LONG-RANGE STRATEGIC PLAN PRESENTATION
CDC BOARD OF DIRECTORS
NOVEMBER 11, 1982
R. M. PRICE

INTRODUCTION

THE STRATEGIC PLAN REVIEW THIS AFTERNOON WILL INCLUDE A LOOK AT
WHAT'S HAPPENING IN THE EXTERNAL ENVIRONMENT, HOW THE COMPANY
IS POSITIONED TO RESPOND, WHERE WE ARE PLACING OUR INVESTMENTS,
AND THE FINANCIAL EXPECTATIONS.

THE PRESENTATIONS, BY THE WAY, REFLECT THE CHANGES WE MADE IN
OUR PLANNING PROCESS THIS YEAR. GENERALLY, THERE IS MORE FOCUS
ON THE MAJOR STRATEGIC ISSUES FACING THE COMPANY AS A WHOLE
RATHER THAN AN EXHAUSTIVE LIST OF PRODUCT AND BUSINESS PLANS.
ALSO, AS I WILL EXPLAIN LATER, FOR THE PURPOSE OF STRATEGIC
REVIEW WE HAVE GROUPED THE PRODUCT FAMILIES INTO SIX CATEGORIES
CALLED STRATEGIC TYPES OF BUSINESS.

FOLLOWING MY REMARKS, INDIVIDUAL BUSINESS PLANS WILL BE
PRESENTED BY HANK WHITE, TOM KAMP, PAUL MILLER, JOE MINUTILLI,
BOB DUNCAN, AND TOM MILLER. MARV ROGERS WILL SUMMARIZE THE KEY
FINANCIAL CONSIDERATIONS AND OUTLINE OUR PLAN FOR FINANCING THE
GROWTH OF THE BUSINESS.

ON THE OTHER HAND, OUR BUSINESS STRATEGY IS SECOND TO NONE, SO THE CALL FOR NEXT YEAR IS TO GET ON WITH DOING THINGS BETTER.

BY BETTER, I MEAN MORE EFFICIENTLY -- OUR MARGINS ARE STILL SIMPLY UNACCEPTABLE. BY BETTER I MEAN MORE CREATIVELY -- WE HAVE HAD TOO MANY BUSINESS UNITS DOGGEDLY PURSUING APPROACHES WHICH AREN'T ACHIEVING RESULTS FAST ENOUGH. BY BETTER I MEAN WITH CLEARER MARKET VISION AND A GREATER SENSE OF URGENCY -- PARTICULARLY IN PRODUCT DEVELOPMENT.

THE EXTERNAL ENVIRONMENT

(Chart 1)

BUSINESS WRITERS HAVE OBSERVED THAT THE CURRENT ECONOMIC 
SCENARIO REPRESENTS THE GREATEST UNCERTAINTY EXPERIENCED BY 
BUSINESSMEN SINCE THE GREAT DEPRESSION. THAT ABOUT SUMS IT UP.

OUR OEM CUSTOMERS IN THE MINICOMPUTER INDUSTRY HAD DIFFICULTY 
SEEING THE RECESSION COMING -- LET ME ILLUSTRATE. IN THE 
SUMMER OF 1981, IN THE FACE OF THEN-STRONG OEM DEMAND, WE 
DELIBERATELY CUT DOWN NEW INVESTMENTS IN DISK PRODUCTION 
CAPABILITY. EVEN THAT RESTRAINT PROVED TO BE SHORT OF THE 
MARK. 1983 PERIPHERALS REQUIREMENTS FROM MINICOMPUTER 
MANUFACTURERS WILL BE 23% BELOW THE CONSERVATIVE REVENUE PLAN 
WE PUT IN PLACE A YEAR AGO. EVEN AS LATE AS THE FIRST QUARTER 
OF THIS YEAR, THE TOP 40 OEM ACCOUNTS -- MOST OF THEM 
MINI-COMPUTER MANUFACTURERS -- WERE STILL FORECASTING A 23% 
GROWTH FOR 1982. INCREASED OFF-TAKE THEY INSISTED WOULD BE 
NECESSARY BEGINNING IN THE THIRD QUARTER. IN ACTUALITY, THESE 
SAME 40 ACCOUNTS WILL HAVE HAD A 10% DECLINE THIS YEAR. SO 
WHILE CONSTRAINT WAS EXERCISED -- IT COULDN'T COPE WITH THAT 
KIND OF DISCREPANCY, AND AS A RESULT, IT HAS TAKEN US MOST OF 
THE YEAR TO GET CAPACITY IN LINE WITH DEMAND.

THE CURRENT HIATUS DOES NOT REPRESENT A PERMANENT IMPAIRMENT TO 
THE GROWTH OF THE MINICOMPUTER INDUSTRY. BUT IT IS ALSO TRUE 
THAT THAT SECTOR OF THE COMPUTER INDUSTRY WILL NEVER GO BACK TO 
PRE-1980 GROWTH RATES. AGAIN, AS RECENTLY AS A FEW MONTHS AGO, 
THE CONSENSUS FORECAST FOR THE MINICOMPUTER INDUSTRY SHOWED A 
GROWTH RATE OF 17.7% FOR 1981-1986. REALISTICALLY THOUGH, 15% 
GROWTH WOULD BE AN EXCELLENT PERFORMANCE.
THE ECONOMIC SLOWDOWN WORLDWIDE, AGGRAVATED BY POCKETS OF
POLITICAL INSTABILITY, HAS AGAIN DRIVEN THE DOLLAR HIGHER
AGAINST OTHER CURRENCIES. THE PROJECTED 1982 EFFECT OF THIS IS
$8M IN NET EARNINGS. MOREOVER, COMPARED TO WHERE WE WERE
DURING THE PLANNING PROCESS LAST SUMMER, IT HAS BECOME
NECESSARY TO ADJUST OUR 1983 INTERNATIONAL REVENUE PLAN
DOWNWARD BY 10 PERCENT, WITH A NEGATIVE $19M EFFECT ON
AFTER-TAX PROFITS.

NOT ALL ADVERSITY IS BAD FOR US, HOWEVER. FOR EXAMPLE, HIGH
UNEMPLOYMENT IS ONE OF THE MOST PERSISTENTLY STUBBORN
PROBLEMS. WITHIN THIS ADVERSITY, HOWEVER, LIES GREATER
OPPORTUNITY FOR CONTROL DATA WITH RESPECT TO COMPUTER-BASED
EDUCATION. THUS, WE HAVE REDOUBLED OUR EFFORTS TO PUBLICIZE
THE CAPABILITIES ALREADY RESIDENT AND COMING ON-STREAM IN PLATO
TO ADDRESS THIS MASSIVE PROBLEM.

