GOOD MORNING.

IT'S A PLEASURE TO BE WITH YOU ONCE AGAIN,

AND NATURALLY AN EVEN GREATER PLEASURE

TO REPORT THAT BUSINESS CONTINUES TO BE VERY GOOD

AND THE OUTLOOK FOR THE YEAR IS EXCELLENT.

THIS FIRST SLIDE

SHOWS A FIVE-YEAR HISTORY OF EARNINGS GROWTH

INCLUDING NINE MONTHS YEAR-TO-DATE FOR 1980.

IT SPEAKS FOR ITSELF

AS AN INDICATION OF THE PROGRESS WE CONTINUE TO MADE

IN CONSISTENTLY IMPROVING CONTROL DATA'S FINANCIAL PERFORMANCE.

EARNINGS IN EACH QUARTER THIS YEAR

HAVE EXCEEDED THOSE OF A YEAR AGO

AND THAT WILL BE TRUE FOR THE FOURTH QUARTER AS WELL.
The composition of earnings is shown on this next slide, which reflects the continuing change that has come with the rising profitability of the computer business. In 1980, the computer business will contribute about 60 percent of total earnings in 1980, up from 57 percent last year and 46 percent in 1978. Through nine months of 1980, combined revenues were a little less than 2.8 billion dollars—a growth of some 20 percent from last year. While the business is by no means immune to economic conditions and some selected units have been affected such as data services for the credit union industry and consulting services for the auto industry—revenues in the first nine months grew at about the same rate as a year ago.
COMMERCIAL CREDIT, AS ALL OF YOU ARE AWARE,

IS CERTAINLY AFFECTED BY INTEREST RATE FLUCTUATIONS.

BUT EVEN THERE —

WITH THE ROLLER COASTER RIDE INTEREST RATES HAVE TAKEN THIS YEAR —

WE WILL BE BETTER THAN LAST YEAR.

AND, IN FACT, BETTER THAN OUR PLAN FOR THIS YEAR.

WITHIN THE COMPUTER BUSINESS

THE COMPOSITION OF REVENUES IN 1980

WILL BE APPROXIMATELY 20 PERCENT COMPUTER SYSTEMS

38 PERCENT SERVICES

AND 42 PERCENT PERIPHERALS.

ON A YEAR-TO-YEAR BASIS,

PERIPHERALS REVENUES ARE UP MORE THAN 30 PERCENT,

SERVICES 17 PERCENT

AND SYSTEMS 20 PERCENT,

SO YOU CAN SEE

THAT OVERALL DEMAND FOR BOTH PRODUCTS AND SERVICES

REMAINS FAIRLY STRONG.
WITHIN COMMERCIAL CREDIT

THE COMPOSITION OF REVENUES IN 1980

WILL BE 28 PERCENT INSURANCE

AND 72 PERCENT FINANCE.

THIS BREAKDOWN IS ABOUT THE SAME AS LAST YEAR

BUT REPRESENTS CONSIDERABLE CHANGE SINCE 1977.

THE CHANGE REFLECTS PRINCIPALLY

THE ELIMINATION OF SOME LINES OF INSURANCE.

IN TOTAL,

GROSS INCOME OF COMMERCIAL CREDIT SHOULD BE UP 7 PERCENT FROM LAST YEAR.

OVER THE PAST FIVE YEARS,

CONTROL DATA'S FINANCIAL POSITION HAS STEADILY IMPROVED,

REFLECTING THE IMPROVED PERFORMANCE OF THE COMPUTER BUSINESS.

ALTHOUGH WE FELT THE DEBT-TO-EQUITY RATIO OF 1.0

ATTAINED BY YEAR-END 1979

WAS SUSTAINABLE OVER THE NEXT FEW YEARS

AND WAS NOT UNDULY RISKY,

STILL A SOMewhat MORE CONSERVATIVE FINANCIAL POSTURE WAS DESIRABLE.

THAT AND THE GENERAL SUBJECT OF

MARV ROGERS WILL ELABORATE ON CAPITALIZATION OF THE COMPUTER BUSINESS

IN HIS REMARKS LATER.
SO, WITH THAT QUICK OVERVIEW OF THE NUMBERS,

LET ME MOVE ON TO SOME HIGHLIGHTS OF CURRENT OPERATIONS

AND THEN I'LL GO ON TO SOME THOUGHTS AND INSIGHTS

WITH REGARD TO THE FUTURE.

