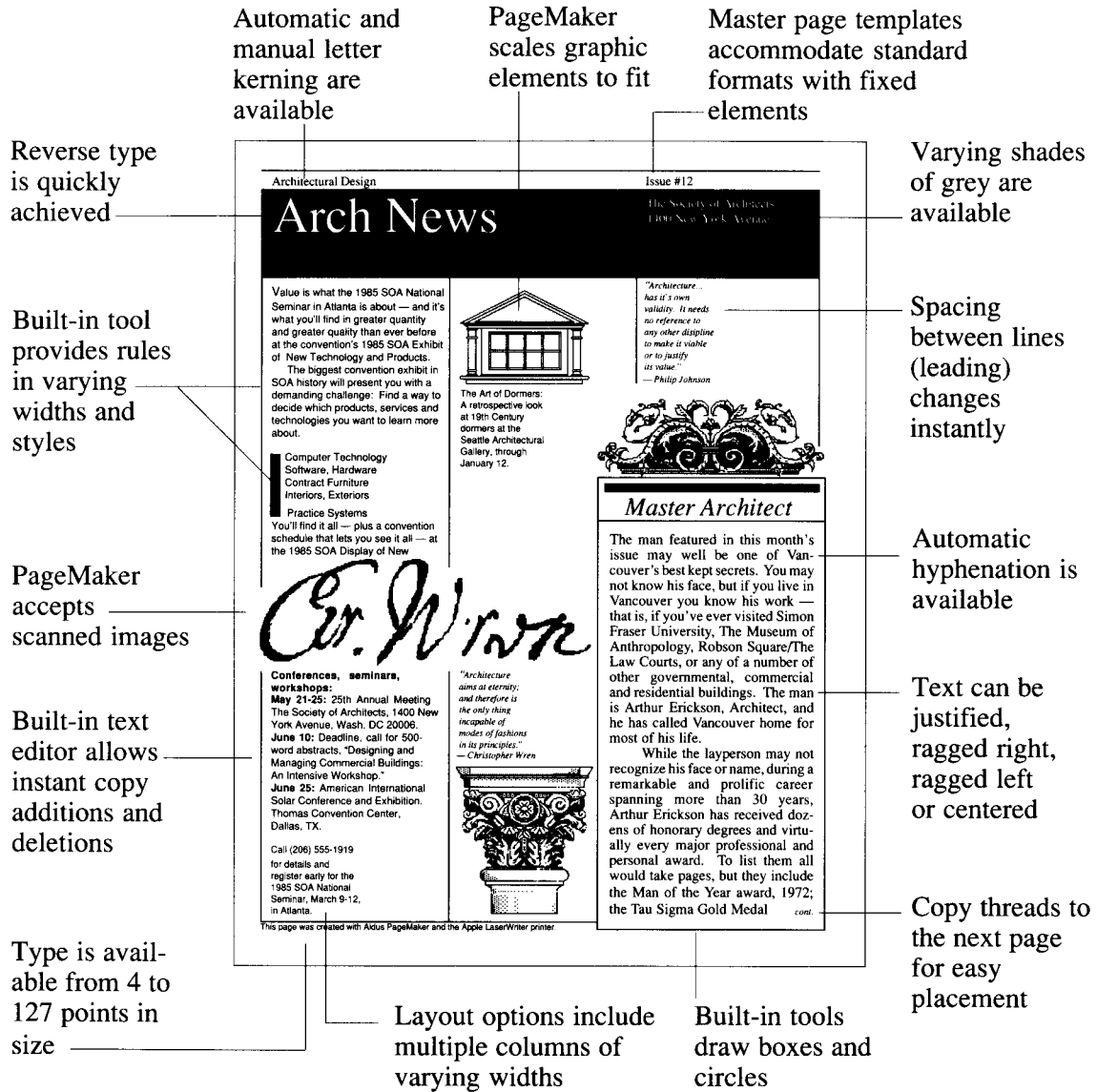
Aldus distributes its products through retail dealers, large volume chains and OEMs in order to take advantage of existing distribution channels that have the capability to provide support and assistance to end-users. The Company has been selective in both authorizing and retaining dealers who are committed to supporting its products. With over 3,100 authorized dealer locations, the Company believes that it is the primary vendor of desktop publishing software through the retail dealer channel. The Company has entered into OEM agreements with Hewlett-Packard, Wang, DEC, Olivetti and IBM whereby these OEMs market PageMaker as an integrated desktop publishing solution in conjunction with their own hardware.

The Company supports its dealers and end-users through a network of sales representatives, technical telephone support and extensive marketing materials. Aldus provides its customers with extensive documentation describing the installation and operation of its products, and encourages its dealers and distributors to conduct seminars and product demonstrations. The Company also offers dealers and end-users training and template products designed to assist the novice user in creating high-quality printed communications with PageMaker. Aldus further supports its end-users with two newsletters to provide timely information about updates and future software releases. The Company believes that support of its customers and products has been a significant competitive factor to date and will continue to be so in the future.



**Products**

**PageMaker.** The Company's PageMaker desktop publishing software enables users to perform page design, composition, editing and layout functions electronically on a microcomputer. PageMaker is currently available for the Apple Macintosh and IBM PC AT and compatible microcomputers. The Macintosh 2.0 and the PC versions are file-compatible and have virtually identical features and functions. The following diagram illustrates certain of PageMaker's principal features.





PageMaker provides a wide range of features to facilitate the production of high-quality printed communications. PageMaker supports up to 20 columns of different widths per page, flows text from one column or page to the next, and allows users to create master-page formats for recurring design elements. Additional features include multiple typefaces and styles, variable type sizes and line spacing, and a library of graphic elements, including lines, borders, screens and fill patterns. PageMaker also enables users to arrange text ragged right, ragged left, justified, centered or wrapped around graphic elements; to set on-screen rulers in inches, millimeters or picas; to produce thumbnails; and to work vertically or horizontally with page sizes ranging from U.S. letter (8-1/2" x 11") to tabloid (11" x 17").

New features in the Macintosh 2.0 and PC versions include dictionary-based hyphenation for automatic justification, greater control over typographic quality through kerning and variable word and letter spacing, the ability to work interactively on facing pages and the ability to work with larger publications (up to 128 pages in length and 17" x 22" in size).

Both the Macintosh and PC versions of PageMaker generally allow integration of text and graphics files without the need to rekey or modify formatting items such as page ends, paragraphs, tab stops and bolding. PageMaker can integrate such preformatted text and graphics from the software industry's most popular word processing and graphics programs, including:

**Macintosh**

*Word Processing Programs*

- Microsoft Word
- MacWrite
- Microsoft Works
- WriteNow
- Any Macintosh text-only file

*Graphics Programs*

- MacPaint
- MacDraw
- MacDraft
- FullPaint
- Cricket Graph and Draw
- PostScript
- Adobe Illustrator
- Any Macintosh PICT file

**IBM PC AT and Compatibles**

*Word Processing Programs*

- Microsoft Word
- WordPerfect
- MultiMate
- WordStar 3.3
- XyWrite III
- IBM DCA format files (including DisplayWrite, WordStar 2000, Volkswriter 3 and SAMNA Word)
- Any ASCII text file

*Graphics Programs*

- Windows Paint
- Windows Draw!
- In\*a\*Vision
- PC Paint
- PC Paintbrush
- Publishers Paintbrush
- AutoCad
- Lotus 1-2-3, Symphony (PIC Format)
- Any Windows GDI metafile

PageMaker supports page description languages including Adobe's PostScript, permitting compatibility with a variety of output devices. These range from dot matrix printers and laser printers to high-resolution typesetters, including the Epson FX-80, the Hewlett-Packard LaserJet and LaserJet II, the AST Research TurboLaser printer and PostScript-compatible devices such as the IBM Personal Pageprinter, Apple LaserWriter or LaserWriter Plus, QMS-PS800, Texas Instruments OmniLaser Server 2000 and the PostScript version of the Linotype Linotronic 100 and 300 Imagesetters.

A typical desktop publishing system consisting of a microcomputer, a laser printer and PageMaker costs approximately \$8,000 to \$12,000. The price of a system can vary significantly depending upon how PageMaker is configured with microcomputers, printers, large-screen monitors, scanners or other peripheral devices and with graphics or other software programs. In contrast, a dedicated workstation, minicomputer or mainframe-based publishing system can require an expenditure ranging from \$30,000 to \$200,000.



**Related Products.** Aldus supports PageMaker with additional products designed to help users take full advantage of PageMaker's capabilities.

The Company is developing design products which are being released as Aldus' PageMaker Portfolio series. *PageMaker Portfolio: Designs for Newsletters*, the first product in the series, is a set of design models or templates that offers 21 different predesigned newsletter layout alternatives for producing high-quality printed communications together with a self-guided tutorial and detailed instruction manual. The suggested retail price is \$79. Other editions of the PageMaker Portfolio series are expected to cover manuals, brochures and business documents such as reports, proposals, and presentations.

*PageMaker Classroom* consists of a complete set of introductory training materials on desktop publishing for use by educational institutions, corporations and other organizations and individuals who wish to offer PageMaker training programs. *PageMaker Classroom* includes an instructor's manual, 10 copies of the student workbook, PageMaker program disks, student data disks, and a set of overhead transparencies. The suggested retail price is \$750.

Both *PageMaker Classroom* and *PageMaker Portfolio: Designs for Newsletters* were initially released for the Macintosh in November 1986; PC versions are expected to be available in May 1987.

### **Support and Training**

All registered PageMaker users receive 45 days of free telephone technical support. Registered users also receive *The Aldus Guide to Basic Design*, a 68-page book of design tips and layout techniques, and *The Desktop Publisher*, a bimonthly newsletter containing design tips, announcements of Aldus programs and policies, and information on updates and new products.

Additional support is available to registered PageMaker owners through Aldus' Extended Technical Support Services ("ETSS"). For an annual fee, ETSS subscribers receive five additional hours of telephone technical support via a toll-free 800 number, special rates on PageMaker updates and new releases, and a subscription to *The Aldus File*, a quarterly technical newsletter that reviews emerging technologies and PageMaker-compatible software and hardware, and analyzes upcoming PageMaker features and capabilities. ETSS annual fees are \$75 for Macintosh users and \$125 for PC users.

Aldus also offers a training and support program designed specifically for corporations using PageMaker. The program offers technical assistance, training packages and written materials for corporate information centers and microcomputer support groups. Corporate support includes unlimited phone calls by designated individuals within the organization to Aldus' Technical Support staff via a toll-free 800 number; discounts on PageMaker releases; subscriptions to *The Desktop Publisher* and *The Aldus File* newsletters; and PageMaker technical support notes, which include ongoing revisions and additions to the PageMaker user manual. Additionally, corporations can purchase a one-day, on-site training session for in-house corporate trainers so they can educate other in-house PageMaker users.

The Company provides international support through Aldus U.K., and elsewhere through the Company's network of dealers and distributors.

Aldus' products are covered by a 90-day warranty, during which Aldus will replace any defective product or manual at no charge.



## Marketing

Aldus distributes its products primarily through retail dealers and OEMs. The Company has been selective in both authorizing and retaining dealers who are committed to supporting its products. No single dealer, chain or OEM accounted for more than 10% of sales in 1986 or the first quarter of 1987.

**Domestic Retail Distribution.** The Company markets PageMaker through independent dealers and large-volume chains such as Businessland, ComputerLand, Entré, Sears Business Centers, Inacomp, Computer Factory, Nynex and others. More recently, Aldus has marketed PageMaker through value-added resellers ("VARs") who distribute Aldus' products with other hardware and software products in various configurations designed to best meet specific end-user needs. Since the inception of its dealer distribution program, in keeping with its basic business strategy, Aldus has worked closely with its dealers and VARs to train and support them. See "Support and Training."

In March 1987, the Company signed an agreement with Microamerica to serve as its primary third-party distributor of PageMaker to authorized dealers in the domestic retail market. Although the Company will continue to sell directly to retail dealers, this arrangement will permit small independent authorized dealers to purchase directly from Aldus or from Microamerica. Microamerica expects to offer delivery within 24 hours of an order, minimizing the inventory carrying costs for small dealers. At April 3, 1987, the Company had over 3,100 separate authorized dealer locations.

**International Distribution.** PageMaker is distributed internationally primarily through authorized distributors. At April 3, 1987, the Company had 23 distributors outside of the United States and Canada, primarily servicing Great Britain, France, Germany, Sweden, Italy and Australia. Aldus has adapted PageMaker for distribution in certain foreign countries. For example, in Italy all user messages and documentation are in Italian and all measurement references are in millimeters, and in the United Kingdom all marketing and sales materials are developed locally to reflect certain British conventions. To date, the Macintosh version of PageMaker has been translated into French, German, Spanish, Italian, Danish, Swedish, Finnish and International English.

The Company has also established a marketing, distribution and support joint venture corporation located in Scotland. Aldus U.K. is 50% owned by Aldus and 50% owned by two individuals and holds an exclusive license to distribute the Company's products in the United Kingdom and Ireland. Aldus has separately contracted with an affiliated entity, McQueen Holdings, Ltd., a Scottish corporation and an affiliate of Aldus U.K., for the packaging of its products for distribution by Aldus U.K. and by other European distributors.