AND, ALTHOUGH THE FEDERAL GOVERNMENT HAS REDUCED ITS TOTAL
DOLLAR COMMITMENT TO EDUCATION AND TRAINING, THE
RECENTLY-ADOPTED JOB TRAINING PARTNERSHIP ACT RESULTS IN A
SPENDING INCREASE -- TO ABOUT $2.5B -- FOR TRAINING, AS OPPOSED
TO EDUCATION. FURTHERMORE, THANKS TO A FINE EFFORT BY
LOIS RICE AND HER COLLEAGUES, THE ACT DESIGNATES THE USE OF
ADVANCED LEARNING TECHNOLOGY -- THAT IS, COMPUTER-BASED
EDUCATION -- AS THE DELIVERY VEHICLE. THAT'S ONE SMALL STEP
FOR VOCATIONAL TRAINING, BUT ONE GIANT STEP FOR PLATO.
AS I DESCRIBED TO YOU IN SOME DEPTH IN JULY, OUR RINGS OF
DEFENSE STRATEGY EMBODIED IN FAIR EXCHANGE HAS SERVED US WELL
IN DEALING WITH UNEMPLOYMENT. THE RESULT IS THAT THE
EQUIVALENT OF SOME 2,000 FULL-TIME JOBS HAVE BEEN SAVED AND
ACTUAL LAYOFFS HELD TO A FEW HUNDRED PEOPLE.

TWO OTHER INNOVATIVE PROGRAMS ARE HELPING US CONTROL PAYROLL
EXPENSES WHILE PROTECTING THE JOBS OF EMPLOYEES. A SPECIAL
WORKFORCE ACTION TEAM (SWAT) HAS THE RESPONSIBILITY OF MATCHING
DISPLACED TWIN CITIES EMPLOYEES TO TEMPORARY POSITIONS. THIS
PROVIDES THE NEEDED HUMAN RESOURCES ON AN AD HOC BASIS TO THE
USING DEPARTMENT FOR COMPLETING TASKS THAT ARE OTHERWISE
UNFUNDED.

SECONDLY, MORE RECENTLY NORB CAME UP WITH THE IDEA OF OFFERING
OUR U.S. EMPLOYEES THE OPTION OF TAKING TWO EXTRA PAID HOLIDAYS
BETWEEN CHRISTMAS AND NEW YEAR'S IF THEY TAKE THE REMAINING TWO
DAYS OF THAT WEEK WITHOUT PAY. THE EFFECT IS TO ELIMINATE TWO
DAYS OF PAYROLL COSTS FOR EMPLOYEES CHOOSING THIS OPTION WHILE
GIVING THEM THE FULL SPAN OF THAT HOLIDAY PERIOD AS TIME OFF.
THE INITIAL ACCEPTANCE HAS BEEN ABOVE OUR EXPECTATIONS.

THE ENVIRONMENT IN WHICH WE OPERATE -- IN THE U.S. -- IS ONE OF
CONTINUING DeregULATION. THIS PARTICULARLY AFFECTS US IN
FINANCIAL SERVICES AND COMPUTER SERVICES. FOR EXAMPLE, BOTH
IBM AND AT & T ARE MAKING MAJOR COMMITMENTS IN COMPUTER SERVICES. IBM'S "INFORMATION NETWORK" IS AIMED AT TIEING TERMINALS AND SMALL PROCESSORS TO NETWORKED CPU'S IN INSEPARABLE APPLICATIONS PACKAGES. THEIR STRATEGY IS LARGE ONE OF USING SERVICES TO SUPPLEMENT HARDWARE SALES. AND AT & T'S "NET 1000" SERVICE OFFERED THROUGH THE UNREGULATED SUBSIDIARY, AMERICAN BELL, PROVIDES ONLY "BIT HAULING" SERVICES TO COMPARATIVELY FEW CITIES, BUT WE CAN COUNT ON EXPANDED SERVICES IN THE FUTURE.

ON THE POSITIVE SIDE, EXTERNAL FACTORS HAVE PROVIDED TWO SLIGHTLY POSITIVE BOOSTS TO OUR FINANCIAL PICTURE. FIRST, THE EFFECTIVE TAX RATE HAS BEEN REDUCED FROM 46% IN 1980 TO 40% LAST YEAR. WE EXPECT TO APPROACH 30% THIS YEAR AND TO BE ABLE TO HOLD IN THE 30'S DURING THE NEXT FIVE YEARS.

AS FOR THE NEW TAX LAW PASSED LAST AUGUST, HOWEVER, WE SEE NO SIGNIFICANT PLUSES OR MINUSES AND NO REASON TO ANTICIPATE A MORE FAVORABLE TAX CLIMATE.

SECONDLY, THE FINANCIAL ACCOUNTING STANDARDS BOARD RECENTLY ADOPTED A CHANGE TO THE TREATMENT OF CURRENCY TRANSLATION EFFECTS. THIS SHOULD HELP BOTH EARNINGS AND INVESTED CAPITAL SLIGHTLY IN THE YEARS AHEAD.

(PROJECTOR OFF)
STATE OF THE CORPORATION

WE'VE LOOKED AT THE EXTERNAL FACTORS IN THE ECONOMY. LET'S TURN NOW TO OUR OWN SITUATION, OUR RELATIVE COMPETITIVE POSITION, AND MAJOR STRENGTHS AND WEAKNESSES. WHILE THE PRESENTATIONS WHICH FOLLOW WILL COVER ALL THIS MORE THOROUGHLY, WHAT I WOULD LIKE TO DO IS GIVE YOU SOME OVERALL PERSPECTIVES.

FIRST OF ALL, THE SOUNDNESS OF OUR OVERALL BUSINESS STRATEGY CONTINUES TO GAIN RECOGNITION. DATAMATION MAGAZINE'S RECENT ARTICLE, CRITICAL OF THE MAINFRAME INDUSTRY IN GENERAL, OBSERVED, HOWEVER: "...CONTROL DATA STANDS IN A VERY GOOD POSITION TO TAKE ADVANTAGE OF THE NEW AGE (OF COMPUTER SERVICES)."

