GOOD AFTERNOON. THANK YOU FOR INVITING US TO APPEAR BEFORE YOUR SOCIETY. IT IS A PLEASURE TO BE WITH YOU AND, NATURALLY, IT IS A PLEASURE TO REPORT THAT BUSINESS AT CONTROL DATA CONTINUES TO BE VERY GOOD. YOUR INTEREST IN KNOWING US BETTER IS APPRECIATED AND I HOPE WE CAN GIVE YOU SOME INSIGHTS IN THAT REGARD. I'LL ATTEMPT THAT BOTH IN TERMS OF SOME STATISTICS AND A STRATEGIC OVERVIEW BUT ALSO IN TERMS OF CONTROL DATA'S PERSONALITY PROFILE. WE'LL ALSO LOOK A BIT AT THE FUTURE OUTLOOK. THEN, NORB BERG, OUR DEPUTY CHAIRMAN, WILL DISCUSS CONTROL DATA'S UNIQUE "PEOPLE" PROGRAMS AND HOW WE'RE GOING ABOUT INCREASING THE COMPANY'S PRODUCTIVITY.

PRINCIPAL OPERATIONS

THE 1980 ANNUAL REPORT WILL BE MAILED TO STOCKHOLDERS -- AND TO EACH OF YOU -- IN A FEW DAYS. IT WILL GIVE YOU AN UP-TO-DATE PICTURE OF CONTROL DATA'S FINANCIAL PERFORMANCE, SO I WILL NOT ATTEMPT TO COVER THE MATERIAL IT CONTAINS. HOWEVER, UNTIL YOU'VE HAD THE CHANCE TO READ THE REPORT, AND PARTICULARLY FOR THOSE OF YOU LESS FAMILIAR WITH THE COMPANY, LET ME BEGIN WITH A BRIEF DESCRIPTION AND FINANCIAL OVERVIEW OF THE BUSINESS.
CONTROL DATA CONSISTS OF FOUR BUSINESS SEGMENTS -- COMPUTER SERVICES, COMPUTER SYSTEMS, PERIPHERAL PRODUCTS AND FINANCIAL SERVICES.

FIRST, IS COMPUTER SERVICES WHICH IN 1980 GREW 17 PERCENT, TO SLIGHTLY MORE THAN $1 BILLION. COMPUTER SERVICES REPRESENTS THE PRIMARY STRATEGIC THRUST OF CONTROL DATA. SERVICES IS THE ESSENCE OF THE VALUE-ADDED APPROACH WHICH IS THE DOMINANT CHARACTERISTIC OF CONTROL DATA'S BUSINESS STRATEGY -- MORE OF THAT IN A MOMENT.

SECOND, IS THE SYSTEMS BUSINESS. CONTROL DATA WAS FOUNDED NEARLY 24 YEARS AGO AS A COMPANY DESIGNING AND BUILDING LARGE-SCALE COMPUTER SYSTEMS.

COMPUTER SYSTEMS CONTINUES AS A CORNERSTONE OF OUR BUSINESS AND IN RECENT YEARS HAS RECEIVED CONSIDERABLE IMPETUS FOR NEW GROWTH FROM THE ENORMOUS NEED FOR COMPUTING RELATED TO ENERGY-RELATED PROBLEMS SUCH AS ENGINEERING DESIGN, RESEARCH, EXPLORATION AND CONSERVATION. IN 1980, COMPUTER SYSTEMS ALSO EXPERIENCED A GROWTH RATE OF 17 PERCENT. INDICATIVE OF THE BASIC EXPANSION GOING ON IN OUR PRIMARY MARKETS IS THE FACT THAT OVER THE PAST THREE YEARS OVER ONE THIRD OF ALL ORDERS CAME FROM NEW CUSTOMERS.
THE THIRD MAJOR BUSINESS SEGMENT IS PERIPHERAL PRODUCTS WHICH IN 1980 GREW SOME 30 PERCENT TO $1.2 BILLION. THE MAJOR BUSINESS OF PERIPHERALS IS SALES TO ORIGINAL EQUIPMENT MANUFACTURERS -- OEM'S -- AND CONTROL DATA IS A PRINCIPAL SUPPLIER OF PERIPHERALS TO THE MINI AND MICRO-COMPUTER MANUFACTURERS -- BOTH OF WHICH ARE EXPERIENCING VERY RAPID GROWTH.