The Company's international operations are subject to certain risks common to foreign operations in general, such as governmental regulations and import restrictions. International sales in 1985, 1986 and the first quarter of 1987 were approximately \$460,000, \$2,863,000, and \$2,237,000, respectively. Because the Company bills its international sales in U.S. dollars, revenues from such sales are not subject to foreign currency fluctuations.

**OEM Distribution.** The Company has entered into OEM distribution agreements with Hewlett-Packard, DEC, Wang, Olivetti and IBM. The OEM agreements typically grant the right to distribute the Company's prepackaged products with the OEM's microcomputers and, in some cases, related peripheral hardware, such as printers. The products are distributed under Aldus' trademarks. The Company may in the future enter into similar agreements with other manufacturers of computers or computer peripherals related to desktop publishing.

In April 1987, Aldus announced that it had entered into a worldwide OEM and distribution agreement with IBM. IBM has agreed to distribute PageMaker both on a stand-alone basis and as part of its two new SolutionPacs for desktop publishing the SolutionPac Personal Publishing System based upon Microsoft Windows, IBM's new Personal System/2 Model 30 and IBM's new PostScript-compatible Personal Pageprinter laser printer, and the SolutionPac Personal Publishing Option, a desktop publishing upgrade kit.

In October 1986, Aldus entered into a cooperative marketing agreement with Hewlett-Packard and Microsoft. The three companies agreed to jointly market and promote a desktop publishing solution based on the Hewlett-Packard Vectra microcomputer and its LaserJet printer family, Microsoft Windows graphical operating environment and Microsoft Word word processing software, and the PC version of PageMaker. The three companies plan to promote their products through a one-year advertising campaign, dealer training programs, trade show exhibits, seminars and other activities.



## **Product Development**

The desktop publishing software industry is a relatively young market characterized by rapid technological change, requiring a continuous high level of expenditures for the enhancement of existing products and the development of products for new applications. The Company's software products and product documentation are primarily developed internally. To a limited extent, the Company incorporates software, such as dictionaries or Microsoft Windows, or written materials produced by other companies or individuals into its products. All such incorporation or use is pursuant to licensing agreements. The Company believes that a crucial factor in the success of its products is its ability to respond quickly to user needs or advances in hardware design. By working closely with its dealers, OEMs and end-user customers, and through continuing market research, the Company strives to remain aware of and responsive to technological advances and evolving user needs. The Company intends to continue to upgrade and enhance its existing products to ensure that its products contain competitive features.

The Company first distributed the PC version of PageMaker on January 31, 1987. The Company shipped the Macintosh version 2.0 in late April 1987, with virtually all of the features incorporated into the PC version of PageMaker but not available in the current Macintosh version 1.2. Version 2.0 provides compatibility with files for the PC version, which will permit users to transfer all text and most graphic images.

As of April 21, 1987, the Company employed 40 persons engaged full time in product development and product management. During fiscal years 1984, 1985 and 1986, and the first quarter of 1987, the Company spent approximately \$118,000, \$298,000, \$591,000 and \$431,000, respectively, on product development and enhancement activities. In addition, in accordance with FAS 86, effective for the Company in 1986, the Company capitalized approximately \$375,000 in 1986 and \$264,000 in the first quarter of 1987. The capitalization of software development costs in accordance with this standard defers expensing of such costs to future periods. See "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Note 2 of Notes to Consolidated Financial Statements.

## **Competition**

The desktop publishing market is highly competitive and has been subject to rapid change, which can be expected to continue in the future. The Company believes that the principal competitive factors in the desktop publishing market include product features and functions, ease of understanding and operating the software, product reliability, price/performance characteristics, brand recognition, and availability and quality of support and training services. The Company competes within the desktop publishing software industry with small independent software vendors and large corporations. The Company also expects to encounter competition from established companies and new companies that are now developing, or may develop, competing products. Many of the Company's actual and potential competitors have financial, marketing and technological resources greater than those of the Company.

To date, price competition has not been a major factor among producers of desktop publishing software. However, suppliers of word processing, data base and spreadsheet applications software programs have experienced significant price reductions through the use of "site licenses" (permitting copying of the program and documentation) and discount pricing for large-volume retail customers. The Company believes that price competition may emerge as a significant factor in the desktop publishing market.

The Macintosh version of PageMaker competes with software from a variety of independent vendors, including Manhattan Graphics' ReadySetGo, Boston Software's MacPublisher II and Quark's Xpress. Although Aldus was among the first companies to offer desktop publishing software for the Macintosh, the number of vendors offering such software has increased and is expected to continue to increase. The PC version of PageMaker competes with software offered by several vendors such as Xerox Corporation, which holds exclusive distribution rights to Ventura Publisher, and Software Publishing Corporation, which licenses Harvard Professional Publisher.

Larger-scale electronic publishing systems for publication and engineering departments and other groups requiring additional composition and pagination features are offered by several companies, including Interleaf, Inc. In general, the cost of a stand-alone workstation, or a centralized minicomputer or mainframe-based publishing system is substantially higher than for microcomputer-based desktop publishing systems.

Word processing software companies are beginning to incorporate desktop publishing features into their products. As a result, the Company expects to face increasing competition from a variety of established software vendors. Word processing programs are generally less expensive than desktop publishing software and are easier to use. However, word processing programs generally lack the flexibility and features of PageMaker, such as the ability to set up elaborate layouts including mixed columns and to integrate text and graphics from other software programs.



Aldus also competes with other companies in the microcomputer software market for dealers and distributors, and for alliances with other hardware and software vendors. In addition to the factors described above, the principal considerations for distributors and dealers in determining which products to offer include profit margins, product support and service, and credit terms.

### **Manufacturing**

Aldus has manufacturing facilities located in Seattle, Washington, where disks are duplicated and final packaging is performed. Quality control tests are performed on all duplicated disks and finished products. Production planning has been automated through the use of computerized inventory, manufacturing, management, and financial control systems. The principal materials used in Aldus' PageMaker product include disks, boxes, binders and multicolor printed materials. The Company is often able to acquire necessary materials on a volume-discount basis and has multiple sources for raw materials and supplies.

The Company uses subcontractors to perform certain of its manufacturing operations. In addition, an affiliate of Aldus U.K. packages the Company's products for distribution by Aldus U.K.

The Company produces software and documentation based upon forecasted monthly sales and typically ships within 48 hours after receipt of an order. Consequently, the Company does not consider backlog an important indicator of future performance.

### **Copyright and Trademark**

Aldus' software is proprietary and the Company attempts to protect it with copyrights, trade secret laws and internal nondisclosure safeguards, as well as restrictions on copying, disclosure and transferability that are incorporated into its software license agreements. In order to retain exclusive ownership rights to all software developed by Aldus, the Company licenses all software and generally provides it in object code only, with contractual restrictions on copying, disclosure and transferability. Aldus licenses its software products to end-user customers by use of a "shrink-wrap" license. Despite these restrictions, it may be possible for competitors or users to copy aspects of the Company's products or to obtain information which the Company regards as trade secrets. Computer software is difficult to patent, and judicial enforcement of copyright laws may be uncertain.

Policing unauthorized use of computer software is difficult, and software piracy can be expected to be a persistent problem for the packaged software industry. These problems may be particularly acute in international markets. The Company's Macintosh version 1.2 has electronic copy protection embedded in the disks. Neither the PC version of PageMaker nor the Macintosh version 2.0 contains such copy protection except on copies for international distribution in certain countries.

### **Properties**

The Company's executive offices are located at 411 First Avenue South, Suite 200, Seattle, Washington. The lease covers approximately 31,000 square feet and expires in March 1989. The Company also leases approximately 7,500 square feet for production and assembly in a building adjacent to its Seattle headquarters. That lease will expire in August 1988. The Company recently leased approximately 350 square feet in Washington, D.C., as a sales and training office, primarily to support sales to governmental entities.

The Company believes that its existing facilities are adequate for its needs through early 1988. The Company believes that suitable additional space is available to accommodate planned expansion and has had, and expects to continue to have, discussions with landlords and developers regarding leasing or purchasing additional or new facilities for 1988. All such discussions have been preliminary; however, it is possible that the Company could enter into a future commitment to lease or purchase during the second quarter of 1987. See Note 7 of Notes to Consolidated Financial Statements for information regarding the Company's obligations under its leases.

### **Employees**

As of April 21, 1987, Aldus employed 193 people. Of the total, 40 were in product development and management, 103 in sales, marketing and support, 22 in manufacturing and distribution, and 28 in finance and administration. The Company's success is highly dependent on its ability to attract and retain qualified employees. Competition for employees is intense in the software industry. The Company believes it has been successful in its efforts to recruit qualified employees, but there is no assurance that it will continue to be successful in the future. None of the Company's employees is subject to collective bargaining agreements. The Company believes that relations with its employees are excellent.



## MANAGEMENT

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### Executive Officers and Directors

The executive officers and directors of the Company are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul Brainerd .....	39	President, Chief Executive Officer and Director
James M. Thornton .....	33	Vice President of Finance and Operations
Michael D. Solomon .....	35	Vice President of Sales and Marketing
Jeremy Jaech .....	32	Vice President of Engineering and Secretary
Douglas G. DeVivo .....	43	Director
Gene Carter .....	52	Director

All directors are elected annually and hold office until the next annual meeting of the shareholders of the Company and until their successors are elected and qualified. Officers serve at the discretion of the Board of Directors.

Paul Brainerd, the Company's founder, has been President, Chief Executive Officer and a Director of the Company since its inception. From 1980 to 1984, Mr. Brainerd was a vice president of Atex, Incorporated, a manufacturer of computer text publishing systems for newspapers and magazines. Before joining Atex, Incorporated, Mr. Brainerd worked for the Minneapolis Star and Tribune newspapers from 1973 to 1980.

James M. Thornton joined the Company as its Vice President of Finance and Operations in February 1986. In 1985, prior to joining the Company, Mr. Thornton was an independent management consultant, and from 1983 to 1985 he was a vice president with Old National Bank. From 1982 to 1983, Mr. Thornton was a vice president of Seattle-First National Bank, a bank holding company, and from 1980 to 1981 he was a corporate finance officer at Bank of America.

Michael D. Solomon joined the Company as its Vice President of Sales and Marketing in October 1985. From September 1982 until he joined the Company, Mr. Solomon was President of RAMS Market Services, a marketing consulting company. From September 1978 until April 1985, Mr. Solomon was President of RMS Sales, Inc., a manufacturer's representative firm.

Jeremy Jaech has been the Secretary of the Company since its inception and has served as its Vice President of Engineering since March 1987. From February 1985 to March 1987, Mr. Jaech was the Engineering Manager of the Company and from the Company's inception to February 1985 he was a software engineer for the Company. From June 1983 to January 1984, he was employed as a software engineer by Atex, Incorporated, and from October 1979 to June 1983, Mr. Jaech was a computer systems analyst at Boeing Computer Services Company, a division of The Boeing Company.

Douglas G. DeVivo has been a director of the Company since September 1984. Mr. DeVivo is a founder and has been a general partner of Vanguard Associates and Vanguard Associates II, California venture capital partnerships, since 1981. Mr. DeVivo is also a director of Pyramid Technology Corp., a manufacturer of computer systems, and Verticom, Inc., a manufacturer of graphics controllers.

Gene Carter has been a director of the Company since April 1985. Mr. Carter has been a private investor since 1984. From 1977 to 1984, Mr. Carter was Vice President, Sales, for Apple Computer, Inc., a microcomputer manufacturer. Mr. Carter is also a director of Prometheus Products, Inc., a privately held modem manufacturing company, Tigan Communications, Inc., a privately held manufacturer of communications networks and Productivity Software, Inc., a privately held developer of applications software.

## Cash Compensation

The following table sets forth certain information concerning the cash compensation paid by the Company to each of the most highly compensated executive officers whose aggregate cash compensation exceeded \$60,000, and as to all executive officers as a group, for services rendered in all capacities to the Company during the year ended December 31, 1986.

Name of Individual or Number of Persons in Group	Capacities in Which Served	Cash Compensation	
		Salaries	Bonuses(1)
Paul Brainerd .....	President and Chief Executive Officer	\$ 75,000	\$ 83,009
James M. Thornton .....	Vice President of Finance and Operations	42,051(2)	25,154
Michael D. Solomon .....	Vice President of Sales and Marketing	227,693(3)	—
Jeremy Jaech .....	Vice President of Engineering and Secretary	47,500	37,732
All executive officers as a group (4 persons) .....		\$392,244	\$145,895

- (1) In November 1986, the Board approved bonus payments to the Company's employees aggregating \$340,781.
- (2) Mr. Thornton's annual compensation increased as of March 1, 1987 to \$65,000.
- (3) Mr. Solomon's compensation consists of \$65,000 of base salary and \$162,693 of commissions based on 1986 sales. See "Management – Certain Transactions."