IRONICALLY, WHILE WE ARE GAINING RECOGNITION, 1982 AND 1983 ARE TURNING OUT TO BE TERRIBLY DIFFICULT YEARS FOR IMPLEMENTING THAT STRATEGY.

OF COURSE, QUICK PROFITS COULD BE ACHIEVED BY TURNING DOWN OUR INVESTMENTS, PARTICULARLY IN TECH EFFORT. BUT AS WE ALL KNOW, THAT WOULD BE FOOLISH. WE HAVE WORKED OVER EXPENDITURES THIS YEAR AND NEXT VERY, VERY CAREFULLY. WE'VE SCRUTINIZED THEM TO TRIM EXCESSES AND AVOID DUPLICATION. BUT THE BASIC EFFORTS HAVE BEEN MAINTAINED.
THE REALITY WE FACE IS ONE OF HEIGHTENED COMPETITION -- IT'S REAL AND IT'S HERE TODAY ACROSS MOST OF OUR ESTABLISHED BUSINESSES. THE CURRENT RECESSION HAS NOT CAUSED COMPETITION TO SUBSIDE BUT HAS AMPLIFIED IT. SO WE HAVE THE RESPONSIBILITY TO STRENGTHEN OUR POSITION, NOT DRAW BACK.

(CHART 2)

FOR EXAMPLE, IN PERIPHERALS, THE COMPETITIVE THREATS ARE GREATER THAN EVER.

LAST YEAR TOM KAMP SPOKE OF THE CHALLENGE TO RESTORE PERIPHERALS AS THE TECHNOLOGY LEADER. IN FACT, TOM AND HIS PEOPLE HAVE THE DUAL CHALLENGE OF MASTERING EVER MORE SOPHISTICATED TECHNOLOGIES CONCURRENT WITH A CRITICAL NEED TO IMPROVE MARGINS AND QUALITY.

UNTIL LEADERSHIP IS RESTORED, REDUCED PROFIT IN PERIPHERALS IS A FACT OF LIFE. WHILE THE MINICOMPUTER BUSINESS PAUSES IN ITS GROWTH, THE MUCH SMALLER MICROPERIPHERALS MARKET IS LEAPING AHEAD -- BUT WE'RE NOT PARTICIPATING IN THAT SECTOR TO ANY SIGNIFICANT EXTENT. WE WILL BE, WITH PLANNED PRODUCT ANNOUNCEMENTS IN MID-1983, BUT UNTIL THEN WE WON'T BENEFIT FROM MICROCOMPUTER GROWTH RATES.
ALSO, THE HARD FACTS OF THE ECONOMIC SQUEEZE COMBINED WITH
SHIFTs IN MARKETPLACE NEEDS CAUSED PERIPHERALS TO RE-EVALUATE
ITS PRODUCT STRATEGIES DURING 1982. A YEAR AGO THE PRIORITY
WAS 8" AND 14" REMOVEABLE DISKS OR COMBINATION FIXED/REMOVEABLE
DISKS. NOW THE MARKET TREND IS CLEARLY TO FIXED DISKS AND TO
SMALLER PHYSICAL SIZE RIGID DISKS. WHAT IT NETS DOWN TO IS
THAT 1982 AND 1983 ARE CATCH-UP YEARS FOR PERIPHERALS. 1983
WILL SEE THE PRODUCTS INTRODUCED AT THE LAST NCC COMING INTO
FULL PRODUCTION AS WELL AS THE ANNOUNCEMENT OF NEW 3" AND
5" PRODUCTS. BUT THERE ARE NO SHORT CUTS TO PRODUCT
LEADERSHIP -- JUST GOOD PLANNING AND EXECUTION. AT THE SAME
TIME, THE PERIPHERALS BUSINESS FACES UNPRECEDENTED CHALLENGES
TO IMPROVE QUALITY AND REDUCE MANUFACTURING COSTS.

LET ME TURN NOW TO THE SYSTEMS BUSINESSES. IN CONTRAST TO THE
GENERALLY WEAK MARKETPLACE IN PERIPHERALS, BOTH GOVERNMENT
SYSTEMS AND COMPUTER SYSTEMS ARE EXPERIENCING GOOD GROWTH. AND
THIS YEAR COMPUTER SYSTEMS EXPECTS REVENUES TO BE UP 8.3% AND
NEXT YEAR THAT WILL BE NEARLY 13%, AS SHIPMENTS OF THE NEW
CYBER 170 SERIES 800 RAMP UP. THAT'S THE SECOND HIGHEST GROWTH
IN NEARLY TEN YEARS AND COMPARES TO A FOUR-YEAR INDUSTRY
AVERAGE OF 5.8%.

IN PRIOR MEETINGS, I HAVE EMPHASIZED THE GROWING INVESTMENT IN
APPLICATIONS SOFTWARE WHICH, WHEN DELIVERED VIA OUR HARDWARE,
PROVIDES A TOTAL APPLICATIONS SOLUTION TO THE CUSTOMER.

EXPENDITURES FOR ALL APPLICATIONS DEVELOPMENT WERE $88M IN 1981, ARE FORECAST AT $104M IN 1982 AND ARE PLANNED TO BE ABOUT $120M IN 1983.

RMP NOTE: COMPUTER SYSTEMS PAST GROWTH RATES:

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INDUSTRY GROWTH RATES FOR MAINFRAME COMPUTERS

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NUMERICAL AVERAGE: 5.8%

IN GOVERNMENT SYSTEMS, GROWTH THIS YEAR AND NEXT AVERAGES 15%.

SHIPMENTS OF THE AN/AYK-14 ON BOARD MILITARY COMPUTER ARE BUILDING NICELY, AND SHOULD TOTAL $130M FOR THE PROGRAM SINCE INCEPTION THROUGH 1982. OVER THE '83-'87 PLAN PERIOD, ANOTHER $430M IS FORECAST FOR THE AYK-14. TO THE YEAR 2000, THIS PROGRAM COULD GENERATE OVER $1.0B.

SO THESE ARE ALL POSITIVE SIGNS FOR THE SYSTEMS BUSINESS. ON THE OTHER HAND, HERE TOO WE FIND THE OPPORTUNITIES FOR INVESTMENT EXCEED OUR INTERNAL CAPABILITY TO FUND THEM. THE PACE OF NEEDED TECHNOLOGY DEVELOPMENT, INTENSIFIED BY DOMESTIC AND JAPANESE COMPETITION, Dictates the search for cooperative ventures. The major effort is, of course, MCC, but we are using other approaches as well.
I mentioned the increasing importance of applications for systems. Related to that is the need for smaller, dedicated computers which are still compatible with the main computer line. The recently completed $30M R & D limited partnership for the so-called "System Zero" in the Cyber 180 line is of great significance. It is this "Super-Mini" that will help leverage the current and continuing investment in applications.