OVER THE PAST FIVE YEARS, CONTROL DATA'S COMBINED REVENUES HAVE DOUBLED FROM $1.9 BILLION TO $3.8 BILLION AND NET EARNINGS HAVE GROWN FROM $38 MILLION TO $151 MILLION.

BASIC BELIEFS

THAT, IN BRIEF, IS A "PHYSICAL" DESCRIPTION OF OUR COMPANY -- HOW BIG, WHAT PRODUCTS AND SO ON. BUT, IN TRUTH, THAT DOESN'T TELL YOU MUCH ABOUT US -- ANYMORE THAN AGE, HEIGHT, WEIGHT, COLOR OF HAIR AND EYES TELLS YOU VERY MUCH ABOUT A PERSON. SO LET ME MOVE ON TO A MORE QUALITATIVE DESCRIPTION OF WHAT LIES
BEHIND THE STATISTICS I HAVE JUST GIVEN YOU. THERE ARE FIVE CHARACTERISTICS OF CONTROL DATA THAT ARE KEY TO ITS CORPORATE CHARACTER, WHICH UNDERPIN, AND IN EFFECT DETERMINE OUR APPROACH TO THE COMPUTER BUSINESS.

1. WE TAKE A LONG-TERM APPROACH TO OUR BUSINESS.

OUR PRODUCTS AND SERVICES, AND BUSINESS STRATEGIES ARE INSEPARABLE FROM A HISTORY OF PRACTICAL SUCCESS IN APPLYING THREE MAJOR TOOLS OF PROBLEM-SOLVING — COMPUTER TECHNOLOGY, FINANCIAL RESOURCES, AND INNOVATIVE, KNOWLEDGEABLE PEOPLE — TO IMPORTANT AND COMPLEX NEEDS.

BECAUSE THESE NEEDS ARE COMPLEX, SOLUTIONS FREQUENTLY INVOLVE A LOT OF EXPERIMENTATION, FALSE STARTS AND DEAD ENDS BEFORE THE RIGHT APPROACH IS FOUND. THIS WAS TRUE IN THE BEGINNING WITH THE DESIRE TO BUILD THE BIGGEST COMPUTERS — CONTROL DATA HAS ALWAYS BEEN KNOWN AS THE MOST SUCCESSFUL SUPER COMPUTER MAKERS. WHAT PEOPLE DON'T KNOW IS THAT BEHIND THAT SUCCESS LIES A WILLINGNESS TO KEEP AT IT WHEN INITIAL DESIGNS DIDN'T WORK OUT AND TO CONTINUE THROUGH FINANCIAL ADVERSITY UNTIL SUCCESS WAS ATTAINED. (EXAMPLE CYBER 200)

OR ANOTHER EXAMPLE WOULD BE EDUCATION. STARTING UP CONTROL DATA INSTITUTES WAS A LONG-TERM STRATEGY IN 1965. IT TOOK
SEVEN YEARS BEFORE THEY FIRST REACHED PROFITABILITY.
TODAY, CONTROL DATA INSTITUTES ARE ONE OF OUR MOST
SUCCESSFUL BUSINESSES. PLATO-CBE RESEARCH AND DEVELOPMENT
BEGAN IN 1961. IT FIRST WENT TO MARKET IN 1975. IT WILL
TAKE UNTIL 1983 TO REACH CRITICAL MASS AND PROFITABILITY
BUT WHEN THAT OCCURS IT WILL BE OUR MOST PROFITABLE
BUSINESS.