## Stock Option Plans

The Company's 1984 Restated Stock Option Plan (the "1984 Plan") provides for the grant of options to acquire up to 2,900,000 shares of Common Stock to selected employees and directors. The 1984 Plan is administered by the Board of Directors of the Company (the "Plan Administrator"). Options may be granted as incentive stock options ("ISOs") or nonqualified stock options ("NSOs"). Exercise prices for ISOs must equal 100% of the fair market value of the underlying Common Stock at the date of grant, and exercise prices for NSOs cannot be less than 85% of the fair market value of the underlying Common Stock. The options typically vest over a period of four years and become exercisable at the rate of 25% one year following the date of grant and at approximately 2.08% per month thereafter. The Plan Administrator may vary the vesting schedule at its discretion, and has done so with respect to a limited number of grants. Notwithstanding the vesting schedule established for each option, the 1984 Plan provides that upon the occurrence of certain events which could result in a change in control of the Company, unvested options will become immediately exercisable. Options are nontransferable except by will or the laws of descent and distribution.

At April 21, 1987, options to purchase an aggregate of 2,447,500 shares of Common Stock had been granted to 89 individuals under the 1984 Plan and options with respect to 452,500 shares of Common Stock remained available for grant. Options to purchase an aggregate of 120,000 shares were granted under the 1984 Plan in February 1986 to an executive officer at an exercise price of \$.0625 per share. Options to purchase an aggregate of 470,000 shares were granted under the 1984 Plan in fiscal year 1986 to employees who were not officers or directors.

The Company has also adopted the 1985 Nonqualified Stock Option Plan (the "Nonqualified Plan") that originally provided for the grant of options to acquire up to 100,000 shares of Common Stock to directors, agents, consultants and independent contractors of the Company. The Nonqualified Plan was amended on April 21, 1987 to limit grants to employees only. The exercise price of options granted under the Nonqualified Plan is determined by the Plan Administrator but cannot be less than 85% of the fair market value of the underlying Common Stock.

At April 21, 1987, options to purchase an aggregate of 92,000 shares of Common Stock had been granted to two individuals under the Nonqualified Plan, and options with respect to 8,000 shares of Common Stock remained



available for grant. Options to purchase an aggregate of 12,000 shares of Common Stock were granted under the Nonqualified Plan in fiscal year 1986 to one consultant who was not an officer or director at an exercise price of \$.125 per share.

On April 21, 1987, the Company adopted the 1987 Stock Option Plan for Nonemployee Directors (the "Director Plan") that provides for the grant of options to acquire up to 100,000 shares of Common Stock to nonemployee directors. Pursuant to the Director Plan, each nonemployee director will automatically receive annually, concurrent with the annual election of directors, an option to purchase 1,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the date of grant. The purpose of the Director Plan is to help the Company retain and attract qualified nonemployee directors. The Director Plan has been submitted to the Company's shareholders for approval. No options have been issued pursuant to the Director Plan.

Outstanding options under each of the Company's plans have all been granted at exercise prices equal to 100% of the fair market value on the date of grant, as determined by the Board of Directors except for options granted in March to purchase 179,000 shares of Common Stock at \$6.80 per share, 85% of the fair market value of the underlying Common Stock on such date as determined by the Board. At April 21, 1987, over 46% of the Company's employees held options, and over 64% of its outstanding options had been granted to nonofficer employees. The Company's president and founder, Paul Brainerd, holds no options.

From inception through April 21, 1987, options had been granted to officers listed in the Cash Compensation Table and directors of the Company as follows:

<u>Name of Optionee</u>	<u>Number of Options</u>	<u>Per Share Exercise Price</u>	<u>Exercised to April 21, 1987(1)</u>	<u>Net Value Realized on Exercise of Options(1)(2)</u>	<u>Number of Options Outstanding at April 21, 1987(1)</u>
James M. Thornton	120,000 20,000	\$ .0625 6.80	12,000 —	\$ 98,850 —	108,000 20,000
Michael D. Solomon	400,000 20,000	.0625 .75	20,000 —	164,750 —	380,000 20,000
Jeremy Jaech	150,000 20,000	.025 6.80	— —	— —	150,000 20,000
Douglas G. DeVivo	80,000	.75	—	—	80,000
Gene Carter	80,000	.025	—	—	80,000
All executive officers as a group (4 persons)	730,000	\$ .443	32,000	\$263,600	698,000

(1) Assumes the exercise after April 21, 1987 by Mr. Thornton and Mr. Solomon of options to purchase 32,000 shares to be sold in this offering.

(2) Market value as determined by the Board of Directors on April 21, 1987.

### **Certain Transactions**

Aldus was originally capitalized in March 1984 through the sale of 4,000,000 shares of Common Stock to its founder and president for \$100,000 cash. In April 1984, the Company issued an aggregate of 418,000 shares of Common Stock as a stock bonus to four founding employees as consideration for their agreement to accept reduced salaries and benefits in fiscal 1984. In connection with the issuance, each recipient executed Employee Stock Restriction Agreements restricting transfer of the shares, granting the Company a right to buy back the shares if the recipient terminated his employment, and granting to the Company and other shareholders a right of first refusal with respect to any shares sold by a recipient. These agreements will terminate automatically upon the sale of the Common Stock offered hereby.

In September and October 1984, the Company sold an aggregate of 1,121,798 shares of Series A Preferred Stock to certain investors for \$875,003 cash in a private placement. The Company's Series A Preferred Stock will be converted into an aggregate of 4,487,192 shares of Common Stock upon the closing of this offering. The purchasers of Preferred Stock included, among others, the following 5% shareholders, one of which is affiliated with a director: Vanguard Associates II, Fluke Capital & Management Services Company and Branco Weiss. In connection with the sale of the Preferred Stock, Paul Brainerd, the Company's President, entered into an Executive Vesting Agreement with respect to 2,880,000 of his shares, pursuant to which such stock is subject to repurchase by the Company or the holders of the Preferred Stock upon termination of his employment. The right to repurchase lapses monthly over a three-year period commencing September 1, 1984 and is scheduled to lapse completely in accordance with its terms by September 1, 1987. The agreement grants a right of first refusal to the Company and the holders of the Preferred Stock for all shares that have vested under the agreement. Mr. Brainerd also executed a Co-Sale Agreement pursuant to which the holders of the Preferred Stock have the right to participate in any sale by him of 400,000 or more shares of Common Stock and a Voting Agreement obligating him to vote his shares along with 75% in interest of the holders of the Preferred Stock in the event of a merger or similar transaction requiring the approval of the Company's shareholders. The Executive Vesting, Co-Sale and Voting Agreements will terminate automatically upon the sale of the Common Stock offered hereby.

Michael D. Solomon, Vice President of Sales and Marketing of the Company, entered into an employment letter agreement in October 1985, which was amended April 22, 1987, pursuant to which he receives a base salary of \$65,000 per year, monthly commissions equal to 1.5% of the Company's net sales, has received stock options exercisable for 420,000 shares of Common Stock, and will be entitled to receive additional stock options exercisable for 20,000 and 40,000 shares of Common Stock in 1988 and 1989, respectively, the granting of which is contingent upon his continued employment and the Company's achieving specified levels of net sales in 1987 and 1988. The exercise price of any options granted pursuant to the agreement will be 100% of the market price of the Common Stock on the date of grant. The agreement terminates on December 31, 1988. If Aldus terminates Mr. Solomon's employment prior to that date, the Company is obligated to continue his base salary for up to three months or sooner if Mr. Solomon takes a position with another company. The Company is also obligated to pay commissions on the Company's net sales through the date of termination.

In February 1987, the Company entered into a Shareholders Agreement with McQueen Holdings, Ltd. and the shareholders of Aldus U.K. under which the Company agreed to make additional pro rata capital contributions to Aldus U.K. with the remaining shareholders, at the request of the Aldus U.K. Board of Directors. The Company's failure to make such a contribution when requested could result in the remaining shareholders obtaining greater than 50% ownership of Aldus U.K. Paul Brainerd, the Company's President, and James M. Thornton, Vice President of Finance and Operations, are directors of Aldus U.K. Under the Shareholders Agreement, the Company and McQueen Holdings, Ltd. guarantee up to approximately \$320,000 of bank debt of Aldus U.K., approximately \$280,000 of which was outstanding at April 3, 1987. The Company has an option to purchase all outstanding shares of Aldus U.K. at any time after November 1, 1988, at a price based upon after-tax earnings of Aldus U.K. Also in February 1987, the Company entered into a Distribution Agreement with Aldus U.K. under which Aldus U.K. agreed to distribute, market and service the Company's products in Great Britain and Ireland. Sales to Aldus U.K. in the first quarter of 1987 were \$254,000.

The Company's Board of Directors and shareholders have adopted amendments to the Company's Restated Articles of Incorporation and Restated Bylaws to implement a proposed new Washington statute which permits a corporation, upon receipt of shareholder approval, to limit the personal liability of directors to the corporation or its shareholders for monetary damages. If the legislation is enacted, the Company's directors would not be liable for



breaches of the fiduciary duty of care or loyalty unless there can be shown intentional misconduct, a knowing violation of law, approval of an unlawful distribution or loan, or an improper personal benefit. Since the legislation is only proposed, it is possible that it will not be enacted or that it will be enacted in different form from that anticipated by the Company. The amendment to the Company's Restated Bylaws will broaden the scope of available indemnification to the Company's directors and officers by providing a clear and unconditional right to indemnification for all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by any person in connection with any actual or threatened proceeding (including, to the extent permitted by law, any derivative action) by reason of the fact that such person is or was serving as a director or officer of the Company or, at the request of the Company, of another corporation, partnership, joint venture, trust or other enterprise, including an employee benefit plan. The new Bylaw also provides that the Company may, by action of its Board of Directors, provide indemnification to its employees and agents with the same scope and effect as the foregoing indemnification of directors and officers.

## PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth ownership information as of April 21, 1987 with respect to the Selling Shareholders and all shareholders known by the Company to be the beneficial owners of more than 5% of the outstanding shares of Common Stock of the Company, each director, and as to all directors and officers of the Company as a group. Subsequent to April 21, 1987, two executive officers exercised stock options for an aggregate of 32,000 shares of Common Stock.

<u>Name and Address</u>	<u>Shares Beneficially Owned Prior to Offering</u>		<u>Number of Shares Being Offered</u>	<u>Shares Beneficially Owned After Offering (1)</u>	
	<u>Number of Shares</u>	<u>Percent</u>		<u>Number of Shares</u>	<u>Percent</u>
Paul Brainerd ..... 411 First Avenue S. Seattle, WA 98104	4,000,000	44.9%	150,000	3,850,000	37.4%
Gene Carter (2) .....	208,204	2.3	—	208,204	2.0
Douglas G. DeVivo (3) .....	80,000	0.9	—	80,000	0.8
Vanguard Associates II (4) ..... 300 Hamilton Ave., Suite 500 Palo Alto, CA 94303	2,051,284	23.0	—	2,051,284	19.9
Branco Weiss ..... Edvard-Gut Strausse 24 8142 Vitikon Zurich, Switzerland	769,232	8.6	19,232	750,000	7.3
Fluke Capital & Management Services Company ..... 11400 S.E. Sixth Street, Suite 230 Bellevue, WA 98004	512,824	5.8	—	512,824	5.0
Summerhill Partners .....	256,412	2.9	256,412	—	—
Walter Loewenstern, Jr. ....	256,412	2.9	50,000	206,412	2.0
Jeremy Jaech (5) .....	280,000	3.1	15,000	265,000	2.5
Michael D. Solomon (6) .....	420,000	4.5	20,000	400,000	3.7
Mark H. Sundstrom (7) .....	196,000	2.2	12,000	184,000	1.8
Michael L. Templeman (8) .....	220,000	2.4	20,000	200,000	1.9
James M. Thornton (9) .....	140,000	1.5	12,000	128,000	1.2
David Walter (8) .....	220,000	2.4	10,356	209,644	2.0
Whitney Revocable Trust .....	384,616	4.3	100,000	284,616	2.8
Victor Abu-Khater .....	128,208	1.4	25,000	103,208	1.0
Directors and officers as a group (6 persons) (10) .....	5,128,204	52.4%	197,000	4,931,204	44.2%



- (1) Assumes that the Underwriters' over-allotment option is not exercised.
- (2) Includes 80,000 shares subject to options, of which 41,667 are exercisable within 60 days.
- (3) Includes 80,000 shares subject to options, of which 53,333 are exercisable within 60 days. Does not include 2,051,284 shares owned by Vanguard Associates II, of which Mr. DeVivo is a general partner.
- (4) Does not include 80,000 shares which may be obtained upon exercise of stock options by Douglas G. DeVivo, a general partner of Vanguard Associates II. See note (3) above.
- (5) Includes 170,000 shares subject to options, of which 111,040 are exercisable within 60 days.
- (6) Includes 420,000 shares subject to options, of which 20,000 will be exercised prior to this offering; 168,904 of the remainder are exercisable within 60 days.
- (7) Includes 108,000 shares subject to options, of which 75,916 are exercisable within 60 days.
- (8) Includes 110,000 shares subject to options, of which 87,082 are exercisable within 60 days.
- (9) Includes 140,000 shares subject to options, of which 12,000 will be exercised prior to this offering; 38,004 of the remainder are exercisable within 60 days.
- (10) Includes 890,000 shares subject to options, of which 32,000 will be exercised prior to the offering; 445,719 of the remainder are exercisable within 60 days. Does not include 2,051,284 shares owned by Vanguard Associates II, of which Mr. DeVivo, a director of the Company, is a general partner.