On the other hand, activities such as the Japanese fifth generation computer technology program mean we will need all the help we can get for the computer systems business.

Competitive pressures of the home-grown variety are likewise in ample evidence. For instance, Cray Research is busy announcing new models, cutting prices -- not just little cuts either -- 50% was the latest round -- and generally raising hell. CRI has protested three of the last five U.S. government 205 competitive wins.

Responding to both the domestic and off-shore developments, systems has recently realigned priorities to provide lower cost memory and expanded memory for the 205 for introduction within the next 18 months. Similarly, high density CMOS chip technology was recently chosen over the earlier high performance VLSI to improve cost competitiveness of the follow on to the 205.
ALL IN ALL, AS I SAID, COMPETITION IN THE SYSTEMS BUSINESS IS FAST PACED AND INTENSE.

TURNING NOW TO SERVICES -- WE CONTINUE TO PURSUE AGGRESSIVE EXPANSION OF THE SERVICES BUSINESSES WORLDWIDE. WE EXPECT SERVICES REVENUES TO MORE THAN DOUBLE BETWEEN 1981 AND 1986, CONSISTENT WITH LAST YEAR'S PLAN.

RMP NOTE: 1986 DATA SERVICES REVENUE IS ON TARGET WITH LAST YEAR'S PLAN

BUT COMPETITION IS MUCH STRONGER THAN EVER BEFORE. FOR EXAMPLE, SECTORS OF THE DATA SERVICES INDUSTRY EXHIBIT UNUSUALLY STRONG COMPETITIVE PERFORMANCE. OVERALL INDUSTRY REVENUE GROWTH IS PROJECTED AT 21%, WHICH IS A VERY HEALTHY RECESSION YEAR FIGURE. BUT PEELING BACK ONE MORE LAYER, YOU FIND IN THE INDUSTRY THAT SOME OF YESTERDAY'S STARS, SUCH AS TYMSHARE, HAVE FLATTENED OUT, WHILE THE NEWER APPLICATION-BASED COMPANIES SUCH AS CULLINANE ARE EXPERIENCING THEIR BEST GROWTH EVER.

THIS SAME PATTERN IS TRUE IN CONTROL DATA -- SOME APPLICATION BASED SERVICES -- TICKETRON AND ARBITRON RATINGS ARE PROMINANT EXAMPLES -- ARE HAVING EXCELLENT RESULTS, WHILE THE MORE CONVENTIONAL CYCLE-SELLING TIME SHARING PARTS OF DATA SERVICES ARE STRUGGLING. ALL THIS MERELY CONFIRMS WHAT WE ALREADY KNOW -- THAT THE BALANCE OF THE BUSINESS HAS BEEN SHIFTING TO MORE MARKET OR APPLICATION SPECIFIC SERVICES.
IN A STRATEGIC CONSTRUCT OUR DATA SERVICES BUSINESS CAN ONLY BE CORRECTLY VIEWED IN TERMS OF APPLICATION STRATEGIES. "APPLICATION" AS I USE IT IN THIS SENSE MUST BE INTERPRETED VERY BROADLY, INCLUDING BOTH COMPUTATIONAL AND DATA BASE APPLICATIONS. THIS MAY SEEM OBVIOUS ENOUGH, BUT IN FACT MOST PEOPLE HAVE HISTORICALLY VIEWED DATA SERVICES IN TERMS OF THE NETWORK OF COMPUTERS, COMMUNICATIONS LINES, AND TERMINALS -- THE DELIVERY VEHICLE, AS IT WERE. THIS PREOCCUPATION WITH DELIVERY AND THE EFFICIENT USE OF THE SYSTEM AND NETWORK HAS DETRACTED FROM THINKING ABOUT WHAT THE CUSTOMER NEEDS -- AND THAT IS APPLICATIONS SOLUTIONS AT BETTER PRICES IRRESPECTIVE OF THE DELIVERY MEANS.

IRONICALLY, ONE CONSEQUENCE OF THIS CONCENTRATION ON DELIVERY METHODOLOGY IS THAT WE HAVE LAGGED IN INCORPORATING CRUCIAL NEW DELIVERY VEHICLES -- MINI AND MICRO-COMPUTERS -- INTO DATA SERVICES APPLICATIONS. AS A RESULT, PERHAPS IT IS NOT SURPRISING THAT SOME DATA SERVICES BUSINESSES ARE NOT GROWING AS FAST AS THEY SHOULD. OTHERS, HOWEVER, ARE ACHIEVING GOOD RESULTS. THE NET EFFECT IS AN OVERALL GROWTH RATE OF 13%. NOT BAD -- BUT NOT GOOD ENOUGH. MOVING MORE AGgressively IN THIS REGARD IS A TOP PRIORITY AS WE MOVE INTO 1983. ONE YEAR OR SO ISN'T ENOUGH TO REALIZE THE FULL RESULTS OF THIS BUT, EVEN SO, 1983 AND 1984 SHOULD REFLECT IMPROVED GROWTH RATES FOR DATA SERVICES.
ONE OF THE STRATEGIES IN THE ESTABLISHED DATA SERVICES BUSINESS IS TO ACCELERATE GROWTH BY COOPERATIVE ARRANGEMENTS AND IN SOME CASES ACQUISITION. HANK WHITE WILL BE EXPANDING ON THESE EFFORTS IN HIS PRESENTATION.

TURNING NOW TO COMMERCIAL CREDIT, AS MENTIONED EARLIER, Deregulation becomes more far-reaching every day. This is evidenced, for example, by the recent decision to permit savings and loans to perform limited commercial banking activities. The commercial credit strategy that we first began to unfold two years ago is now essentially complete. As some of you know, CCC will be embarking on an ambitious plan to transform itself from a finance company to a more bank-like organization. Paul Miller and Joe Minutili will describe this in their presentations. Let me just emphasize that by 1986, everybody in the financial industry will be equal with regard to regulation, so speed is of the essence for commercial credit.