SINCE JOE MINUTILLI

WILL BE COVERING COMMERCIAL CREDIT IN SOME DETAIL THIS AFTERNOON,

I'LL RESTRICT MY COMMENTS TO THE COMPUTER BUSINESS.

LET ME START WITH COMPUTER SYSTEMS.

AS WAS THE CASE WHEN WE WERE MEETING WITH YOU A YEAR AGO,

ORDERS FOR OUR LARGE-SCALE COMPUTERS REMAIN STRONG.

YOU WILL RECALL

THAT CONTROL DATA CONCENTRATES ITS COMPUTER EFFORTS

IN THE ENVIRONMENTAL, EDUCATION

ENGINEERING DESIGN

AND ENERGY-RELATED MARKETS.
NONE OF THESE MARKETS HAS BEEN PARTICULARLY AFFECTED BY THE ECONOMIC CLIMATE — INDEED AS INDUSTRY STRUGGLES WITH THE PRODUCTIVITY/INFLATION PROBLEM COMPUTER-AIDED ENGINEERING DESIGN AND OTHER SCIENTIFIC/ENGINEERING APPLICATIONS ARE UNDERGOING WHAT CAN ONLY BE DESCRIBED AS A BOOM.

IN TOTAL, SHIPMENTS OF COMPUTERS THIS YEAR ARE UP SOME 25 PERCENT OVER LAST YEAR.

AT THE SAME TIME, THERE HAS BEEN AN EVEN GREATER SHIFT TO LEASE ORDERS THAN WAS ANTICIPATED.

SO WHILE SYSTEMS REVENUES ARE APPROXIMATELY 50 PERCENT LEASE, ORDERS ARE MORE THAN 65 PERCENT LEASE.

WE CONTINUE TO BE PARTICULARLY PLEASED WITH THE GROWTH IN NEW ACCOUNTS IN THE SYSTEMS AREA.

THIS IS A CONTINUATION OF THE SIGNIFICANT INCREASE IN OUR CUSTOMER BASE THAT WE HAVE SEEN IN RECENT YEARS.

THIS YEAR SOME 25 PERCENT OF SYSTEMS ORDERS WILL BE FROM NEW CUSTOMERS TO CONTROL DATA.
IN JUNE, WE INTRODUCED THE CYBER 205, THE LARGEST OF OUR COMPUTERS.

SHIPMENTS WILL BEGIN TOWARD THE END OF THE FIRST QUARTER.

OUR EXPECTATION IS THAT OVER THE NEXT FIVE YEARS WE EXPECT TO SHIP SOME 50 CYBER 205 SYSTEMS WILL BE SHIPPED.

THUS FAR, IN BENCHMARK RUNS, THE 205 IS EXCEEDING OUR EXPECTATIONS — — SO WE ARE QUITE PLEASED.

THE CYBER 205 WILL ALSO BE USED IN OUR DATA SERVICES BUSINESS AND ITS COST/PERFORMANCE WILL GREATLY ENHANCE THE SCIENTIFIC AND ENGINEERING CAPABILITY WE CAN OFFER.

ONE OTHER AREA OF OUR COMPUTER SYSTEMS BUSINESS SHOULD BE MENTIONED; THAT IS SALES TO MILITARY CUSTOMERS — — BOTH STANDARD AND MILITARIZED HARDWARE.
REVENUES AND ORDERS IN THIS PART OF THE BUSINESS

ARE UP MORE THAN 30 PERCENT FROM LAST YEAR

REFLECTING BOTH INCREASED DEFENSE PROGRAM ACTIVITY

AND THE PRODUCTION STATUS OF THE ANAYK-14 AIRBORNE COMPUTERS.

NOW LET ME MOVE ON TO PERIPHERALS AND THE OEM BUSINESS.

IN TOTAL, REVENUE GROWTH CONTINUES TO BE VERY POSITIVE....

AN INCREASE OF MORE THAN 30 PERCENT OVER LAST YEAR.

ORDERS FOR THE YEAR WILL ALSO BE UP ABOUT 30 PERCENT.

ALTHOUGH THAT'S A VERY HEALTHY NUMBER,

IT DOES REFLECT THE FACT

THAT ORDER GROWTH HAS SLOWED

COMPARED TO LAST YEAR'S APPROXIMATE 50 PERCENT GROWTH.

SHIPMENTS HAVE BEGUN ON OUR NEW EIGHT-INCH RIGID DISK DRIVE,

AND ALTHOUGH PRODUCTION

IN TOTAL FOR THE YEAR

WILL BE QUITE LIMITED,

ORDERS ARE EXCELLENT

AND 1981 WILL BE A VERY GOOD ONE FOR THIS PRODUCT.
OTHER PERIPHERAL PRODUCTS CONTINUE TO SELL AND PERFORM WELL.