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## **DESCRIPTION OF CAPITAL STOCK**

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The authorized capital stock of the Company consists of 40,000,000 shares of Common Stock, \$.01 par value, and 2,000,000 shares of Preferred Stock, \$.01 par value. On April 3, 1987, 8,905,192 shares of Common Stock were outstanding. See footnote (1) to "Capitalization."

### **Common Stock**

The holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor and are entitled to share pro rata in any distribution to shareholders, subject to the prior rights of holders of Preferred Stock. No preemptive, conversion or redemption rights or sinking fund provisions are applicable to the Common Stock. All outstanding shares of Common Stock are, and the shares offered hereby will be, fully paid and nonassessable and are not subject to any liability for further call.

Holders of Common Stock are entitled to one vote per share on all matters to be voted on by the shareholders, and have cumulative voting rights in the election of directors.

### **Preferred Stock**

The Board of Directors has the authority to issue Preferred Stock in one or more series and to determine the rights, preferences, privileges and restrictions, including the dividend rights, voting rights, terms of redemption (including sinking fund provisions), liquidation preferences and the number of shares constituting any series and the designation thereof, without any further vote or action by the shareholders.

The issuance of Preferred Stock under certain circumstances could have the effect of delaying or preventing a change of control of the Company. The Company may issue shares of Preferred Stock with respect to which the Board of Directors, without shareholder approval, may determine voting, conversion and other rights which could adversely affect the rights of holders of Common Stock, including the loss of voting control to another entity. The Company has no present plans to issue any shares of Preferred Stock.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Common Stock is Bank of America National Trust and Savings Association, San Francisco, California.

## **SHARES ELIGIBLE FOR FUTURE SALE**

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Upon completion of this offering, the Company will have outstanding 10,287,192 shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option. Of these shares, the 2,040,000 shares sold in this offering will be freely tradeable. The remaining 8,247,192 shares held by existing shareholders are "restricted" securities within the meaning of Rule 144. All of the Company's shareholders have signed written agreements with the Representatives of the Underwriters not to sell any of their shares for 120 days after the date of this Prospectus. Following the expiration of the 120-day period, holders of 8,247,192 shares will be eligible to sell shares in the public market pursuant to Rule 144.

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned restricted shares for at least two years is entitled to sell, within any three-month period, the number of shares that does not exceed the greater of one percent of the then-outstanding shares of the Company's Common Stock (102,872 shares immediately after this offering, assuming the Underwriters' over-allotment option is not exercised) or the average weekly trading volume in the Company's Common Stock during the four calendar weeks preceding such sale. Officers and directors holding in the aggregate 4,073,204 shares will be required to comply with the volume limits of Rule 144. Persons who are not deemed "affiliates" of the Company as that term is defined under the Securities Act of 1933, as amended, and who have beneficially owned the shares for at least three years are entitled to sell their restricted shares without regard to the limitations described above.

The Company intends to file a Registration Statement on Form S-8 to register the 3,056,000 shares of Common Stock reserved for issuance under its stock option plans as soon as practicable following 90 days after the date of this Prospectus. Such Registration Statement will become effective 20 days after filing. Options for 810,957 of such shares (excluding 32,000 shares issued upon exercise of options subsequent to April 21, 1987) were vested as of April 21, 1987, and such shares and any additional vested shares reserved for options may, when exercised, be sold upon the effectiveness of the Registration Statement on Form S-8. See "Management – Stock Option Plans."

Holders of 4,036,548 shares of the restricted securities referred to above will have certain rights to request the registration of their shares under the Securities Act of 1933, as amended, following this offering. At any time after September , 1987, the Company may be obligated not more than twice to register at least 20% of such securities for sale by the holders. If the Company undertakes any future registered public offerings of its securities, the holders of these shares may under certain circumstances have such shares registered for sale.

See "Underwriting" with respect to agreements restricting the disposition of shares by the Company, the Selling Shareholders, and all other shareholders of the Company for the 120-day period following the date of this Prospectus.

Prior to this offering there has been no market for the Common Stock of the Company and no predictions can be made as to the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. Sales of substantial amounts of the Common Stock in the public market could adversely affect prevailing market prices.





The Representatives of the Underwriters have informed the Company that the Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

The Company, the Selling Shareholders, and all other shareholders and directors owning in the aggregate 8,247,192 shares of Common Stock of the Company, have agreed that they will not, without the prior consent of the Representatives of the Underwriters, offer, sell or otherwise dispose of any shares of Common Stock owned by them upon the completion of this offering for a period of 120 days from the date of this Prospectus.

Prior to this offering, there has been no public market for the Common Stock. Consequently, the offering price has been determined by negotiation among the Company, the Selling Shareholders, and the Representatives of the Underwriters. Among the factors considered in such negotiations were prevailing market conditions, the price-earnings ratios of publicly traded companies that the Company and the Representatives believed to be somewhat comparable to the Company, the sales and earnings of the Company in recent periods, estimates of the business potential of the Company, the state of the Company's business operations and other factors deemed relevant.

## **LEGAL OPINIONS**

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The validity of the shares of Common Stock offered hereby will be passed upon for the Company and the Selling Shareholders by Perkins Coie, Seattle, Washington, and for the Underwriters by Brobeck, Phleger & Harrison, Palo Alto, California. Brobeck, Phleger & Harrison may rely upon the opinion of Perkins Coie as to matters of Washington law.

## **EXPERTS**

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The consolidated financial statements, selected consolidated financial data and the financial statement schedules of Aldus Corporation at December 31, 1984, 1985 and 1986 and for the period from February 27, 1984 to December 31, 1984 and for the years ended December 31, 1985 and 1986 included in this Prospectus and the Registration Statement have been examined by Arthur Young & Company, certified public accountants, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report and upon the authority of such firm as experts in auditing and accounting.

## **ADDITIONAL INFORMATION**

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### **Securities and Exchange Commission**

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement under the Securities Act of 1933, as amended, with respect to the shares to which this Prospectus relates. As permitted by the rules and regulations of the Commission, this Prospectus does not contain all the information set forth in the Registration Statement. For further information with respect to the Company and the shares offered hereby, reference is made to the Registration Statement, including the exhibits thereto, which may be obtained from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates.

### **Trademarks**

The following are registered and unregistered trademarks of the companies listed in this Prospectus: Aldus, PageMaker, PageMaker Portfolio and PageMaker Classroom, Aldus Corporation; IBM, PC AT, DisplayWrite, Personal Pageprinter, SolutionPac Personal Publishing System and SolutionPac Personal Publishing Option and Personal System/2, International Business Machines Corporation; Microsoft, MS-DOS and MS, Microsoft Corporation; Macintosh, Macintosh Laboratory, Inc.; MacDraw, LaserWriter, LaserWriter PLUS, Apple Computer, Inc.; PostScript and Adobe Illustrator, Adobe Systems, Inc.; WordStar 3.3, MicroPro International Corporation; Lotus 1-2-3 and Symphony, Lotus Development Corporation; PC Paint, Mouse Systems Corporation; Volkswriter, Lifetree Software, Inc.; PC Paintbrush and Publisher's Paintbrush, ZSoft Corporation; Hewlett-Packard and LaserJet, Hewlett-Packard Company; WordPerfect, WordPerfect Corporation; XyWrite III, Xyquest, Inc.; Windows Draw! and In\*a\*Vision, Micrografx, Inc.; MultiMate, Multimate, Inc.; SAMNA Word, SAMNA Corporation; Linotype and Linotronic, Allied Corporation; FullPaint, Ann Arbor Softworks; MacDraft, Innovative Data Design, Inc.; OmniLaser Server 2000, Texas Instruments Corporation; Wang, Wang Laboratories, Inc.; ReadySetGo, Manhattan Graphics; MacPublisher II, Boston Software; XPress, Quark, Inc.; TurboLaser, AST Research, Inc.; WriteNow, AIRUS, Inc.



## REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Aldus Corporation

We have examined the accompanying consolidated balance sheets of Aldus Corporation at December 31, 1985 and 1986, and the related consolidated statements of income, shareholders' equity and changes in financial position for the period from February 27, 1984 (date of incorporation) to December 31, 1984 and for each of the two years in the period ended December 31, 1986. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Aldus Corporation at December 31, 1985 and 1986, and the consolidated results of its operations and changes in its financial position for the period from February 27, 1984 (date of incorporation) to December 31, 1984 and for each of the two years in the period ended December 31, 1986, in conformity with generally accepted accounting principles applied on a consistent basis during the period except for the change, with which we concur, in the method of treating development costs of computer software as described in Note 2 to the consolidated financial statements.

We have also examined, in accordance with generally accepted auditing standards, the balance sheet of Aldus Corporation at December 31, 1984 (which is not presented separately herein); and expressed an unqualified opinion on such balance sheet. In our opinion, the information set forth in the selected consolidated financial data as of and for the period ended December 31, 1984, and as of and for each of the two years in the period ended December 31, 1986 appearing on page 10, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

ARTHUR YOUNG & COMPANY

Seattle, Washington  
February 20, 1987

**ALDUS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

ASSETS

	<u>December 31,</u>		<u>April 3,</u>
	<u>1985</u>	<u>1986</u>	<u>1987</u> (unaudited)
Current Assets:			
Cash and cash equivalents .....	\$ 221,510	\$ 628,501	\$ 676,581
Marketable securities .....	681,529	2,531,436	1,823,874
Trade accounts receivable, net of allowance for doubtful accounts of \$30,000 in 1985, \$40,000 in 1986 and \$65,000 in 1987 .....	471,395	1,163,724	2,887,726
Receivable from Aldus U.K. ....	—	39,283	159,133
Inventories .....	93,159	422,233	871,179
Prepaid expenses .....	<u>30,412</u>	<u>426,254</u>	<u>754,152</u>
Total current assets .....	1,498,005	5,211,431	7,172,645
Equipment and leasehold improvements, at cost .....	220,926	947,935	1,666,170
Less accumulated depreciation and amortization .....	<u>46,740</u>	<u>156,492</u>	<u>248,464</u>
Net equipment and leasehold improvements .....	174,186	791,443	1,417,706
Other assets, substantially all capitalized software development costs in 1986 and 1987 (Note 2) .....	<u>1,620</u>	<u>377,960</u>	<u>594,057</u>
	<u>\$1,673,811</u>	<u>\$6,380,834</u>	<u>\$9,184,408</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Accounts payable .....	\$ 96,865	\$ 472,875	\$1,463,765
Accrued payroll, commissions and bonuses .....	40,000	476,509	553,948
Deferred technical support revenue .....	62,062	116,722	158,000
Federal income taxes payable (Note 6) .....	167,000	1,433,000	965,950
Other accrued liabilities .....	<u>48,470</u>	<u>122,162</u>	<u>410,992</u>
Total current liabilities .....	414,397	2,621,268	3,552,655
Long-term debt .....	—	—	114,187
Deferred income taxes (Note 6) .....	6,000	144,000	236,500
Commitments and contingencies (Note 7)			
Shareholders' equity (Notes 4, 5, 7 and 9):			
Preferred stock, 2,000,000 shares authorized — Series A redeemable and convertible, 1,121,798 shares issued and outstanding, aggregate liquidation preference and redemption value \$875,003 .....	875,003	875,003	875,003
Common stock, 40,000,000 shares authorized, 4,418,000 shares issued and outstanding .....	110,450	110,450	110,450
Retained earnings .....	<u>267,961</u>	<u>2,630,113</u>	<u>4,295,613</u>
Total shareholders' equity .....	<u>1,253,414</u>	<u>3,615,566</u>	<u>5,281,066</u>
	<u>\$1,673,811</u>	<u>\$6,380,834</u>	<u>\$9,184,408</u>

See accompanying notes.



**ALDUS CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Period from February 27, 1984 (Date of Incorporation) to December 31, <u>1984</u>	Years Ended December 31, <u>1985</u> <u>1986</u>		Three Months Ended March 31,      April 3, <u>1986</u> <u>1987</u> (unaudited)	
	Net Sales (Note 8) .....	\$ —	\$2,234,424	\$11,135,688	\$1,923,865
Operating expenses:					
Cost of sales .....	—	161,890	1,066,417	162,977	1,741,820
Selling, general and administrative .....	121,590	1,120,948	5,518,519	718,556	3,315,244
Research and development (Note 2) .....	<u>117,750</u>	<u>297,637</u>	<u>590,401</u>	<u>114,738</u>	<u>431,176</u>
Total operating expenses .....	<u>239,340</u>	<u>1,580,475</u>	<u>7,175,337</u>	<u>996,271</u>	<u>5,488,240</u>
Income (loss) from operations .....	(239,340)	653,949	3,960,351	927,594	2,730,021
Equity in income (loss) of					
Aldus U.K. ....	—	—	—	—	(59,219)
Interest income .....	<u>21,854</u>	<u>37,138</u>	<u>151,801</u>	<u>8,839</u>	<u>34,698</u>
Income (loss) before provision for federal income taxes and extraordinary credit .....	(217,486)	691,087	4,112,152	936,433	2,705,500
Provision for federal income taxes (Note 6) .....	<u>—</u>	<u>253,000</u>	<u>1,750,000</u>	<u>400,000</u>	<u>1,040,000</u>
Income (loss) before extraordinary credit .....	(217,486)	438,087	2,362,152	536,433	1,665,500
Extraordinary credit — tax benefit resulting from operating loss carryforward .....	<u>—</u>	<u>80,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss) .....	<u>\$(217,486)</u>	<u>\$ 518,087</u>	<u>\$ 2,362,152</u>	<u>\$ 536,433</u>	<u>\$1,665,500</u>
Per share (Note 9):					
Income (loss) before extraordinary credit .....	\$(.02)	\$.04	\$.21	\$.05	\$.15
Extraordinary credit .....	<u>—</u>	<u>.01</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss) .....	<u>\$(.02)</u>	<u>\$.05</u>	<u>\$.21</u>	<u>\$.05</u>	<u>\$.15</u>

See accompanying notes.