LAST YEAR, AS A PART OF THESE PRESENTATIONS, BOB KLEINERT DESCRIBED THE SMALL BUSINESS SERVICES ORGANIZATION THAT WAS JUST COMING TOGETHER UNDER CCC. THEIR STRATEGY HAS NOW BEEN COMPLETED -- I'LL JUST BRIEFLY BRING YOU UP TO DATE:

- THE NUMBER OF BUSINESS CENTERS (MAIN AND SATELLITE) IN PLACE BY THE END OF 1982 WILL BE 144 COMPARED TO 109 LAST YEAR.
- SEPARATE OPERATING ENTITIES HAVE BEEN CONSOLIDATED INTO A SINGLE ORGANIZATION AND AN APPROPRIATE FIELD MANAGEMENT STRUCTURE IS BEING IMPLEMENTED.

- SIGNIFICANT ADDITIONS IN MICROCOMPUTERS, SMALL BUSINESS SYSTEMS AND APPLICATIONS HAVE BEEN AND ARE CONTINUING TO BE MADE.

- PRINT AND TELEVISION ADVERTISING EXPENDITURES HAVE INCREASED 29%, BUILT AROUND THE THEME "YOU CAN GROW FASTER WITH US THAN WITHOUT US."

ATTRACTION AND SELLING THE SMALL BUSINESS PERSON AT REASONABLE COST IS STILL THE MAJOR CHALLENGE FOR SMALL BUSINESS SERVICES. OUR APPROACH IS TO USE DIRECT MAIL, ADVERTISING-PROMOTION AND TELEMARKETING TO INTRODUCE THE CUSTOMERS AND PROSPECTS TO THE BUSINESS CENTER. THEN, ATTRACT THEM ON A REPETITIVE BASIS THROUGH PLATO TRAINING, SEMINARS, AND WORKSHOPS AIMED AT PROBLEM IDENTIFICATION AND SOLUTION USING CDBAI, FINANCIAL SERVICES, AND INFORMATION SERVICES AND PRODUCTS.

WE HAVE A NUMBER OF BUSINESSES WHICH ARE BEHIND SCHEDULE IN REACHING PROFIT GENERATING STATUS. INCLUDED IN THIS CATEGORY ARE MAJOR ELEMENTS OF DATA SERVICES, SYSTEMS, PERIPHERALS, EDUCATION, INTERNATIONAL SERVICES AND FINANCIAL SERVICES.
THESE BUSINESSES REPRESENT THE PRINCIPAL OPPORTUNITY FOR
CONTROL DATA TO IMPROVE ITS FINANCIAL PERFORMANCE. WE ARE NOT
DEALING HERE WITH BRAND NEW BUSINESSES BUT THOSE SEVERAL YEARS
IN DEVELOPMENT. TAKING A LONG-TERM VIEW -- A NECESSITY OBVIOUS
TO ALL OF US -- IS NOT THE ISSUE. THE ISSUE IN THESE INSTANCES
IS A CRITICAL REVIEW OF WHAT MUST BE DONE DIFFERENTLY TO
ACHIEVE THE STRATEGIC OBJECTIVE -- THAT IS, ADOPTING A CREATIVE
SOLUTION AND DARING TO TRY A TOTALLY NEW APPROACH TO PROBLEM
BUSINESSES. THE INDIVIDUAL UNITS INVOLVED HAVE BEEN AND WILL
RECEIVE MUCH MORE CRITICAL REVIEW, BUT TIME DOESN'T PERMIT A
DETAILED DISCUSSION OF THAT HERE.

(PROJECTOR OFF)

TOP TEN STRATEGIC ISSUES

THAT'S A FAIRLY RAPID SCAN ACROSS THE COMPANY AND THE
ENVIRONMENT IN WHICH IT OPERATES. WHICH LEADS TO THE NEXT
TOPIC -- CRYSTALIZING THESE DIVERSE OBSERVATIONS INTO PRINCIPAL
ISSUES OR PRIORITIES.

LATE LAST YEAR, WE SOLICITED FROM THE OPERATING AND STAFF
EXECUTIVES THEIR VIEWS ON THE TOP ISSUES FACING THE COMPANY.
FROM A LIST OF SOME SIXTY-PLUS TOPICS, THESE TOP TEN ISSUES
(CHART 3) WERE COLLECTIVELY PRIORITIZED BY THE STRATEGIC
PLANNING AND REVIEW COMMITTEE, THE GROUP OF TOP LEVEL STAFF AND
LINE PEOPLE WHICH OVERSEES OUR PLANNING PROCESS.
EACH OF THESE "TOP TEN" WAS EXPANDED INTO A DEFINITIVE STATEMENT OF THE ISSUE, INCLUDING SPECIFIC QUESTIONS FOR INDIVIDUAL BUSINESS UNITS. HERE IS THE MATRIX OF ISSUE ASSIGNMENTS (CHART 4). ANSWERS CAME BACK IN THE STRATEGIC PLANS IN AUGUST.

FROM A PLANNING PROCESS STANDPOINT, STRUCTURING THE ISSUES EARLY HELPED IMMENSELY IN FOCUSING THE PLANS TO THE MORE CRITICAL NEEDS OF THE CORPORATION AND ESTABLISHING EXECUTIVE PRIORITIES FOR THE SUBSEQUENT EXECUTION OF THE PLANS.

BUT BEYOND THAT, AS WE HAVE EXAMINED AND DISCUSSED THESE TEN ISSUES, WE'VE GAINED A LOT MORE UNDERSTANDING OF THEM. SOME NEEDED TO BE REWORDED TO EMPHASIZE PARTICULAR ASPECTS, SOME COULD BE COMBINED IN PART WITH OTHERS, AND SO ON. AS A RESULT, THE LIST HAS BECOME SEVEN SLIGHTLY RESTATED ISSUES. ALSO WITH THE PLANNING PROCESS COMPLETE, THE WORD "ISSUE" SEEMS INAPPROPRIATE -- "STRATEGIC PRIORITIES" IS NOW MORE TO THE POINT.

(CHART 4A)

HERE THEY ARE.
FOR THE LAST THREE YEARS THE FIRST PRIORITY IN SMALL BUSINESS HAS BEEN TO ESTABLISH THE BUSINESS CENTERS. THE STATEMENT REALLY NEEDS TO BE BROADENED TO ACKNOWLEDGE THAT THERE ARE OTHER STEPS BEING TAKEN TO POSITION OTHER PARTS OF THE CORPORATION TO SERVE SMALL BUSINESS NEEDS. THUS THE TITLE, "RESPONSE TO SMALL BUSINESS MARKETPLACE." YOU CAN SEE THIS IS A MORE COMPREHENSIVE VIEW OF OUR COMMITMENT WHICH GOES BEYOND THE BUSINESS CENTERS PER SE. THEY, OF COURSE, CONTINUE TO BE THE CENTERPIECE OF THE STRATEGY.