WHILE PERIPHERAL'S GROWTH WILL NOT CONTINUE AT THE RECORD LEVELS OF THE PAST FEW YEARS,

THE OUTLOOK FOR 1981 IS STILL FAVORABLE.

AS WE HAVE MENTIONED ON PREVIOUS OCCASIONS,

WE WILL BE INCREASING THE LEVEL OF INVESTMENT IN OUR PERIPHERAL PRODUCTS PARTICULARLY FOR AUTOMATION AND OTHER PRODUCTIVITY AND QUALITY ENHANCING PROCESSES.

BUT I'LL HAVE MORE TO SAY ON THAT IN A MOMENT.

TURNING TO PLATO COMPUTER-BASED EDUCATION,

THERE CONTINUES TO BE A LOT OF EXCITEMENT,

A LOT OF PROGRESS AND AN EVER EXPANDING ARRAY OF APPLICATIONS FOR WHICH PLATO IS THE CORE TECHNOLOGY.

FOR EXAMPLE,

THIS YEAR WE BEGAN DELIVERING INTERNALLY A NEW PRODUCT CALLED STAYWELL.
STAYWELL IS AN INDIVIDUALIZED SELF-HEALTH MANAGEMENT PROGRAM

DESIGNED NOT ONLY TO HELP FIGHT THE BURDEN ON EMPLOYERS AND EMPLOYEES OF RISING HEALTH CARE COSTS

BUT TO PRODUCE A MORE VITAL -- ACTUALLY

A MORE PRODUCTIVE WORK FORCE.

NATIONAL HEALTH STATISTICS

SHOW THAT 75 PERCENT OF ALL FATAL OR CRIPPLING DISEASE IN THE U.S.

IS DUE TO LIFESTYLE --

INCLUDING DIET, EXERCISE HABITS, SMOKING

AND SO ON.

STATISTICS ALSO INDICATE

THAT A 45-YEAR OLD WOMAN WHO FOLLOWS SIX OF SEVEN GOOD HEALTH HABITS CAN EXPECT TO LIVE SEVEN YEARS LONGER THAN AVERAGE --

FOR MEN THAT NUMBER IS ELEVEN.

BUILDING OFF COMPUTER-BASED EDUCATION AS THE CORE TECHNOLOGY

STAYWELL OFFERS A FOUR-STAGE PROCESS

OF INDIVIDUALIZED HEALTH AWARENESS,

KNOWLEDGE, MOTIVATION,

AND FEEDBACK.
IN ANOTHER EDUCATION AREA,

THIS YEAR WE ANNOUNCED THE ADDITION

OF THE HIGH SCHOOL SKILLS LEARNING SYSTEM

TO THE PREVIOUSLY ANNOUNCED BASIC SKILLS LEARNING SYSTEM.

SINCE IT WAS INTRODUCED TWO YEARS AGO,

MORE THAN 3,000 PEOPLE HAVE TAKEN THE BASIC SKILLS COURSE

IN CONTROL DATA LEARNING CENTERS,

AND ADDITIONAL THOUSANDS OF STUDENTS HAVE BENEFITED FROM THE COURSE USING TERMINALS INSTALLED IN SCHOOLS THROUGHOUT THE COUNTRY.

BASIC SKILLS COVERS GRADES THREE THROUGH EIGHT.

NOW THE HIGH SCHOOL SKILLS CURRICULUM

EXPANDS THE OFFERINGS THROUGH THE TENTH GRADE.

IN ADDITION, WE HAVE ANNOUNCED

A NEW SYSTEM OF DELIVERY OF PLATO COMPUTER-BASED EDUCATION CALLED MICRO PLATO

THAT CAN OPERATE WITHOUT COMMUNICATIONS LINES TO A CENTRAL COMPUTER.

THIS NEW PRODUCT SIGNIFICANTLY REDUCES COSTS OF DELIVERY

AND STILL ALLOWS THE USER TO HOOK UP TO A CENTRAL SYSTEM

WHEN MORE SERVICES ARE NEEDED.
AND COMPUTER-BASED

IS NOT ONLY GROWING IN ITS OWN RIGHT,

BUT THE TECHNOLOGY IS BEGINNING TO DIFFUSE

THROUGH THE DATA SERVICES AND CONSULTING SERVICES BUSINESSES

ENHANCING THEIR MARKETABILITY AS WELL.