**ALDUS CORPORATION**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Retained Earnings (Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		
Balance, February 27, 1984 .....	—	\$ —	—	\$ —	\$ —	\$ —
Issuance of shares of common stock for cash (Note 5) .....	—	—	4,000,000	100,000	—	100,000
Issuance of shares of common stock for services (Note 5) .....	—	—	418,000	10,450	—	10,450
Issuance of shares of Series A redeemable and convertible preferred stock, net of issuance costs (Note 4) .....	1,121,798	875,003	—	—	(32,640)	842,363
Net loss .....	—	—	—	—	(217,486)	(217,486)
Balance, December 31, 1984 .....	1,121,798	875,003	4,418,000	110,450	(250,126)	735,327
Net income .....	—	—	—	—	518,087	518,087
Balance, December 31, 1985 .....	1,121,798	875,003	4,418,000	110,450	267,961	1,253,414
Net income .....	—	—	—	—	2,362,152	2,362,152
Balance, December 31, 1986 .....	1,121,798	875,003	4,418,000	110,450	2,630,113	3,615,566
Net income (unaudited) .....	—	—	—	—	1,665,500	1,665,500
Balance, April 3, 1987 (unaudited) .....	<u>1,121,798</u>	<u>\$875,003</u>	<u>4,418,000</u>	<u>\$110,450</u>	<u>\$4,295,613</u>	<u>\$5,281,066</u>

See accompanying notes.



**ALDUS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION**

	Period from February 27, 1984 (Date of Incorporation) to December 31, <u>1984</u>	Years Ended December 31,		Three Months Ended	
		<u>1985</u>	<u>1986</u>	<u>March 31, 1986</u>	<u>April 3, 1987</u>
				(unaudited)	
Cash flow from operating activities:					
Net income (loss) .....	\$(217,486)	\$ 518,087	\$2,362,152	\$ 536,433	\$1,665,500
Non-cash items included in income:					
Depreciation and amortization .....	8,862	39,431	129,798	20,221	139,864
Increase in deferred income taxes .....	—	6,000	138,000	8,000	92,500
Increase in receivables .....	—	(471,395)	(731,612)	(182,163)	(1,843,852)
Decrease (increase) in inventories .....	(7,099)	(86,060)	(329,074)	51,737	(448,946)
Increase (decrease) in accounts payable .....	19,235	77,630	376,010	(13,368)	990,890
Increase (decrease) in federal income taxes payable .....	—	167,000	1,266,000	253,274	(467,050)
Increase in other accrued liabilities .....	38,713	111,819	564,861	58,020	342,175
Other .....	(12,569)	(17,714)	(391,503)	(1,222)	(327,898)
Net cash provided (used) by operating activities .....	<u>(170,344)</u>	<u>344,798</u>	<u>3,384,632</u>	<u>730,932</u>	<u>143,183</u>
Cash flows used by investing activities:					
Decrease (increase) in marketable securities .....	(350,312)	(331,217)	(1,849,907)	(658,569)	707,562
Equipment and leasehold improvements purchased .....	(56,238)	(170,770)	(782,787)	(75,996)	(718,235)
Capitalized software development costs .....	—	—	(375,231)	(50,599)	(263,989)
Other .....	(2,557)	5,337	30,284	(1,795)	—
Net cash used by investing activities .....	<u>(409,107)</u>	<u>(496,650)</u>	<u>(2,977,641)</u>	<u>(786,959)</u>	<u>(274,662)</u>
Cash flows from financing activities:					
Proceeds from long-term debt borrowings .....	—	—	—	—	179,559
Proceeds from issuance of common stock .....	110,450	—	—	—	—
Proceeds from issuance of preferred stock .....	842,363	—	—	—	—
Net cash provided by financing activities .....	<u>952,813</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>179,559</u>
Increase (decrease) in cash and cash equivalents .....	<u>\$ 373,362</u>	<u>\$(151,852)</u>	<u>\$ 406,991</u>	<u>\$ (56,027)</u>	<u>\$ 48,080</u>

See accompanying notes.

**ALDUS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Information pertaining to the three months ended**  
**March 31, 1986 and April 3, 1987 is unaudited)**

**1. Organization and significant accounting policies.**

Aldus Corporation (the "Company") was incorporated in the State of Washington on February 27, 1984, to develop, manufacture and market computer software for microcomputer-based desktop publishing systems. The Company sells its products through over 3,100 dealer locations in the United States and Canada and distributes its products internationally through 23 overseas distributors and Aldus U.K. The Company was considered a development stage company until July 1985 when it began shipping its products to customers.

Effective in 1987, the Company has elected to end its first three fiscal quarters on the Friday closest to the end of the calendar quarter. The last fiscal quarter and the year will continue to end on December 31.

*Principles of consolidation*

The accompanying financial statements consolidate the accounts of the Company and its wholly owned subsidiary, Aldus Trading Limited, a foreign sales corporation (Note 6). All significant intercompany accounts and transactions have been eliminated.

*Revenue recognition*

The Company recognizes revenue on the sales of its products at the date the product is shipped.

*Marketable Securities*

Marketable securities are carried at cost (specific identification basis) which approximates market.

*Inventories*

Inventories consist primarily of unpackaged finished products and are stated at the lower of cost (on a first-in, first-out basis) or market.

*Depreciation and amortization*

Depreciation of equipment is provided on the straight-line method over estimated useful lives ranging from three to five years. Amortization of leasehold improvements is provided on the straight-line method over the lesser of the related lease term or the estimated useful lives of the assets.

*Research and development*

Except for software development costs (Note 2), research and development costs are expensed as incurred. Equipment used in research and development with alternative future uses is capitalized and depreciated over its estimated useful life.

*Income taxes*

The Company accounts for investment tax credits using the flow-through method.

*Aldus U.K.*

The Company uses the equity method to account for its investment in Aldus (U.K.) Limited ("Aldus U.K."), a joint venture in which the Company owns a 50% interest, which was formed to distribute the Company's products in the United Kingdom and Ireland.

*Deferred technical support revenue*

The Company's sales agreements provide for technical support for the 45 days following the date of notification by the customer; accordingly, a portion of the sales price is deferred and amortized ratably over the estimated support



**ALDUS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(Information pertaining to the three months ended**  
**March 31, 1986 and April 3, 1987 is unaudited)**

period to offset support and warranty costs. In addition, certain customers purchase an extended support contract, and amounts prepaid pursuant to such contracts are deferred and amortized ratably over the term of the support contract.

*Unaudited financial information*

The information for the three-month periods ended March 31, 1986 and April 3, 1987 is unaudited but includes all adjustments that the Company considers necessary, consisting only of normal recurring adjustments, for a fair presentation of the results for the periods.

**2. Capitalized software development costs.**

Beginning in the year ended December 31, 1986, the Company complied with the provisions of Statement of Financial Accounting Standards No. 86 regarding software development costs. Such costs are capitalized and amortized on a product-by-product basis over a period not exceeding 18 months. Initial amortization commenced in January 1987. In 1985, software development costs were expensed as incurred. For the year ended December 31, 1986 and the three months ended March 31, 1986 and April 3, 1987, the effect of adopting this new accounting principle was to increase net income by approximately \$203,000, \$29,000 and \$158,000 (\$.02, none and \$.01 per share), respectively. Amortization expense for the three months ended April 3, 1987 amounted to \$47,892.

**3. Line of credit.**

The Company has an unsecured \$750,000 revolving line of credit with a bank, expiring on March 31, 1988. As of April 3, 1987, the line was unused. Interest is payable monthly at prime plus 1/2%.

**4. Redeemable and convertible preferred stock.**

The Company has issued and outstanding 1,121,798 shares of Series A redeemable and convertible preferred stock. When declared by the Company's Board of Directors, holders of the preferred stock are entitled to annual, non-cumulative dividends of \$.0624 per share, before any dividends are declared on common stock. Preferred shareholders are entitled to the number of votes per share which would result if each share were converted into common stock. Each share is redeemable at the option of the Company at \$.78 per share plus declared but unpaid dividends, after the consent of the majority of the Series A preferred shareholders is received. If there is no conversion or redemption by September 20, 1991, the Company is required to redeem all outstanding shares of Series A stock at \$.78 per share, plus declared but unpaid dividends. At the earlier of three months after the Company's first registration for a public offering or September 21, 1987, a minimum of 50% of the holders of the Series A preferred stock may request that the Company file a registration statement covering at least 20% of the preferred stock then outstanding, or a lesser amount if the anticipated net proceeds from such an offering exceed \$5,000,000.

The Series A preferred stock is convertible at the option of the holder into four shares of the Company's common stock. All outstanding shares of Series A preferred stock shall automatically be converted into four shares of common stock (i) on consummation of a public offering of common stock by the Company in which the proceeds exceed \$5,000,000 and in which the price per share exceeds \$.78 per share or (ii) on the date on which two-thirds of the shares of Series A preferred stock have been converted into common stock. The conversion ratio is subject to adjustment if there are certain changes in the capital structure of the Company.

In the event of liquidation, holders of Series A preferred stock shall be entitled to be paid \$.78 per share of preferred stock plus declared but unpaid dividends before any distributions are made to common shareholders.

**ALDUS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(Information pertaining to the three months ended**  
**March 31, 1986 and April 3, 1987 is unaudited)**

**5. Common stock.**

The Company has a stock vesting agreement with its president whereby if the president ceases to be a full-time employee of the Company, non-vested shares owned by the president may be repurchased by the Company or the preferred shareholders at the original purchase price. Terms of the agreement provide that 80,000 shares vest for every month of employment completed and at April 3, 1987 400,000 shares were not vested. Certain of the Company's employees received 418,000 shares of common stock in 1984 for services performed. The Company has an agreement with these employees that if they cease to be full-time employees, the Company or other shareholders may repurchase the employees' shares at the then fair market value of the stock. These agreements and the Company's ability to repurchase the shares terminate on consummation of a public offering of common stock by the Company.

No dividends may be declared or paid on common stock if the net assets of the Company after such a dividend would be insufficient to make the liquidation payment on the Series A redeemable preferred stock.

At April 3, 1987 there were 2,900,000 shares of common stock reserved for issuance pursuant to the Company's 1984 Restated Stock Option Plan which permits the granting of incentive stock options and nonqualified stock options. In addition, on that date 100,000 shares are reserved for issuance pursuant to the Company's 1985 Nonqualified Stock Option Plan. Each outstanding option under the 1984 Plan was issued at the fair market value (or 85% of the fair market value) of the stock at the date of grant and has a term of ten years from the date of grant. As amended in 1987, options under the 1984 Plan become exercisable at varying rates, but generally 25% after the first year and ratably each month for the next three years. As of April 23, 1987, no options had been exercised. Option activity for the period from February 27, 1984 to April 3, 1987 is as follows:

	<u>Number of Shares</u>	<u>Option Price Per Share</u>	<u>Aggregate</u>
1984 activity - shares granted .....	<u>418,000</u>	\$ .025	<u>\$ 10,450</u>
Outstanding December 31, 1984 .....	418,000	\$ .025	10,450
1985 activity - shares granted .....	<u>856,000</u>	\$.025 - \$ .0625	<u>43,450</u>
Outstanding December 31, 1985 .....	1,274,000	\$.025 - \$ .0625	53,900
1986 activity - shares granted .....	<u>602,000</u>	\$.0625 - \$ .25	<u>100,000</u>
Outstanding December 31, 1986 .....	1,876,000	\$.05 - \$ .25	153,900
1987 activity - shares granted .....	<u>459,000</u>	\$.75 - \$6.80	<u>1,427,200</u>
Outstanding April 3, 1987 .....	<u>2,335,000</u>	\$.025 - \$6.80	<u>\$1,581,100</u>
Exercisable April 3, 1987 .....	<u>800,667</u>		<u>\$ 109,615</u>

On April 21, 1987, the Company's Board of Directors adopted, subject to shareholder approval, the 1987 Stock Option Plan for Nonemployee Directors that provides for the grant of options to acquire up to 100,000 shares of the Company's common stock. Pursuant to this plan, each nonemployee director will automatically receive annually an option to purchase 1,000 shares of common stock; at present no such options have been granted. In addition on April 21, 1987, the Company granted options under the 1984 Plan to purchase 204,500 shares of common stock at \$8.30 per share.