NEXT, "COMMERCIAL CREDIT'S THRIFT AND BANKING STRATEGY." OUR FIRST CUT AT THE ISSUES AT CCC DIDN'T REALLY HIGHLIGHT THE FUNDING SIDE OF THE STRATEGIC EQUATION. WE WERE CONCENTRATING ON THE OUTPUT SIDE -- MORE VALUE-ADDED OR NON-CASH SERVICES, SMALL BUSINESS SERVICES, HOMEOWNER CENTERS, ETC. BUT OVER THE COURSE OF THE PLANNING PROCESS, THIS ASPECT HAS ASSUMED GREATER AND GREATER IMPORTANCE. COMMERCIAL CREDIT MOVES INTO 1983 WITH A CRUCIAL EFFORT UNDERWAY TO ADDRESS THIS NEED.

THIRDLY, WE HAVE THE QUESTION OF BUSINESSES NOT MAKING SATISFACTORY PROGRESS. IT'S NOT NECESSARY TO REITERATE MY EARLIER REMARKS ON THESE SLOWLY DEVELOPING BUSINESSES, OTHER THAN TO NOTE THEY ARE SIGNIFICANT ENOUGH TO BE AMONG THE TOP SEVEN PRIORITIES.
LIKEWISE, I DWELT EARLIER ON THE MULTIPLE CHALLENGES FACING PERIPHERALS: INCREASED DEMAND FOR TECHNICAL SPENDING, FASTER RESPONSE TIME TO THE MARKET, REDUCED COSTS AND IMPROVED QUALITY -- TO SAY THE LEAST -- A VERY FULL AGENDA. BUT 1982 HAS HELPED CLEAR THE DECKS -- TO SET THE STAGE -- FOR A NEW THRUST IN PERIPHERALS THAT IS ENORMOUSLY IMPORTANT TO OUR FUTURE. THE CHALLENGE OF 1983 IS TO GET ON WITH THAT THRUST.

"MICRO-COMPUTER OPPORTUNITIES FOR GREATER DATA SERVICES GROWTH" RATHER CLEARLY STATES THE NEXT STRATEGIC PRIORITY. CERTAINLY THE QUESTION IS NOT SO MUCH THE COMPETITIVE THREATPOSED BY MINI AND MICRO-COMPUTERS -- BUT RATHER WHAT DO WE DO ABOUT THE OPPORTUNITIES TO OPTIMIZE THEIR INTEGRATION INTO APPLICATIONS AS IMPORTANT DELIVERY VEHICLES IN THEIR OWN RIGHT.

NEXT, INTERNATIONAL SERVICES. IN THE COURSE OF THE PAST 18 MONTHS, WE HAVE MADE GREAT PROGRESS IN INCORPORATING SERVICES AS PART OF THE STRATEGIC THINKING IN INTERNATIONAL OPERATIONS. BUT WE HAVE YET TO TURN THAT THINKING INTO RESULTS. WE ARE NOW AT THE "MOMENT OF TRUTH." THE NEXT FEW YEARS ARE VITAL FOR INTERNATIONAL IN THIS REGARD. AS JUST NOTED, MINI AND MICRO-COMPUTERS ARE CRITICAL DELIVERY VEHICLES FOR SERVICES. IN INTERNATIONAL OPERATIONS THIS IS EVEN MORE IMPORTANT, FOR IN ADDITION TO THE FACTORS WHICH APPLY IN THE U.S., THEY ALSO GIVE US A VEHICLE FOR COOPERATION WITH LOCAL MANUFACTURERS, AND A MORE MEANINGFUL LOCAL PRESENCE.
FINALLY, "TECHNOLOGICAL COOPERATION OR LEVERAGING TECHNICAL EFFORT." NO EXECUTIVE WHO HAS BEEN THROUGH THE PROBLEM OF TECHNICAL RESOURCE ALLOCATION CAN FAIL TO UNDERSTAND THIS STRATEGIC PRIORITY. IN SHORT, WE HAVE MORE OPPORTUNITIES AND MORE NEEDS THAN WE HAVE TECHNICAL RESOURCES. AND RESOURCE IS NOT JUST MONEY -- IN MANY CRITICAL TECHNOLOGY AREAS SUCH AS ELECTRONIC CAD, DATA BASE MANAGEMENT, DISTRIBUTED PROCESSING, SOFTWARE PRODUCTIVITY AND EASE OF USE, THERE IS LIKewise A CRITICAL PEOPLE SHORTAGE. THE ONLY ANSWER IS MORE WIDESPREAD AND BROADLY-BASED TECHNOLOGICAL COOPERATION. DURING 1982, WE LAUNCHED 11 NEW COOPERATIVE EFFORTS, FIVE OF WHICH WERE IN PERIPHERALS.

THE MOST FAR-REACHING TECHNOLOGICAL COOPERATIVE EFFORT, OF COURSE, IS MCC. THE TECHNOLOGY FUNDAMENTAL TO FUTURE SYSTEMS, PERIPHERALS AND SERVICES WILL COME IN LARGE PART FROM MCC. PROGRESS, BY THE WAY, IS GOOD. EIGHT COMPANIES HAVE ALREADY SIGNED LETTERS OF INTENT AND WE EXPECT THAT 10-12 COMPANIES WILL PARTICIPATE INITIALLY IN MCC. OUT OF 15 CANDIDATES FOR THE CHIEF EXECUTIVE OFFICER POSITION, THREE APPEAR TO BE ADEQUATELY QUALIFIED. WE EXPECT THAT WE WILL HAVE IDENTIFIED THE CEO BY THE END OF NOVEMBER.

TASK TEAMS FROM THE PARTICIPATING COMPANIES SHOULD HAVE THE REFINED TECHNOLOGY PROGRAM PLANS COMPLETED BY THE END OF THIS
MONTH. A FORMAL REVIEW OF MCC WAS STARTED BY THE DEPARTMENT OF JUSTICE IN EARLY AUGUST. WE HAVE COMPLIED FULLY WITH THEIR REQUESTS. NO OFFICIAL POSITION HAS EMERGED FROM THE JUSTICE DEPARTMENT ON EITHER THE MCC "UMBRELLA" ORGANIZATION OR THE INDIVIDUAL TECHNOLOGY PROGRAMS. IT'S UNLIKELY THAT THERE WILL BE ANY SERIOUS OBJECTION BY THE JUSTICE DEPARTMENT.