THERE ARE MYRIAD EXAMPLES I COULD NAME BUT THE POINT IS THE
LONG-TERM APPROACH IS PART OF OUR HISTORY AND CULTURE.
TAKING A LONG-TERM VIEW IS EASY WHEN TIMES ARE GOOD.
STICKING TO IT WHEN TIMES ARE BAD IS THE REAL TEST. WE
KNOW THAT FROM FIRST-HAND EXPERIENCE. AND, BY THE WAY, THE
ABSENCE OF A LONG-TERM VIEW IN MOST OF U.S. INDUSTRY IS NOW
BEGINNING TO BE RECOGNIZED AS A ROOT CAUSE OF ITS DECLINING
COMPETITIVE POSITION.

2. WE UNDERSTAND, BELIEVE IN, AND CHAMPION THE CAUSE OF
TECHNICAL COOPERATION. AND WE HAVE PROVED WE CAN MAKE IT
WORK FOR US.

THE FORM AND SCOPE OF OUR ORGANIZATIONAL APPROACH TO A
GIVEN TASK IS DICTATED BY THE SIZE AND NATURE OF THE
PROBLEM TO BE SOLVED. OFTEN WE USE ONLY INTERNAL
RESOURCES. HOWEVER, WHEN THE SCOPE OR SIZE OF THE TASK
REQUIRES THE PARTICIPATION OF OTHER ORGANIZATIONS, THERE IS
NO HESITANCY TO FORM COOPERATIVE VENTURES. WE UNDERSTAND THE GIVE AND TAKE NECESSARY TO ACHIEVE LASTING BENEFIT TO ALL PARTIES.

IT IS TRULY STRANGE THAT PEOPLE IN THE COMPUTER INDUSTRY DO NOT UNDERSTAND THE NEED FOR TECHNOLOGICAL COOPERATION. ALL YOU HAVE TO DO IS LOOK AROUND AND SEE INDUSTRIES WHICH WERE ONCE THE STARS OF U.S. BUSINESS, BUT TODAY ARE IN TROUBLE BECAUSE THEY ARE TECHNOLOGICALLY LAGGING. FOR EXAMPLE, THE SUDDENNESS WITH WHICH PROFITABILITY EVAPORATED IN THE U.S. AUTO INDUSTRY IS SOMETHING TO ETCH IN OUR MEMORIES. AND WITHOUT BROAD BASED TECHNOLOGICAL COOPERATION BY INDUSTRY AND GOVERNMENT IT WILL JUST AS INEVITABLY OCCUR IN OUR INDUSTRY AS WELL. DESPITE A SMALL INVESTMENT -- PERHAPS ONE THIRD THAT OF IBM -- THE JAPANESE ARE CONSIDERED TO BE AT PARITY WITH THE UNITED STATES ON VLSI DEVELOPMENT. FURTHERMORE, JAPAN, WITH ITS TRADING COMPANIES, IS POSITIONED BETTER THAN UNITED STATES COMPANIES TO PARTICIPATE IN THE ONE HUGE MARKET AREA OF THE FUTURE -- DEVELOPING COUNTRIES, ESPECIALLY CHINA AND OTHER COUNTRIES IN ASIA. A STRAW IN THE WIND IS THAT THE UNITED STATES IS PRESENTLY LOSING SHARE OF TOTAL EXPORT MARKET FOR ALL PRODUCTS AND COMMODITIES -- INCLUDING COMPUTERS -- WITH DEVELOPING COUNTRIES.
Fortunately, the lessons of survival control data learned as a small company are still strong in our culture. We see and feel the tangible benefits cooperation has brought.

3. We view the urgent needs of the 1980's as exceptional business opportunities.

These needs arise out of uncertainty and change and as I say meeting them provides enormous opportunity. Indeed, we are an industry whose very existence represents technological change. The growth of our industry is fueled by societal change and the insatiatable need for more and better knowledge -- to cope with uncertainty. Major unmet needs include declining productivity, inflation, unemployment and underemployment, urban stagnation and blight, the need for lower food costs and housing, for better, less expensive and more available education and health care, for a vigorous small business environment and for alternative and cheaper sources of energy.