SINCE BOB DUNCAN WILL BE COVERING DATA SERVICES,

I WON'T COMMENT ON THAT AREA

EXCEPT TO NOTE AS BEFORE

THAT SERVICES REMAINS THE PRINCIPAL STRATEGIC THRUST OF THE BUSINESS

AND THE PROGRESS IN THAT PART OF THE BUSINESS IS VERY GOOD.

NEXT I WANT TO GIVE YOU SOME PERSPECTIVE

WITH THE REGARD TO ALLOCATION OF RESOURCES

AND WHAT THIS IMPLIES FOR THE FUTURE.

TO DO THAT

I WILL DISCUSS WHAT WE CALL STRATEGIC EXPENDITURES.
I addressed this subject with you a year ago, and because of its key importance to our future it deserves an update.

There are three categories of such expenditures:

- Marketing
- Technical effort
- And assets

Marketing strategic expenditure is defined as the net increment of spending on a year-to-year basis.

The rationale for this definition is that we could maintain our existing revenue levels with the current marketing expense. Our productivity improvements are such that we can offset inflation driven expense increases.

In other words, we could hold present revenue volume with a gradually declining number of sales representatives and constant level of expense.
THEREFORE, WE LOOK AT AN INCREASE IN MARKETING EXPENSE AS AN INVESTMENT TO ACHIEVE FUTURE INCREASES IN REVENUE.

IN THE TECHNICAL EFFORT CATEGORY, STRATEGIC EXPENDITURE IS DEFINED AS THE TOTAL R&D EXPENSE PLUS THE NET INCREMENT IN OTHER TECHNICAL COSTS.

THE RATIONALE FOR CONSIDERING THE NET INCREASE IN OTHER TECHNICAL EXPENSES AS INVESTMENT IS BASICALLY THE SAME AS IN MARKETING.

THESE EXPENSES, WHICH ARE LARGELY FOR TECHNICAL SUPPORT AND ENGINEERING CHANGES, COULD BE CONTAINED AT THEIR CURRENT LEVELS THROUGH PRODUCTIVITY IMPROVEMENTS IF OUR REVENUE WERE UNCHANGED.

THE INCREMENTAL EXPENSE IS THUS AN INVESTMENT TO SUPPORT HIGHER REVENUE.

AND, OF COURSE, ALL OF THE R&D EXPENSES ARE AN INVESTMENT IN THE FUTURE.
INVESTMENT IN ADDITIONAL ASSETS

IS THE THIRD CATEGORY OF STRATEGIC EXPENDITURE.

IN MY REMARKS WITH REGARD TO STRATEGIC EXPENDITURES THIS MORNING,

I AM GOING TO CONCENTRATE PRIMARILY ON TECHNICAL EFFORT,

BUT BEFORE DOING SO

I WILL BRIEFLY COVER MARKETING AND ASSETS.

IN MARKETING, WE WILL SPEND INCREMENTALLY THIS YEAR

SOME 50 MILLION DOLLARS.

OVER THE COURSE OF THE NEXT THREE YEARS,

THE AVERAGE INCREMENT

WILL BE MORE THAN DOUBLE THAT AMOUNT.

THE MAJOR MARKETING FOCUS

IS ON COMPUTER SERVICES

WITH MORE THAN TWO-THIRDS OF THE TOTAL GOING INTO THAT AREA.

SERVICES ARE MORE MARKETING-INTENSIVE THAN THE OTHER BUSINESSES

AND THEREFORE THEY REQUIRE LARGER INCREMENTAL MARKETING EXPENSES

IF THEY ARE TO ACHIEVE

THE LARGE INCREASES

IN REVENUE.
Also included in strategic marketing expenditures are the business centers which Walt Bruning will discuss.

The emphasis on marketing in the services businesses reflects the strategic importance of that part of the business.

Turning to assets, Peripheral products require slightly more than half of the incremental dollars we intend to invest in assets over the next three years.

Asset investments in the peripheral areas are primarily directed towards improving the productive efficiency of manufacturing processes. There is nothing particularly new here — rather it is a continuation of past programs which are already paying off.
FOR EXAMPLE, PREVIOUS INVESTMENTS IN PRODUCTIVITY
HAVE RESULTED IN SUBSTANTIAL VOLUME INCREASES OVER 1979
WITH ABOUT THE SAME NUMBER OF PEOPLE.