**ALDUS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(Information pertaining to the three months ended**  
**March 31, 1986 and April 3, 1987 is unaudited)**

**6. Income taxes.**

The components of the income tax provision are as follows:

	<u>Years Ended December 31,</u>	
	<u>1985</u>	<u>1986</u>
Current .....	\$167,000	\$1,612,000
Charge in lieu of federal income taxes offset by extraordinary credit .....	80,000	—
Deferred .....	<u>6,000</u>	<u>138,000</u>
	<u>\$253,000</u>	<u>\$1,750,000</u>

The components of the deferred tax provision are as follows:

	<u>Years Ended December 31,</u>	
	<u>1985</u>	<u>1986</u>
Capitalized software development costs expensed for tax purposes .....	\$ —	\$172,600
Other .....	<u>6,000</u>	<u>(34,600)</u>
	<u>\$6,000</u>	<u>\$138,000</u>

The Company's effective income tax rate differs from the amount computed by applying the statutory federal income tax rate due to the following:

	<u>Years Ended December 31,</u>	
	<u>1985</u>	<u>1986</u>
Statutory rate .....	\$318,000	\$1,892,000
Surtax exemption .....	(20,000)	(20,000)
Foreign sales corporation benefit .....	—	(120,000)
Research and experimental tax credit .....	(39,000)	—
Investment tax (credit) recapture .....	(14,000)	4,000
Other, net .....	<u>8,000</u>	<u>(6,000)</u>
	<u>\$253,000</u>	<u>\$1,750,000</u>

The effective income tax rates for the three months ended March 31, 1986 and April 3, 1987 are based on estimates of the rates for the respective years.

In 1986, the Company established Aldus Trading Limited, a foreign sales corporation ("FSC"), located in Barbados, to act as its commission agent on sales of product and service sold outside the United States. In Barbados, the FSC is exempt from taxation under the Barbados Foreign Sales Corporation Act. For U.S. corporate income tax purposes, a portion of the FSC's foreign trading gross receipts is exempt from tax.

**ALDUS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**  
**(Information pertaining to the three months ended**  
**March 31, 1986 and April 3, 1987 is unaudited)**

**7. Commitments and contingencies.**

Minimum rental commitments for equipment and facilities under noncancellable operating leases are as follows:

Year ended December 31:	
1987 .....	\$ 431,600
1988 .....	423,400
1989 .....	211,100
1990 .....	101,200
1991 .....	65,200
	<u>\$1,232,500</u>

Rent expense for the period from February 27, 1984 to December 31, 1984 and for the years ended December 31, 1985 and 1986 was \$7,372, \$42,092 and \$138,049, respectively, and for the three months ended March 31, 1986 and April 3, 1987 was \$27,400 and \$179,000, respectively.

One of the Company's lease agreements requires the maintenance of certain net tangible worth and working capital amounts and at April 3, 1987, the Company had complied with the restrictive covenants in this agreement.

The Company and an affiliate of its joint venture partners have each agreed to guarantee up to approximately \$320,000 of bank debt of Aldus U.K., approximately \$283,000 of which was outstanding at April 3, 1987.

The Company has committed to pay a commission of 1-1/2% of net revenue through December 31, 1988 to an officer of the Company. The Company is also committed to grant options to purchase up to 60,000 shares of its common stock to the officer at the then fair market value if net sales of the Company exceed certain specified amounts.

**8. International sales.**

International sales for the years ended December 31, 1985 and 1986 and the three months ended March 31, 1986 and April 3, 1987 were \$460,000, \$2,863,000, \$470,000 and \$2,237,000, respectively. For the three-month period ended April 3, 1987, international sales included \$254,000 of sales to Aldus U.K.

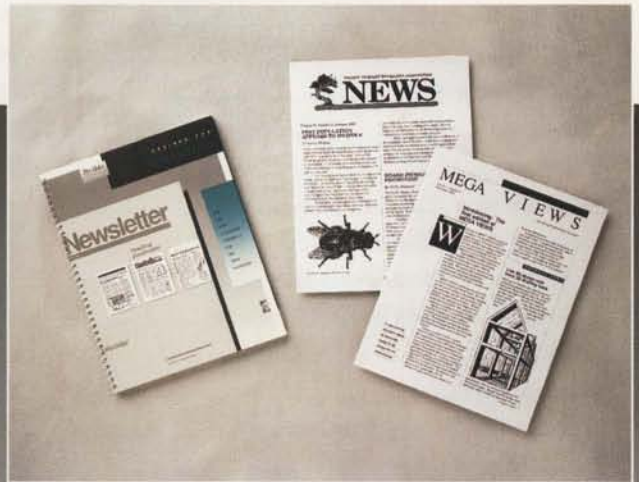
**9. Per share information.**

Income (loss) per share is based upon the number of common shares outstanding, plus common stock equivalent shares issuable upon conversion of preferred stock and the exercise of stock options using the treasury stock method. Under Securities and Exchange Commission rules, options granted and shares issued (including shares issued on the assumed conversion of preferred stock) prior to the date of the 1987 initial public offering, at a per share price less than that of the offering price (assumed to be \$16.00 per share), are considered outstanding for all periods reported for purposes of determining income (loss) per share. On that basis, the number of shares used in computing income (loss) per share for all periods presented herein is 11,239,789.

On November 21, 1986, the Company effected a 2-for-1 stock split of its common stock and on April 17, 1987 effected another 2-for-1 common stock split. Retroactive effect has been given to these stock splits for all share and per share information included in the accompanying consolidated financial statements.



PageMaker® is the only desktop publishing software product currently available that runs in both the Apple Macintosh and MS-DOS environments. In addition to PageMaker, Aldus Corporation has introduced two ancillary product lines, *PageMaker Classroom*™ training materials (top inset), and the *PageMaker Portfolio*™ series, a set of pre-formatted designs for various types of documents, the first of which is *PageMaker Portfolio: Designs for Newsletters* (bottom inset).



Until September , 1987 (90 days after the date of this Prospectus), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

**TABLE OF CONTENTS**

Prospectus Summary .....	3
The Company .....	5
Risk Factors .....	6
Use of Proceeds .....	7
Dividends .....	7
Dilution .....	8
Capitalization .....	9
Selected Consolidated Financial Data .....	10
Management's Discussion and Analysis of Results of Operations and Financial Condition .....	11
Business .....	15
Management .....	23
Principal and Selling Shareholders .....	28
Description of Capital Stock .....	29
Shares Eligible for Future Sale .....	30
Underwriting .....	31
Legal Opinions .....	32
Experts .....	32
Additional Information .....	32
Consolidated Financial Statements .....	33

No dealer, salesman or other person has been authorized to give any information or make any representations in connection with this offering other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Shareholders or by any of the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The delivery of this Prospectus at any time does not imply that information contained herein is correct as of any time subsequent to its date.

**2,040,000 Shares**



**Common Stock**

**PROSPECTUS**

**Alex. Brown & Sons**  
Incorporated

**Montgomery Securities**

, 1987



# Desktop-publishing pioneer will go public

By Les Gapay  
P-I Reporter

Aldus Corp., the privately owned Seattle software company that has been sweeping the desktop publishing field, has decided to go public.

The company filed a registration statement with the U.S. Securities and Exchange Commission for a proposed initial offering of 2,040,000 shares of common stock to be priced between \$14 and \$16 per share. They would probably go on sale in early June.

The stock would include 1,350,000 shares sold by the company and 690,000 shares sold by existing shareholders, including president and founder Paul Brainerd, who coined the phrase desktop publishing.

At \$16, the offering would raise \$22 million for the company and \$11 million for the selling stockholders. The company will have 10,287,192 shares outstanding after the offering.

Alex Brown & Sons Inc., Baltimore, and Montgomery Securities, San Francisco, will co-manage the offering, which still has to be approved by the SEC. Aldus said it will use the proceeds "for general corporate purposes, principally working capital."

The registration statement said other possible uses of the funds are for acquisitions of companies or product lines complimentary to Aldus' business, but that no deals currently are being negotiated or planned.

Aldus develops and markets desktop publishing software for Apple Macintosh and IBM PC-AT and compatible microcomputers. Aldus developed PageMaker, a program that enables businesses to turn out professional, printer-quality publications in-house.

The company was founded in February 1984 to electronically do page layouts and design of publications such as newsletters

and brochures on personal computers.

Aldus initially was funded with less than \$1 million in venture capital and subsequent growth was handled by revenues from sales. In 1986, sales were \$11 million, Aldus said. The company has 193 employees, mostly at its headquarters at Pioneer Square.

Aldus began marketing PageMaker for the Apple Macintosh in July 1985 and in January of this year began selling a version that would run on IBM PCs and their compatibles. A newer version of PageMaker for the Macintosh was released earlier this month. The company has sold more than 60,000 copies of PageMaker and believes it is the leading desktop publishing product, according to Aldus' registration statement.

Earlier this month, Aldus entered into a major marketing agreement with IBM to include PageMaker as part of new products the hardware giant announced for personal publishing. The worldwide distribution agreement was "a strong endorsement of our position as the industry standard for desktop publishing," Brainerd said at the time. The IBM publishing system product will be built around one of IBM's newly announced computer models.

Aldus also has marketing alliances with Hewlett-Packard, Digital Equipment Corp., Wang Laboratories and Olivetti.

In its registration statement, Aldus said net sales were \$2.2 million in 1985, \$11.1 million in 1986 and \$8.2 million for the three months ended April 3. The latest quarterly figure is more than four times the sales of \$1.9 million in the first quarter of 1986.

Aldus said it had net income of \$518,000 in 1985, \$2.4 million in 1986 and \$1.7 million in the first quarter of this year. The latest quarter profit compares with \$536,000 in the year ago quarter.

The SEC document said the largest shareholder is Brainerd, with 4 million shares



P-I/1986

Paul Brainerd is the president of Aldus Corp.

or 44.9 percent of the stock. He will sell 150,000 shares in the public offering and retain 3.85 million, or a 37.4 percent stake in the company. At \$16 per share, his total ownership would be worth \$64 million; the initial 150,000 shares sold would fetch him \$2.4 million.

Other selling shareholders who are Aldus employees include vice presidents Michael Solomon, 20,000 shares; Jeremy Jaech, 15,000 shares, and James Thornton, 12,000.

Brainerd, 39, formerly was with the Redmond operation of Atex Inc., maker of publishing systems for newspapers and magazines. He also has a background in journalism in Minnesota.

# China more to West, e

By Jack Swanson  
P-I Pacific Rim Reporter

The People's Republic of China is committed to keep doors open to more trade with the West, despite an apparent downturn in its internal reform program, President Reagan's trade policy expert said yesterday in Seattle.

In fact, China is moving rapidly in talks with the United States about China's entry into the General Agreement on Tariffs and Trade (GATT) and the next round of talks may be held in Seattle, said William Abnett, director of Chinese Affairs Office of the U.S. Trade Representative.

Abnett discussed recent changes in China with Post-Intelligencer during a stopover in Seattle on his way back to Washington, D.C. for trade talks in Beijing. Commerce Secretary Malcolm Baldrige is in the talks in Beijing, making stops in Tokyo and Seoul.

During the interview, Abnett also disclosed he is being considered for the position of director of the Washington, D.C. China Relations Council, a University of Washington graduate and former economic attaché in the U.S. Embassy in Beijing.

## \$250 million





## Aldus Corporation Announces Marketing Agreement with International Business Machines

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was created with  
Aldus PageMaker.*

**For Immediate  
Release**

**Aldus Corporation**  
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(206) 628-2352

**Cunningham Communication, Inc.**  
Andy Cunningham  
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(415) 962-8914

SEATTLE, WA, April 2, 1987 — Aldus Corporation, developers of PageMaker® desktop publishing software, today announced a worldwide software distribution agreement with International Business Machines Corporation.

Under the terms of the agreement, IBM® will include PageMaker software as part of its two new IBM Solution Pacs™ for personal publishing. The SolutionPac Personal Publishing System will be a turnkey system built around PageMaker, Microsoft® Windows, the new IBM Personal System/2™ Model 30, and IBM's new PostScript®-compatible Personal Pageprinter laser printer. The SolutionPac Personal Publishing Option will be a desktop publishing upgrade kit, including PageMaker and the new IBM laser printer.

Aldus President Paul Brainerd said, "We are extremely pleased that IBM has elected to make PageMaker part of its new desktop publishing solutions. This announcement is a strong endorsement of our position as the industry standard for desktop publishing. It is also a validation of our ongoing commitments to the Windows operating environment and the PostScript page description language. We look forward to working closely with IBM in the future development and marketing of a wide range of integrated desktop publishing solutions."

Merry L. Quackenbush, IBM Director of Media Industry and Publishing Systems in the IBM Systems Information Group, said, "We at IBM are delighted





to announce our association with Aldus Corporation, a recognized leader in the desktop publishing area." IBM will be marketing PageMaker as a stand-alone product under IBM's vendor application software program, as well as making it part of its personal publishing SolutionPacs.

The SolutionPac Personal Publishing System will include the new IBM Personal System/2™ Model 30 computer, mouse and display; the new IBM Personal Pageprinter (4216) laser printer; and a PC-resident version of the PostScript page description language from Adobe Systems. In addition, it will include Microsoft Windows, PC-DOS 3.3 and PageMaker, all of which will be pre-loaded onto the System/2 hard disk to provide a turnkey desktop publishing solution.