Take energy -- just one aspect of energy. The demand for very large computers to assist in oil exploration. In 1974 we sold five systems for this purpose; over the past three years we have averaged more than four times that number.

Also related to energy is the need to redesign practically
EVERYTHING WE USE TO BE MORE ENERGY EFFICIENT OR TO USE ALTERNATIVE FORMS OF ENERGY. THE MASSIVE DESIGN ENGINEERING TASK FACING OUR COUNTRY -- OUR WORLD CAN ONLY BE ACCOMPLISHED WITH COMPUTER HELP -- COMPUTER-AIDED DESIGN AS IT IS CALLED. CAD IS A MAJOR PRESENT AND FUTURE MARKET FOR BOTH OUR SYSTEMS AND DATA SERVICES.

4. WE UNDERSTAND THAT RISK TAKING IS ESSENTIAL TO SUCCESS. AND IT HAS FORGED THE FOUNDATION OF OUR COMPANY.
I MENTIONED A MOMENT AGO THE CHALLENGE IN DESIGNING LARGE COMPUTERS. WHEN YOU CONSIDER THAT THE COST OF DEVELOPING A NEW COMPUTER LINE WAS WELL IN EXCESS OF 100 MILLION DOLLARS, CONTROL DATA WAS LITERALLY BETTING THE COMPANY EVERY FOUR YEARS OR SO FROM INCEPTION ALL THROUGH THE SIXTIES.

THE ONLY WAY A SMALL COMPANY COULD HAVE R&D MONEY WAS TO TAKE FIXED PRICE DEVELOPMENT CONTRACTS AND GO FOR BROKE. FORTUNATELY, WE WERE ABLE TO MAKE THIS STRATEGY WORK ENOUGH TIMES TO SURVIVE.

BUT IT HAS LEFT SOMETHING MORE IMPORTANT...A HERITAGE OF DEVELOPMENT...COURAGE...THAT IS A PART OF OUR CULTURE...A WILLINGNESS TO TAKE ON LARGE CHALLENGES AND THE FORTITUDE TO STICK WITH THINGS EVEN IN ADVERSITY.
5. ABOVE ALL, WE BELIEVE IN THE REALITY OF INDIVIDUALS.

FINALLY, OF COURSE, IT IS THE EFFECTIVITY, THE PRODUCTIVITY OF INDIVIDUALS WHO MAKE FINANCIAL REALITY OUT OF STRATEGY, MARKET POSITION AND BUSINESS APPROACH. UNDERSTANDING AND INNOVATION WITH REGARD TO THE INDIVIDUALS WHO MAKE UP OUR COMPANY IS A KEY CHARACTERISTIC OF CONTROL DATA. THAT IS A SUBJECT NORB BERG WILL COVER IN GREATER DETAIL IN A FEW MOMENTS.

LET ME TURN TO HOW WE COMBINE TECHNOLOGICAL, FINANCIAL AND HUMAN RESOURCES TO PROVIDE A VARIETY OF PRODUCTS AND SERVICES.

1. TECHNOLOGICAL RESOURCES

THE COMPANY WAS FOUNDED ON THE PREMISE THAT COMPLEX PROBLEMS REQUIRING THE LARGEST COMPUTERS POSSIBLE ARE A MAJOR NEED -- AND OPPORTUNITY -- IN TODAY'S SOCIETY. SO WE STARTED OUT TO FILL THAT NEED. TODAY OUR MAINFRAMES RANGE FROM "SUPERCOMPUTERS" DOWN TO SMALL AND MEDIUM COMPUTERS.