THE MCC TECHNOLOGY PROGRAMS ARE NOT MERELY INTERESTING RESEARCH PROGRAMS, THEY ARE AT THE HEART OF MUCH OF CONTROL DATA'S FUTURE SUCCESS. THE COMPUTER ARCHITECTURE PROGRAM WITH ITS KNOWLEDGE AND DATABASE ARCHITECTURES, COUPLED TO GREATLY ENHANCED MAN/MACHINE INTERACTION WILL LEAD THE WAY TO EXPERT SYSTEMS WHICH COMBINE SPEED AND ACCURACY WITH A MORE HUMAN-LIKE PROBLEM-SOLVING PROCESS -- A FORMIDABLE TOOL WITH REGARD TO THE MARKET OR APPLICATION SPECIFIC SERVICES I MENTIONED EARLIER.

THE ELECTRONIC COMPUTER-AIDED DESIGN PROGRAM WILL GIVE US ENORMOUS LEVERAGE TO SHORTEN THE DEVELOPMENT CYCLE OF OUR HARDWARE PRODUCTS FROM YEARS TO MONTHS -- FOR EVEN THE MOST COMPLEX DESIGNS -- WITH AN EFFECT ON THE MARKETPLACE THAT IS ONLY BEGINNING TO BE UNDERSTOOD.

AND YOU CAN IMAGINE THE EFFECT ON BOTH OUR SERVICES AND OUR SYSTEMS BUSINESS OF SOFTWARE DEVELOPED TO PERFORM AS DESIRED, THE FIRST TIME, IN AN ORDER OF MAGNITUDE LESS TIME THAN TODAY BY PEOPLE OF SIGNIFICANTLY LESS SKILL THAN REQUIRED BY TODAY'S SOFTWARE DEVELOPMENT PROCESS.
WELL, THOSE ARE THE SEVEN STRATEGIC PRIORITIES AS I SEE THEM AT THE CLOSE OF 1982. IN EACH INSTANCE WE HAVE A PLAN -- OR SET OF PLANS -- AND IN EACH INSTANCE WE HAVE MADE PROGRESS IN 1982. BUT THESE ARE OUR CHALLENGES AS WE MOVE FORWARD INTO THE NEXT FIVE YEARS.

(PROJECTOR OFF)

FINANCIAL SUMMARY

WE HAVE NOW HAD A LOOK AT THE OVERALL STATUS OF THE BUSINESS, AND AT THE TRENDS AND ISSUES WHICH AFFECT OUR STRATEGIC THINKING AND PRESENT US BOTH PROBLEMS AND OPPORTUNITIES. NEXT, I'LL TURN TO THE FINANCIAL SUMMARY.

AS I NOTED AT THE OUTSET, THE FINANCIAL OUTLOOK FOR '83 IS BASICALLY FOR A CONTINUATION OF THE TOUGH SITUATION WE HAVE HAD TO FACE IN 1982. AND I WANT TO EMPHASIZE THAT THIS IS DUE NOT ONLY TO THE GENERAL ECONOMIC CLIMATE BUT ALSO TO COMPETITIVE FACTORS AND MARKET TRENDS.

THE CHARTS WHICH FOLLOW WILL HAVE A SLIGHTLY DIFFERENT STRUCTURE THAN YOU HAVE SEEN BEFORE. THIS IS BECAUSE WE HAVE FOUND IT HELPFUL TO LOOK AT THE COMPANY IN TERMS OF ITS MAJOR STRATEGIC BUSINESSES, THAT IS, IN A WAY WHICH TRANSCENDS THE
BASIC ORGANIZATIONAL UNITS. WE CALL THESE GROUPINGS "STRATEGIC TYPES OF BUSINESS" -- OR "STOB'S." THE GROUPINGS ARE FAIRLY OBVIOUS (CHART 5). IT'S MOSTLY A MATTER OF GROUPING BUSINESSES WHICH ARE BUILT UPON COMMON TECHNOLOGY STRENGTHS AND/OR WHICH SHARE SIMILAR CRITICAL SUCCESS FACTORS.

(EXTEMPORANEOUS COMMENTS ON CHART.)

THE GROUPINGS ARE PARTICULARLY USEFUL IN ANALYZING THE ALLOCATION OF KEY STRATEGIC RESOURCES, I.E., TECH EFFORT AND INVESTED CAPITAL.

TECHNICAL EFFORT, TO REPEAT, IS THE WELLSPRING OF EVERYTHING WE DO. AND THE NEED GROWS IN ALL DIMENSIONS: FASTER TURNOVER OF TECHNOLOGY, AS IN PERIPHERALS; NEW REQUIREMENTS -- E.G., MORE APPLICATIONS IN SERVICES AND SYSTEMS; AND MORE COSTLY RESOURCES -- I.E., TECHNICAL PEOPLE. TECHNICAL EFFORT INVESTMENT OVER THE '83-'85 PERIOD WILL TOTAL $1.2B -- SOME 35% MORE THAN THE $887M IN THE LAST THREE YEARS.

ONE WAY TO LOOK AT TECHNICAL EFFORT IS BY SPENDING CATEGORY IN INFORMATION SERVICES AND PRODUCTS (CHART 6). THIS INCLUDES THE EXPENDITURES FOR THE NONFINANCIAL PRODUCTS IN CCC. COMPARED TO PREVIOUS PLANS, A SIGNIFICANTLY LARGER SHARE IS GOING INTO R&D EACH YEAR WHILE SUPPORT EXPENDITURES ARE GROWING ONLY MODESTLY. CONTROL OF SUPPORT COSTS WAS ONE OF THE ORIGINAL TOP TEN STRATEGIC ISSUES. HIGHLIGHTING THE ISSUE HAS CAUSED BETTER SCRUTINY AND IMPROVED PLANS.