The SolutionPac Personal Publishing Option will be offered as an upgrade kit for the IBM PC XT® 286, PC AT® and the new IBM Personal System/2 Model 30 computers. It will include PageMaker, Windows, the IBM Personal Pageprinter, and the software and adaptor card required for the PC-resident version of PostScript.

Aldus Corporation, founded in 1984, develops, markets and supports desktop publishing software for microcomputers. Its PageMaker product, first released in July 1985 for the Apple Macintosh, has sold more than 50,000 copies worldwide and is generally considered to have set an industry standard for power, versatility and ease of use in desktop publishing.

The Macintosh version of PageMaker was awarded InfoWorld's 1986 Readers' Choice award for "Best Desktop Publishing Product of the Year." The PC version of PageMaker, which runs under the Microsoft Windows operating environment, was released to market in January 1987.

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*IBM, PC AT, PC XT, SolutionPac and Personal System/2 are registered and unregistered trademarks of International Business Machines Corporation. Microsoft and MS-DOS are registered trademarks of Microsoft Corporation. PostScript is a registered trademark of Adobe Systems, Inc. PageMaker is a registered trademark of Aldus Corporation.*



## Aldus Announces New Corporate Support and Training Program

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---

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SEATTLE, WA., March 30, 1987 — Aldus Corporation today announced the introduction of Aldus Corporate Services, a training and support program designed specifically for corporations using PageMaker desktop publishing. The new program includes technical assistance, training packages, and written materials for corporate information centers and microcomputer support groups.

“To develop the program, we went into the field and asked our corporate customers what they wanted in service and support from a software company,” said Kathleen Humphrey, Aldus marketing manager for corporate development. “Then we developed a very flexible schedule of services to assist corporations in providing the best possible support for their PageMaker users.”

“We realize that corporations as a group have a number of special service and support requirements — and that the specific requirements of individual corporations vary significantly,” added Mike Solomon, Aldus vice president of marketing and sales. “We have drawn on our technical expertise and collective publishing background to develop a variety of services, tools and support programs that can be tailored to the specific requirements of each corporate setting.”





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## Corporate Support

Aldus Corporate Services offers various training and support programs based on the level of services required by a company. Corporate Support Level I includes unlimited phone calls by designated individuals within the organization to Aldus' Technical Support staff via a toll-free 800 number; free PageMaker upgrades; new PageMaker releases at 50 percent discount; subscriptions to the *Desktop Publisher* and *Aldus File* newsletters, which feature product announcements, design tips, and technical information; and PageMaker technical support notes, which include ongoing revisions and additions to the *PageMaker User Manual*. The price of the Level I support package is \$1,000 per year.

Corporate Support Level II combines all the features of Level I with an on-site Aldus session to provide optimum training and support for PageMaker. During a one-day Train-the-Trainer class, an Aldus representative will instruct in-house corporate trainers in desktop publishing and the use of PageMaker, so they in turn can educate other company users. The cost of Corporate Support Level II is \$2,000 per year.

---

## Training

The Train-the-Trainer class included with Corporate Support Level II can also be purchased separately. During this one-day session for up to 10 people, an Aldus corporate training specialist will teach corporate trainers how to use PageMaker, explain the fundamentals of electronic page layout, and discuss various techniques for educating company users. The Train-the-Trainer class costs \$1,500.



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*PageMaker Classroom*, a complete set of introductory training materials on desktop publishing, is also available as a stand-alone option through Aldus Corporate Services. *PageMaker Classroom* includes a comprehensive instructor's manual, 10 copies of the student workbook, and a set of overhead transparencies, so that corporate trainers can conduct their own staff training. The corporate version of *PageMaker Classroom* costs \$600, with volume discounts available. Additional copies of the student workbook are available in units of 10 for \$150.

Aldus Corporation, founded in February 1984, develops, markets and supports desktop publishing software for microcomputers. Its PageMaker products are available through a network of more than 3,000 authorized Aldus resellers in the U.S. and Canada, as well as through distributors in more than 25 countries around the world.

For more information on the Aldus Corporate Services program, contact Aldus Corporation, 411 First Avenue South, Seattle, Washington 98104, or call (206) 628-2373.

— 30 —





## FACT SHEET: Aldus Corporation

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### Introduction

Aldus Corporation, founded in February 1984, develops, markets, and supports desktop publishing software for microcomputers. Desktop publishing integrates text and graphics, allowing people to design, edit, and lay out high-quality printed communications at a fraction of the time and expense required by conventional production techniques. Desktop publishing is currently one of the fastest growing segments of the computer industry due to its quick and demonstrable return on investment and the flexibility and control it brings to the design and production process.

Aldus Corporation, based in Seattle, Washington, was initially funded with less than \$1 million. Lead venture funding came from Vanguard Associates in Palo Alto, California. In 1986, Aldus posted sales of \$11 million.

### Company Milestones

February 1984	Aldus Corporation founded
July 1985	PageMaker 1.0 for the Apple Macintosh
October 1985	First international version of PageMaker
March 1986	PageMaker 1.2
April 1986	Software Publishers' Association award, Best New Use of a Computer for 1985
October 1986	Marketing agreement with Hewlett-Packard and Microsoft
October 1986	<i>PageMaker Classroom</i> training program
December 1986	<i>PageMaker Portfolio: Designs for Newsletters</i>
December 1986	Marketing agreement with Wang Laboratories
December 1986	Aldus employee count reaches 100
January 1987	PageMaker for the PC
January 1987	<i>InfoWorld</i> 1986 Readers' Choice awards for Desktop Publishing Product of the Year and Macintosh Software Product of the Year
March 1987	Marketing agreement with Digital Equipment Corporation
April 1987	Marketing agreement with International Business Machines
April 1987	PageMaker 2.0 for the Macintosh

### Management Team

Paul Brainerd, President and Founder  
Michael Solomon, Vice President, Marketing & Sales  
James Thornton, Vice President, Finance & Operations  
Jeremy Jaech, Vice President, Engineering



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## FACT SHEET: PageMaker

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### Product

PageMaker is a desktop publishing software package that integrates text and graphics, allowing users to design, edit, and lay out high-quality printed communications. Designed by the publishing industry professionals at Aldus, PageMaker is generally considered to have set an international industry standard for desktop publishing software because of its power, versatility, and ease of use. PageMaker has won market acceptance due to its quick and demonstrable return on investment and the flexibility and control it brings to the design and production process.

PageMaker sets up the computer screen as an electronic paste-up board and gives users a "toolbox" of design aids for electronic page composition. The program permits easy integration of text and graphics, includes a built-in text editor, and allows proportional scaling and cropping of graphic elements.

PageMaker is currently available in eight languages and in more than 25 countries. The installed customer base of PageMaker users numbers more than 50,000.

Since its introduction, PageMaker has won a number of software awards, including *InfoWorld's* 1986 Readers' Choice awards for "Macintosh Software Product of the Year" and "Desktop Publishing Product of the Year."

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### PageMaker for the Apple Macintosh

PageMaker for the Macintosh accepts pre-formatted text files from leading word processing programs, as well as unformatted ASCII files from other word processing applications. PageMaker directly accepts PostScript-based graphics; graphics files from MacPaint, MacDraw, and other PICT (picture-formatted) applications; scanned images in TIFF (Tag Image File Format); as well as graphs, charts, spreadsheets, and clip art from virtually all other Macintosh programs through the Macintosh Scrapbook or Clipboard.

The recommended hardware configuration for PageMaker is a Macintosh Plus, Macintosh II, or Macintosh SE, and hard disk. PageMaker supports the Apple Imagewriter, LaserWriter, and LaserWriter Plus printers; the Allied Linotype Linotronic 100 and 300 typesetters; and other PostScript-compatible output devices. PageMaker for the Macintosh is priced at \$495 (U.S.).

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### PageMaker for the PC

PageMaker for the PC AT and compatibles, running under Microsoft Windows, integrates text and graphics from a number of sources. PageMaker directly supports many of the leading word processing programs, retaining their paragraph, indent, type, and other formatting information, as text is imported. In addition, PageMaker can import unformatted ASCII text files from any word processor capable of generating a text-only file. PageMaker also imports PostScript, bit-map, and object-oriented (draw-type) graphics. Additional



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graphic exchanges are supported via the Windows Clipboard.

The recommended PageMaker configuration is a PC AT or compatible with 640K RAM (512K minimum), a 10MB or larger fixed disk, an Enhanced Graphics Adapter or Hercules Graphics Card, and a Windows-compatible "mouse" pointing device. In general, PageMaker will operate on any PC AT compatible that runs Microsoft Windows.

PageMaker supports Windows-compatible printers, including the Hewlett-Packard LaserJet and LaserJet PLUS, the AST Research TurboLaser, and PostScript-compatible devices such as the Apple LaserWriter and LaserWriter Plus, QMS P800, Texas Instruments OmniLaser Series 2000, and the PostScript versions of Allied Linotype's Linotronic 100 and 300 imagesetters. PageMaker for the PC is priced at \$695 (U.S.).

---

### **PageMaker Portfolio Series**

*PageMaker Portfolio: Designs for Newsletters* is the first offering in the *PageMaker Portfolio* series. The *Designs for Newsletters* package includes disks of 21 preformatted newsletter designs (or templates), a self-guided tutorial, and a 114-page instruction manual. Nondesigners can easily incorporate their own copy, headlines, and artwork into one of the *Portfolio* templates. By following the many advanced techniques described in the manual, PageMaker users can add designer touches to the basic formats or significantly revise them to suit their needs.

Other editions of the *PageMaker Portfolio* series planned this year will cover manuals, brochures, and business documents such as letterhead, forms, and presentation graphics. They will be available for both the Macintosh and PC versions of PageMaker.

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### **Distribution**

PageMaker for the Macintosh and PC AT compatibles are available from authorized Aldus resellers worldwide. PageMaker is distributed in the U.S. by Microamerica.

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### **For more information, contact:**

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## FACT SHEET: PageMaker Training

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Aldus PageMaker.

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### PageMaker Classroom

*PageMaker Classroom*, a complete set of introductory training materials on PageMaker and desktop publishing, is available for educational institutions, corporations, and other organizations and individuals who wish to offer PageMaker training programs. It is priced at \$750, with special discounts available for educational institutions, dealers, and corporations.

*PageMaker Classroom* includes an instructor's manual, 10 copies of the student workbook, PageMaker program disks, student data disks, and a set of overhead transparencies. Additional student workbooks are available in packages of 10 for \$150.

---

### Authorized Training Centers

Aldus is implementing an Authorized Training Center (ATC) program for independent consultants, colleges, and training centers to ensure the availability of high-quality training for PageMaker users.

To achieve ATC status, applicants must meet a stringent set of criteria and pass inspection during an on-site visit by an Aldus representative. Groups that successfully obtain the ATC designation are eligible to provide end-user PageMaker training and receive business referrals from Aldus.

Aldus supports its ATCs through a special toll-free 800 number; a subscription to *The Aldus File*, Aldus' technical support newsletter; and ongoing technical support notes. ATC supplies include a catalog of training materials, a free copy of the *PageMaker Portfolio: Designs for Newsletters* template package, PageMaker student samples, and other materials.

---

### Aldus Corporate Services

Aldus Corporate Services is a training and support program designed specifically for corporations using PageMaker. The two-tiered program offers technical assistance, training packages, and written materials for corporate information centers and microcomputer support groups.

Corporate Support Level I includes unlimited phone calls by designated individuals within the organization to Aldus' Technical Support staff via a toll-free 800 number; free PageMaker upgrades; new PageMaker releases at a discount; subscriptions to the *Desktop Publisher* and *Aldus File* newsletters, which feature product announcements, design tips, and technical information; and PageMaker technical support notes, which include ongoing revisions and additions to the *PageMaker User Manual*. The price of the Level I support package is \$1,000 per year.

Corporate Support Level II includes all the features of Level I, plus a one-day, on-site training session for in-house corporate trainers so they can educate other PageMaker users within their companies. The price of Corporate Support Level II is \$2,000 per year.



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Various elements of both Corporate Support Level I and Level II can be purchased separately so that corporations can customize training programs to meet specific organizational requirements.

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## FACT SHEET: Aldus Customer Service and Support

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### Registered User Services

All registered PageMaker users receive 45 days of free telephone technical support, beginning with their first call. Registered users also receive the *Aldus Guide to Basic Design*, a 68-page book of design tips and layout techniques, and *The Desktop Publisher*, a bimonthly newsletter containing design tips, announcements of Aldus programs and policies, and information on updates and new products. Technical support is available weekdays from 7 a.m. to 6 p.m. Pacific Time.

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### Extended Technical Support Services

Additional support is available to registered PageMaker owners through Aldus' Extended Technical Support Services (ETSS). For an annual fee, ETSS subscribers receive five additional hours of telephone technical support via a toll-free 800 number, special rates on PageMaker updates and new releases, and a subscription to *The Aldus File*, a quarterly technical newsletter that reviews emerging technologies, reviews compatible software and hardware, and analyzes upcoming PageMaker features and capabilities. ETSS annual fees are \$75 for Macintosh users, \$125 for PC users.