BUT AN EFFICIENT DATA PROCESSING SYSTEM CLEARLY REQUIRES MORE THAN A FAST COMPUTER MAINFRAME AND, SO, WE BEGAN EARLY ON TO DEVELOP A WIDE RANGE OF PERIPHERAL EQUIPMENT. IN ORDER TO SUPPORT THE NECESSARY RESEARCH AND DEVELOPMENT EXPENDITURES AND ATTAIN THE MANUFACTURING ECONOMIES OF SCALE NECESSARY TO ACHIEVE HIGH QUALITY IN VOLUME, WE
SOUGHT TO SUPPLY THE PERIPHERAL PRODUCTS NEEDS OF OTHER
COMPUTER MANUFACTURERS. TODAY, WE ARE THE WORLD'S LARGEST
INDEPENDENT PRODUCER OF PERIPHERALS. MUCH OF THIS SUCCESS
HAS BEEN ACCOMPLISHED THROUGH COOPERATIVE RESEARCH VENTURES
WITH OTHER COMPANIES.

EVEN THOUGH BUILDING COMPUTER SYSTEMS FOR OTHERS TO USE IN
SOLVING PROBLEMS HAS ALWAYS BEEN AND CONTINUES TO BE
FUNDAMENTAL TO CONTROL DATA'S BUSINESS, THE COMPANY, EARLY
IN ITS EXISTENCE, ADOPTED A STRATEGY OF DEVELOPING ITS OWN
APPLICATIONS EXPERTISE AND OFFERING PROBLEM-SOLVING
SOLUTIONS. IN SOME INSTANCES THIS MEANT SUPPLYING BOTH THE
COMPUTER AND APPLICATIONS SOFTWARE FOR A SPECIFIC PROBLEM
SUCH AS CONTROL SYSTEMS FOR ELECTRIC POWER DISTRIBUTION OR
AN AUTOMATIC MESSAGE SWITCHING SYSTEM FOR USE IN PRIVATE
COMMUNICATIONS NETWORKS.

THESE "APPLICATIONS SYSTEMS" AT FIRST WERE CUSTOM TAILORED
TO INDIVIDUAL CUSTOMERS, BUT AS OUR EXPERTISE HAS GROWN,
STANDARD APPLICATION SYSTEMS HAVE BEEN DEVELOPED TO SATISFY
THE NEEDS OF MANY SIMILAR CUSTOMERS.

SIMILARLY, THE COMPANY BEGAN TO OFFER NOT JUST STAND-ALONE
SYSTEMS BUT SHARED USE THROUGH THE DATA SERVICES NETWORK.
THE NETWORK ALLOWED CUSTOMERS TO DEVELOP AND USE THEIR OWN
APPLICATIONS OR, AS TIME WENT BY, MORE AND MORE TO MAKE USE OF STANDARD APPLICATIONS. THAT IS, BY COMBINING COMPUTERS, APPLICATIONS SOFTWARE AND THE DATA SERVICES NETWORK WE WERE ABLE TO OFFER "APPLICATIONS SERVICES" TO A MUCH BROADER SPECTRUM OF USERS WHO OTHERWISE COULD NOT AFFORD TO USE COMPUTERS. MANY IF NOT MOST OF THESE APPLICATIONS HAVE BEEN DEVELOPED BY SMALL INDEPENDENT ENTREPRENEURIAL SOFTWARE COMPANIES WHO MAKE USE OF THE MARKETING AND DISTRIBUTION POWER OF DATA SERVICES TO MARKET THEIR PRODUCTS.