THESE INVESTMENT PROGRAMS IN PERIPHERALS
COUPLED WITH CONTINUED EXPENDITURES IN THE TECHNICAL EFFORT AREA
ARE AIMED AT EFFICIENCY OF OPERATION
AND EFFECTIVITY OF PRODUCT.

IN SHORT, AS I HAVE SAID BEFORE,
WE HAVE ACHIEVED A CLEAR LEADERSHIP IN DISK TECHNOLOGY
AND WE CONTINUE TO MAINTAIN THAT DISK LEADERSHIP
AS WELL AS EXTEND IT INTO OTHER AREAS
SUCH AS PRINTERS.

BUT AS I MENTIONED, TECHNICAL EXPENSE
IS PERHAPS THE MAJOR "CONTROL LEVER"
IN GUIDING THE COMPUTER BUSINESS FUTURE.
SO I WILL COVER THAT IN A BIT MORE DETAIL.
TECHNICAL SPENDING THIS YEAR

WILL BE ABOUT 10 PERCENT OF REVENUES.

THIS IS ABOUT THE SAME

AS IT HAS BEEN OVER THE PAST FEW YEARS.

AGAIN, REFLECTING THE STRATEGIC IMPORTANCE OF SERVICES

IS A FACT THAT NEARLY ONE-HALF OF TOTAL TECHNICAL SPENDING

GOES TO THAT PART OF THE BUSINESS.

BASICALLY WE EXPECT TECHNICAL EXPENSE

TO STAY AT ABOUT THE CURRENT LEVEL

AS A PERCENT OF REVENUE

WITH ONLY SLIGHT VARIATION FROM YEAR TO YEAR.

THUS GROWTH IN TECHNICAL SPENDING

WILL RISE AT ABOUT THE SAME RATE AS REVENUE GROWTH.

I WANT TO POINT OUT THAT

THE CHARACTER OF OUR TECHNICAL SPENDING

HAS CHANGED DRAMATICALLY IN THE LAST FEW YEARS.

IN 1980, WE ARE SPENDING NEARLY TWO-THIRDS OF OUR TOTAL TECHNICAL EFFORT

IN DEVELOPING NEW BUSINESSES

RESEARCH AND DEVELOPMENT

OF FUTURE-ORIENTED PRODUCTS AND SERVICES.
IN 1981 WE WILL MAINTAIN THAT PROPORTION OF THE TOTAL.

THIS HAS CHANGED SUBSTANTIALLY

IN THE LAST FIVE YEARS.

IN 1976 WE WERE SPENDING ONLY 49 PERCENT

OF OUR TOTAL TECHNICAL EFFORT

ON DEVELOPING NEW BUSINESS.

THE BIGGEST CHANGE

HAS BEEN A DROP IN THE ENHANCEMENT OF EXISTING PRODUCTS.

INTO THIS CATEGORY FALL SUCH ACTIVITIES

AS BUG FIXING, SOFTWARE MAINTENANCE

AND EQUIPMENT UPGRADES.

THE REDUCTION IN THIS AREA REFLECTS

THE CLEARLY SHOWS THE RESULTS

NOT ONLY OF QUALITY ENHANCEMENT PROGRAMS

BUT, PERHAPS MORE SIGNIFICANTLY,

THE MOVE TO PRODUCTS WITH BROADER MARKETS.

THE SWITCH FROM FOCUSING ON OUR EXISTING PRODUCTS

TO DEVELOPING NEW BUSINESSES

IT IS ALSO A REFLECTION OF THE CONTINUING MOVE INTO SERVICES.
AS A RESULT,

A RISING PROPORTION OF TOTAL TECHNICAL EFFORT

IS SPENT FOR APPLICATIONS AND COURSEWARE,

RATHER THAN BASIC SYSTEMS HARDWARE AND SOFTWARE.

IT IS THIS VALUE-ADDED COMPONENT, OF COURSE,

THAT DISTINGUISHES THE SERVICES BUSINESSES.

PROPER ALLOCATION OF APPLICATIONS TECHNICAL EFFORT

THUS BECOMES A MUCH MORE CRUCIAL FACTOR

IN TOTAL TECHNICAL SPENDING.

SO LET ME HIGHLIGHT THE SPECIFIC MARKET AREAS

INVOLVED IN THIS APPLICATIONS TECHNICAL EFFORT.

ONE MAJOR APPLICATIONS AREA IS ENGINEERING DESIGN.

THIS HAS BECOME THE SINGLE LARGEST USE OF APPLICATIONS FUNDS.