THIS NEXT CHART (CHART 7) SHOWS THE TECH EFFORT SPLIT BY STOB AS A PERCENT OF THE TOTALS YOU JUST SAW. AS YOU CAN SEE, THE PROPORTIONS ARE SHIFTING OVER TIME. COMPUTER SERVICES, BOTH ESTABLISHED AND DEVELOPING -- THE TWO CENTER LAYERS -- ARE TAKING A LARGER SHARE OF THE TECH EFFORT, FROM 30% IN '82 TO 40% IN '87. PERIPHERALS MAINTAINS APPROXIMATELY THE SAME SHARE WHILE SYSTEMS' SHARE OF THE TOTAL DECLINES. EVEN SO, ITS DOLLAR EXPENDITURES FOR THE NEXT THREE YEARS IN TOTAL WILL BE 27% HIGHER THAN THE LAST THREE.

TO SUMMARIZE THE TECH EFFORT SITUATION, WE BELIEVE WE HAVE CORRECTLY IDENTIFIED WHAT IS NEEDED AND THE LEVEL OF EXPENDITURE IS ADEQUATE AND AFFORDABLE.

THE OUTLOOK FOR INVESTED CAPITAL SPENDING BY STOB (CHART 8) SHOWS A RELATIVELY STABLE BALANCE OVER THE PLAN PERIOD. OF COURSE, SERVICES -- AGAIN THE TWO MIDDLE LAYERS -- REQUIRE COMPARATIVELY LESS CAPITAL THAN DO THE HARDWARE BUSINESSES.
TOTAL INVESTED CAPITAL REQUIREMENTS OVER THE '83-'85 PERIOD AMOUNT TO $712M AS COMPARED TO $517M IN THE PRIOR THREE YEARS.

PERIPHERALS' CAPITAL REQUIREMENTS, THE TOP LAYER AND THE LARGEST, WOULD HAVE CONSUMED AN EVEN LARGER SHARE OF THE TOTAL WERE IT NOT FOR FINANCING A PORTION OF THE PLUG-COMPATIBLE LEASE BASE VIA THIRD PARTY SOURCES. ABOUT $150M IN THIRD PARTY FINANCING IS EXPECTED TO BE USED OVER THE NEXT THREE YEARS. THE OTHER MAJOR REQUIREMENT IN PERIPHERALS' FINANCING PLAN IS THE INVESTMENT IN AUTOMATION. FOR EXAMPLE, IT IS PROJECTED AT $35M IN 1983, ABOUT 75% HIGHER THAN THIS YEAR.

WHAT WILL THESE EXPENDITURES AND INVESTMENTS YIELD? THIS CHART (CHART 9) GIVES THE REVENUE BREAKDOWN BY STRATEGIC TYPE OF BUSINESS. CLEARLY YOU CAN SEE THE SWING TO SERVICES -- FROM 38% TO 45%, WHICH IS THE RESULT OF THE MAJOR STRATEGIC DIRECTION WE'VE BEEN PURSUING. THE_INCREMENTAL EFFECT OF THE EXPENDITURE AND INVESTMENT REPRESENTED BY THE PREVIOUS TWO CHARTS IS THIS: FOR A COMPARATIVELY CONSTANT PROPORTION OF THE INVESTED CAPITAL, PLUS A SLIGHTLY LARGER SHARE OF THE TECH EFFORT, SERVICES YIELD MORE REVENUE THAN DOES PERIPHERALS OR SYSTEMS OVER THE NEXT FIVE YEARS.

LET ME TURN NOW TO COMMERCIAL CREDIT'S FINANCIALS. EARLIER I MENTIONED CCC'S STRATEGIC SHIFT WITH REGARD TO FUNDING. THIS
CHART (CHART 10) SHOWS THE MAGNITUDE OF THAT PLANNED SHIFT. TRADITIONAL FINANCING UNDER MEDIUM- AND LONG-TERM NOTES, COMMERCIAL PAPER, ETC., REMAINS ALMOST FLAT OVER THE PERIOD. HOWEVER, THE THRIFT BASE EXPANDS BY A FACTOR OF FIVE. KEY TO ATTAINING THAT DEPOSIT BASE IS AN AGGRESSIVE PROGRAM TO ACQUIRE STATE-CHARTERED THRIFT INSTITUTIONS.

THE BOTTOM LINE RESULTS OF ALL OF THE ABOVE ARE SHOWN HERE (CHART 11). THE 1982 DROP IN RETURN ON INVESTED CAPITAL AND RETURN ON EQUITY IS THE VALLEY FROM WHICH WE MUST CLIMB. MARV ROGERS WILL COVER MORE DETAIL IN HIS REMARKS. I JUST WANT TO POINT OUT TWO THINGS. FIRST, OUR RECOVERY IS NOT INSTANTANEOUS -- IT IS DELIBERATE AND GRADUAL, AND SECOND, OVERALL WE HAVE A SOUND PLAN FROM A FINANCING POINT OF VIEW.


BEFORE WE MOVE TO THE OTHER SPEAKERS, LET ME ACQUAINT YOU WITH THE FORMATS THEY WILL USE (CHART 13).
EACH OPERATING EXECUTIVE WILL LEAD OFF WITH SIX STANDARD PAGES TAKEN DIRECTLY FROM HIS PLAN. THE FIRST OF THESE IS A STATEMENT OF THE ORGANIZATION'S MISSION NOW AND AS THEY EXPECT IT TO BE IN 1987.

(GO TO SCREEN FOR COMMENTS)

THE OTHER PAGES ARE STRAIGHTFORWARD.

(PROJECTOR OFF)

ONE FINAL WORD. FOCUSING AS WE HAVE ON THE CHALLENGES WE FACE, IT'S EASY TO FORGET THE TRULY FORTUNATE ASPECTS OF BEING IN THIS BUSINESS. CERTAINLY THERE ARE MANY EXECUTIVES IN THE AUTOMOTIVE, STEEL OR HOUSING INDUSTRIES WHO, FACING SERIOUS QUESTIONS OF LONG TERM SURVIVAL, WOULD GLADLY TRADE PLACES WITH US. SO WHILE THIS AFTERNOON'S TALK HAS PERHAPS NOT EVOKED EUPHORIA, WE CAN BE PLEASED WITH THE PROGRESS THAT'S BEEN MADE IN ADVANCING THE COMPANY. OUR CHALLENGE IS NOT TO LET THE CURRENT DIFFICULTIES DETER US FROM ATTAINING THE HIGHER GOAL BEYOND THIS VALLEY. WITH CARE AND DILIGENCE AND IMPROVED EXECUTION OF THE STRATEGIES, WE WILL GET THERE.