THROUGH OUR WORLDWIDE DATA PROCESSING NETWORK, WE ARE HELPING SCIENTISTS AND ENGINEERS SOLVE PROBLEMS IN AREAS SUCH AS ENGINEERING, CONSTRUCTION AND UTILITIES...WE OFFER A BROAD RANGE OF PLANNING, ACCOUNTING AND ADMINISTRATIVE DATA PROCESSING SERVICES FOR LARGE AND SMALL BUSINESS...WE HAVE A NUMBER OF SPECIALIZED DATA SERVICES FOR A VARIETY OF INDUSTRIES SUCH AS BROKERAGE HOUSES...CONSUMER FINANCE ORGANIZATIONS...CREDIT CARD VERIFICATION...AND CREDIT UNIONS. OUR COMPUTERIZED BOX OFFICES ISSUE MILLIONS OF TICKETS FOR SPORTS AND ENTERTAINMENT EVENTS AND WE OFFER ONE OF THE NATION'S LEADING BROADCAST AUDIENCE MEASUREMENT SERVICES. IN SHORT, CONTROL DATA IS A WORLD LEADER IN DATA SERVICES.
2. FINANCIAL RESOURCES

But let me move on to the financial services of Commercial Credit Company. As Data Services allows small users to share powerful problem-solving computer resources, so Commercial Credit provides the small business person access to powerful financial resources. But Commercial Credit's small business services go far beyond money; they include planning, consulting, education and product innovation services that help assure the best use of funds that are available to the small business person.

For large businesses as well as small, Commercial Credit offers specialized services in such areas as leasing, insurance, financing and factoring.

3. HUMAN RESOURCES

Finally there are our human resources. Control Data has some 57,000 employees. Among them are thousands of expert problem-solving professionals who provide technical consulting services, systems analysis and a variety of applications support services. Likewise, there are organizations that specialize in the problems of small business, in technology transfer, in job creation and human resource development. There are still others offering financial planning counseling, urban planning and personal
COUNSELING. AND WE HAVE ONE OF THE INDUSTRY'S LARGEST
SERVICE ORGANIZATIONS, WHICH INCLUDES THIRD-PARTY
MAINTENANCE OF NON-CONTROL DATA COMPUTERS AND A WIDE RANGE
OF ELECTRONIC EQUIPMENT. IN EACH CASE, THESE COLLECTIONS
OF EXPERTISE ARE TREATED AS BUSINESS -- CONSULTING AND
SERVICE BUSINESSES -- AND ARE DEVELOPED AS SUCH -- JUST AS
WE DO COMPUTERS, OR LENDING SERVICES, OR PERIPHERALS.

LEVELS OF SERVICE

SO CONTROL DATA, THEN, CAN BEST BE VIEWED AS A VERTICALLY
INTEGRATED SERVICE COMPANY. THAT IS, WE HAVE THE COMPUTERS AND
APPLICATIONS SOFTWARE, PEOPLE AND FINANCIAL SERVICES THAT CAN
BE COMBINED INTO AN EVER GROWING NUMBER OF VALUE-ADDED SERVICES
-- KNOWLEDGE SERVICES. AND IT IS THIS THAT IS THE
DISTINGUISHING FEATURE OF CONTROL DATA -- THAT MAKES US
DIFFERENT FROM ANY OTHER COMPANY IN OUR INDUSTRY. AT THE SAME
TIME, THE TOTAL MARKET FOR INFORMATION SERVICES IS SO HUGE AND
IS APPROACHED IN SO MANY WAYS BY SO MANY DIFFERENT COMPANIES
THAT THERE ARE ENORMOUS MARKETS FOR EACH OF THESE INDIVIDUAL
COMPONENTS AS WELL. THUS, IN PERIPHERAL PRODUCTS BY SELLING
OEM, OR IN COMPUTER MAINFRAMES BY SELLING COMPLETE SYSTEMS, OR
IN CONSULTING SERVICES BY TREATING THAT AS A SEPARATE SERVICE,
WE ACHIEVE ECONOMIES OF SCALE NOT POSSIBLE TO ANY OTHER SERVICE
COMPANY. ANOTHER WAY TO LOOK AT IT IS STARTING FROM THE BASE
LEVEL PRODUCTS SUCH AS PERIPHERALS, COMPUTERS, FINANCIAL
SERVICES, SOFTWARE, AND PROFESSIONAL PEOPLE, A VERY LARGE NUMBER OF EVER INCREASING VALUE-ADDED PRODUCTS AND SERVICES CAN BE GENERATED. THE HIGHEST VALUE-ADDED COMBINATION IS A SPECIFIC DATA SERVICE; THE LOWEST IS A SIMPLE PIECE OF HARDWARE. SO THESE COMBINATIONS CAN BE THOUGHT OF AS LEVELS OF VALUE-ADDED SERVICES. AND, AS I HAVE INDICATED, ATTRACTIVE MARKETS EXIST FOR ALL LEVELS, WHILE AT THE SAME TIME THEY REINFORCE THE ULTIMATE SERVICES THRUST OF OUR BUSINESS.