PRESENT PLANS CALL FOR SIGNIFICANTLY ENLARGING

AND IMPROVING ENGINEERING DESIGN APPLICATIONS

IN 1981.
OTHER KEY SCIENTIFIC AND ENGINEERING MARKETS

WILL ALSO RECEIVE CONSIDERABLE FUNDS,
PARTICULARLY IN THE AREAS OF WEATHER AND ENERGY MANAGEMENT.

FINANCIAL MARKETS AND GENERAL BUSINESS AREAS

WILL BE A MAJOR APPLICATION FOCUS OF DATA SERVICES.

TECHNICAL EFFORT IS REQUIRED

TO ENABLE US TO SUCCESSFULLY

ENTER NEW AREAS OF HEALTH AND HUMAN SERVICES

WITH A COMBINATION OF APPLICATIONS AND COURSEWARE.

THIS AREA MAY BE ONE OF OUR MOST ATTRACTIVE LONG-TERM

CERTAINLY IT APPEARS RIPE

FOR THE APPLICATION OF COMPUTER TECHNOLOGY —

ESPECIALLY COMPUTER-BASED EDUCATION —

THE OTHER AREA WITH A LARGE FOCUS OF APPLICATIONS TECHNICAL EFFORT

IS IN MEETING SMALL BUSINESS NEEDS.

CONTROL DATA'S BUSINESS CENTER STRATEGY

IS AIMED AT BUILDING A DISTRIBUTION NETWORK

FOR ALL OF OUR COURSEWARE,

APPLICATIONS SOFTWARE, FINANCIAL SERVICES

AND CONSULTING SERVICES.
THE PRINCIPAL CUSTOMER OF THIS DISTRIBUTION NETWORK IS SMALL BUSINESS.

OVER THE PAST FIVE YEARS,

CONTROL DATA'S PROFITABILITY HAS MARKEDLY IMPROVED AS WE BEGAN TO REALIZE THE PAY-OFF FROM PREVIOUS STRATEGIC EXPENDITURES.

SINCE 1976, FOR THE COMPANY IN TOTAL — INCLUDING COMMERCIAL CREDIT — EARNINGS HAVE TRIPLED WHILE REVENUES DOUBLED.

DURING THAT PERIOD,

MAJOR SEGMENTS OF DATA SERVICES, PERIPHERALS AND COMPUTER SYSTEMS REACHED STRATEGIC MATURITY.

AT THE SAME TIME WE ACHIEVED MORE PRODUCTIVE USE OF PHYSICAL ASSETS AND JUST GENERALLY BETTER PERFORMANCE BY THE ORGANIZATION.
WE EXPECT TO CONTINUE ON THIS BASIC COURSE.

OBVIOUSLY, FUTURE PERFORMANCE COMPARISONS WON'T BE AS DRAMATIC AS THEY HAVE BEEN IN THE PAST.

WHERE THE BASIS OF COMPARISON WERE YEARS OF MINIMUM PROFITS.

BUT OUR PLANS CALL FOR STEADY GROWTH IN PROFITABILITY,

THEY ALSO CALL FOR A CONTINUATION OF LARGE INVESTMENTS IN THE FUTURE.

THIS STRATEGY HAS PROVEN SOUND

AND WE WILL CONTINUE IT.

LAST YEAR AT THIS MEETING I NOTED THAT: "ASSUMING ECONOMIC CONDITIONS CONTINUE TO BE REASONABLY FAVORABLE FOR OUR BUSINESS,
WE EXPECT PROGRESS IN BOTH REVENUES AND PROFITS IN 1980."

I WOULDN'T EXACTLY SAY ECONOMIC CONDITIONS HAVE BEEN 'REASONABLE' THIS YEAR

BUT NONETHELESS

1980 HAS BEEN ANOTHER YEAR OF PROGRESS FOR US.
THE ECONOMIC OUTLOOK FOR 1981

IS AT LEAST AS UNCERTAIN AS IT WAS FOR 1980.

THE PROBLEMS UNDERLYING INFLATION ARE DIFFICULT

AND BY NO MEANS SUSCEPTIBLE TO SHORT-TERM FIXES.

SO, ONCE AGAIN,

WE CAN NOT LOOK TO ANY GREAT BOOST TO OUR BUSINESS FROM THE ECONOMY

AND MUST ONLY HOPE IT WON'T HURT TOO MUCH.

BUT EVEN THOUGH IT WILL BE TOUGHER

NEXT YEAR WE EXPECT FURTHER PROGRESS

IN BOTH REVENUE AND PROFITS.

THANK YOU.

(INTRODUCE BOB DUNCAN)