---

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## FACT SHEET: Design Assistance

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### **Aldus Guide to Basic Design**

The *Aldus Guide to Basic Design* is a 68-page booklet of design tips and layout techniques for desktop publishers. While there are no universal rules for graphic design, there are certain guidelines that can be adapted to most situations. The *Aldus Guide to Basic Design* explains these conventions and offers information to assist nondesigners in producing visually exciting publications. Aldus sends a free copy of the *Aldus Guide to Basic Design* to all PageMaker users when they return their registration cards.

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### **PageMaker Portfolio Series**

*PageMaker Portfolio: Designs for Newsletters* is the first offering from the *PageMaker Portfolio* series. The *Designs for Newsletters* package includes disks of 21 preformatted newsletter designs (or templates), a self-guided tutorial, and a 114-page instruction manual. Nondesigners can easily incorporate their own copy, headlines, and artwork into one of the *Portfolio* templates. By following the many advanced techniques described in the manual, PageMaker users can add designer touches to the basic formats or significantly revise them to suit their needs.

Other editions of the *PageMaker Portfolio* series planned this year will cover manuals, brochures, and business documents such as letterhead, forms, and presentation graphics. They will be available for both the Macintosh and PC versions of PageMaker.

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### **PageMaker Classroom**

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*PageMaker Classroom* includes an instructor's manual, 10 copies of the student workbook, PageMaker program disks, student data disks, and a set of overhead transparencies.

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## ALDUS BRIEF:

### Corporate Backgrounder, April 1987

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██████████ Aldus Briefs are occasional publications  
of the Aldus Corporation that provide  
background information on desktop publishing,  
market trends, technical and design issues  
and the company itself.

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Printed in USA  
999 - 833





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**CONTENTS**

**APRIL 1987**

Company History	page 2
Marketing Strategy	page 5
PageMaker Products	page 7
Service and Support	page 9
Distribution	page 11
Management Team	page 13



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## COMPANY HISTORY

Aldus Corporation develops, markets and supports desktop publishing software for microcomputers. Its PageMaker products allow people to design, edit and produce printed communications electronically, thereby reducing the time and expense associated with traditional publishing techniques.

Prior to the advent of desktop publishing, these operations were handled either manually or by dedicated electronic page-composition systems costing \$60,000 and more. Such systems, based on minicomputers and mainframes, were usually located in newspapers and publishing houses, commercial print shops and type houses, and in-house publishing groups within large corporations. Businesses that typically produced a wide variety of printed materials for internal and external distribution, were generally forced to turn to commercial printing and typesetting shops for high-end products, or to rely on word processing and photocopying for low-end solutions.

Aldus Corporation was founded in February 1984 to develop a relatively inexpensive and easy-to-use software tool that would perform many of the page layout and design functions of large-scale systems, but on the microcomputer. With the development of the graphically based Apple Macintosh computer and the PostScript-compatible LaserWriter printer, Aldus found an appropriate hardware platform. And in the fall of 1984, Aldus founder and president Paul Brainerd coined the term "desktop publishing" to describe this new microcomputer-based process of print production. He originally





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envisioned desktop publishing as a vertical application for creative professionals who were already engaged in publishing brochures, newsletters, and other printed communications. Desktop publishing has since become one of the most significant new uses of personal computers for a wide range of users.

PageMaker for the Apple Macintosh was released to market in July 1985. It was an immediate best seller and is generally considered to have set an industry standard for power, versatility and ease of use in desktop publishing. PageMaker for the Macintosh has sold more than 50,000 copies to date. It is available in over 25 countries and has been translated into French, German, Spanish, Italian, Danish, Swedish and Finnish.

In August of 1985, Aldus Corporation began the development of a new version of PageMaker that would run on PCs and compatibles. The company made two key decisions in this development effort. First, it elected to rewrite the entire PageMaker program so that the new PC version would be able to share roughly 80 percent of its code with future Macintosh versions, thereby aiding file compatibility and shortening future software development time in both environments. Second, it selected Microsoft Windows as its operating environment, thereby ensuring PageMaker's permanent compatibility with the widest possible range of hardware and software.

PageMaker for the PC was released in January 1987. Its Macintosh counterpart, PageMaker 2.0 for the Apple Macintosh, was released in April 1987.

Aldus Corporation was initially funded with less than \$1 million in venture capital, with lead funding by Vanguard Associates of Palo Alto,



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California. The company's subsequent growth has been entirely funded by revenues from sales. In 1986, the company posted sales of \$11 million.

The company derives its name from Aldus Manutius, a 15th-century Venetian scholar-printer who invented italic type, standardized the rules of punctuation and founded the Aldine Press, the first modern publishing house.



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## MARKETING STRATEGY

From the beginning, one of the basic business strategies of Aldus Corporation has been to establish PageMaker as an industry standard by forging strategic alliances with other vendors for both technical and marketing purposes.

Aldus' first strategic alliance was with Apple Computer Inc., which worked with Aldus to promote a desktop publishing system based on the Macintosh computer, Apple LaserWriter printer, and PageMaker software. These early efforts, which included a major advertising campaign by Apple and extensive dealer training activities on the part of Aldus, were successful in generating market acceptance for the concept of desktop publishing, as well as strong brand recognition for the Macintosh and PageMaker as pioneers in the field.

In the fall of 1986, Aldus entered into an alliance with Hewlett-Packard and Microsoft to develop and promote a desktop publishing solution based on Hewlett-Packard hardware, the Microsoft Windows operating environment, and Aldus' PC version of PageMaker. On the technical side, the three companies have worked together on fonts, printer drivers and scanner file formats. On the marketing side, they have produced joint promotional literature and have participated in joint dealer-training programs and trade shows.

More recently, Aldus has entered into OEM relationships with International Business Machines Inc., Digital Equipment Corporation, Wang





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Laboratories and Olivetti, as well as Hewlett-Packard. These agreements reflect Aldus Corporation's business strategy of working directly with major microcomputer vendors to provide integrated desktop publishing solutions for the broadest possible range of hardware environments.

Through less formal arrangements, Aldus has cooperated with the developers of text and graphics software programs, and manufacturers of computer hardware such as printers and scanners, to establish industry-standard file formats (such as the Tag Image File Format, or TIFF, for scanned images) and ensure widespread compatibility between their products and PageMaker.



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## PAGEMAKER PRODUCTS

The primary products of Aldus Corporation are PageMaker for the Apple Macintosh and PageMaker for the PC. The two versions of PageMaker enjoy substantial file compatibility (from Macintosh version 2.0 forward) and their user interface is virtually identical.

In both hardware environments, PageMaker sets up the computer screen as an electronic paste-up board and gives users a “toolbox” of design aids for electronic page composition. The program permits easy integration of text and graphics, includes a built-in text editor, and allows proportional scaling and cropping of graphic elements. PageMaker supports up to 20 columns of different widths per page, includes a library of graphic elements (such as lines, borders, screens and fill patterns), and allows users to create master-page formats for recurring design elements. Advanced features include automatic dictionary-based hyphenation and justification; kerning and additional typographic controls; and the ability to produce true halftone quality images from supported scanners.

In addition to the two basic PageMaker products, Aldus Corporation continues to offer ancillary products designed to help PageMaker users communicate more effectively in print. The *PageMaker Portfolio* series provides design models, or “templates,” that customers may use as shortcuts for producing various types of publications. *PageMaker Portfolio: Designs for Newsletters* is the first such product. Future products in the series will



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cover manuals, brochures, and business documents such as letterheads, forms and presentation graphics.

*PageMaker Classroom* is a comprehensive set of introductory training materials on desktop publishing and PageMaker. It consists of an instructor's manual, 10 copies of a student workbook, PageMaker program disks, student data disks and a set of overhead transparencies. *PageMaker Classroom* is designed for use by Aldus dealers, authorized training centers, colleges and universities, corporations and others who wish to offer PageMaker training.





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## SERVICE AND SUPPORT

Aldus offers several levels of technical support for individual and corporate PageMaker users. All registered PageMaker users receive 45 days of free telephone technical support, beginning with their first call. If any part of a disk or documentation is defective, Aldus will replace it free during a 90-day warranty period. Registered users also receive the *Aldus Guide to Basic Design*, a 68-page book of design tips and layout techniques, and *The Desktop Publisher*, a bimonthly newsletter of design tips, announcements of Aldus programs and policies, and advance information on updates and new products.

Additional support is available to registered PageMaker owners through Aldus' Extended Technical Support Service (ETSS). For an annual fee, ETSS subscribers receive access to a toll-free 800 number for their technical questions, five additional hours of telephone support, special rates on PageMaker updates and new releases, and a subscription to *The Aldus File*, a quarterly technical newsletter that analyzes emerging technologies, compatible software and hardware, and upcoming PageMaker features and capabilities.

Aldus Corporate Services is a training and support program designed specifically for corporations using PageMaker. The two-tiered program offers technical assistance, training packages, and written materials for corporate information centers and microcomputer support groups.

Corporate Support Level I includes unlimited phone calls by designated individuals within the organization to Aldus' Technical Support staff via a toll-



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free 800 number; free PageMaker upgrades; new releases at 50 percent discount; subscriptions to *The Desktop Publisher* and *Aldus File* newsletters; and PageMaker technical support notes, which include ongoing revisions and additions to the *PageMaker User Manual*. The price of the Level I support package is \$1,000 (US) per year.

Corporate Support Level II combines all the features of Level I with an on-site Aldus training session to provide optimum training and support for PageMaker. During a one-day session, an Aldus representative trains in-house corporate trainers in desktop publishing and the use of PageMaker so they in turn can educate other company users. Corporate Support Level II costs \$2,000 (US) per year. In addition, various elements of both levels of Corporate Support can be purchased separately.



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## DISTRIBUTION

Aldus Corporation markets its software products, both domestically and internationally, through the retail channel and through OEM relationships with key hardware vendors.

In the U.S., the company sells directly to a network of authorized dealers, numbering approximately 2,700 in March 1987. Aldus offers these dealers extensive support, including selling guides, slide shows, videotapes, overhead transparencies, scripted demonstrations, sales training seminars, lead referrals, technical support, national public relations and advertising support, and co-marketing with major computer vendors.

In addition, the company signed a distribution agreement in March 1987 with Microamerica Inc. that gives smaller, independent authorized dealers the option of ordering through Microamerica. Under this agreement, Microamerica will provide next-day delivery of PageMaker products, telephone support on order inquiries and technical issues, and regularly scheduled monthly dealer training on selling PageMaker and desktop publishing systems.

PageMaker is distributed internationally through authorized distributors in more than 25 countries around the world. The company also owns a 50 percent interest in Aldus U.K. Ltd., a marketing, distribution and support subsidiary located in Scotland.

Along with this retail distribution, Aldus has entered into OEM agreements with IBM, Hewlett-Packard, Digital Equipment Corporation,





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Wang Laboratories Inc., and Olivetti. The OEM agreements typically grant the OEM the right to distribute the Aldus prepackaged products with the microcomputers, and in some cases related peripheral hardware such as printers, manufactured by the OEM. The products are distributed under Aldus' trademarks.



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## MANAGEMENT TEAM

Paul Brainerd, founder and president, has an extensive background in journalism and dedicated publishing systems. Prior to founding Aldus, Brainerd was with Atex Inc., which manufactures dedicated publishing systems for newspapers and magazines. At Atex, he was a vice president in charge of the Redmond, Washington, plant. Prior to that, he served as vice president for product management and customer service at Atex.

Before joining Atex, Brainerd was editor-in-chief of the *Minnesota Daily* and assistant to the operations director for the Minneapolis Star and Tribune Company. At the Star and Tribune, he was responsible for planning and implementing pre-press computer systems for the company's two daily papers. Brainerd holds a B.S. in business administration from the University of Oregon and an M.S. in journalism from the University of Minnesota.

Michael Solomon, vice president of sales and marketing, brings to Aldus extensive experience in retail sales and marketing. Before joining Aldus in 1985, Solomon was president of RMS Sales Inc., a manufacturer's representative firm that he founded in 1978. He was also president of RAMS Marketing Services, a consulting firm for computer manufacturers and retailers. Solomon's firm helped companies such as Apple Computer, Software Publishing, VisiCorp, and Electronic Arts sell to and train dealers. He also helped Apple develop its Macintosh business seminars and desktop publishing programs. Prior to forming his own company, Solomon was a sales



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representative for Audio Marketing Inc., a consumer electronics company in Ohio. He holds a B.S. in business administration from Kent State University.

Jeremy Jaech, vice president of engineering and a member of the founding team, has extensive experience in dedicated publishing systems and computer graphics. Prior to leading the development team at Aldus, Jaech was project leader for the design and development of newspaper display advertising makeup software for Atex. As head of the system development team, Jaech was responsible for software definition, design and implementation.

Before joining Atex, Jaech was with Boeing Computer Services, where he helped develop advanced computer-aided design software. He holds a B.A. in mathematics and an M.S. in computer science from the University of Washington.

James Thornton, vice president of finance and operations, has an extensive background in corporate and financial management. Prior to joining Aldus in 1986, Thornton held positions as vice president at Old National Bank and at Seattle First National Bank, where he was responsible for clients in the electronics and software industries. He also has served as a corporate finance officer with the Bank of America World Banking division, as a business manager for the Latin American Division of Newsweek International, and as a senior staff accountant with Price Waterhouse & Co. Thornton received a B.S. in accounting from Manhattan College and an M.B.A. from Rutgers University.



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