OUTLOOK

NOW, LET ME LOOK AHEAD FOR A MOMENT. TODAY, ALL OF CONTROL DATA'S FOUR MAJOR BUSINESSES ARE STRONG AND ADVERSE CHANGES IN ECONOMIC CONDITIONS ARE NOT AN OVERRIDING FACTOR IN OUR PLANNING.

THE COMPANY'S CUSTOMER BASE IS MUCH BROADER AND, IN MARKET AREAS OF PARTICULAR CONCENTRATION IT IS DEEP AS WELL. IN MANY SYSTEMS AND SERVICES APPLICATION AREAS -- ENERGY AND PETROLEUM EXPLORATION ARE JUST TWO EXAMPLES -- MARKET DEMAND SHOULD REMAIN STRONG EVEN IN A DOWN ECONOMY.

WE HAVE INVESTED SUBSTANTIALLY IN BUILDING OUR COMPUTER SYSTEMS LEASE BASE. TODAY, MORE THAN TWO-THIRDS OF OUR CYBER 170 SYSTEMS ORDERS ARE LEASE, AND AS YOU KNOW, RENTAL INCOME IS INHERENTLY MORE STABLE THAN OUTRIGHT SALES AND ULTIMATELY MORE PROFITABLE.
AND FINANCIAL SERVICES ARE MUCH HEALTHIER. THROUGH AGGRESSIVE ASSET REDUCTION AND EXPENSE CONTROL PROGRAMS, THE RISKS OF A HIGH INTEREST RATE CLIMATE HAVE BEEN REDUCED. THE INSURANCE BUSINESSES HAVE BENEFITED FROM THE ELIMINATION OF CERTAIN LINES AND A MORE CONSERVATIVE UNDERWRITING POLICY. AND AS I NOTED EARLIER, COMBINING CASH AND NON-CASH SERVICES IN A BROADER OFFERING TO MARKETS SUCH AS SMALL BUSINESS NOT ONLY SPREADS MARKETING COSTS, IT MAKES FOR HEALTHIER, MORE VIABLE CUSTOMERS AS WELL.

STILL, 1981 WILL BE A YEAR IN WHICH INTEREST RATES WILL REMAIN HIGH, AND IT IS UNLIKELY THAT FINANCIAL SERVICES EARNINGS WILL ACHIEVE THE LEVEL OF 1980. HOWEVER, IN THE COMPUTER BUSINESS, WITH A GOOD BACKLOG POSITION AND ORDERS CONTINUING STRONG, WE HAVE GOOD EXPECTATIONS FOR ADDITIONAL REVENUES AND EARNINGS GROWTH.

FOR THE COMPANY IN TOTAL -- BARRING FURTHER DETERIORATION IN THE ECONOMY -- THE OUTLOOK IS REASONABLY GOOD FOR FURTHER GROWTH IN EARNINGS, BUT AT A LESSER RATE THAN IN 1980.

AT THIS TIME, I WOULD LIKE TO INTRODUCE TO YOU NORB BERG, DEPUTY CHAIRMAN OF THE BOARD, AND FOLLOWING NORB'S REMARKS, WE WILL BE HAPPY TO ANSWER YOUR QUESTIONS.