PRELIMINARY

STERLING SOFTWARE, INC.

MONTHLY REPORT

JANUARY 1985

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STERLING SOFTWARE, INC.
MONTHLY FINANCIAL REPORTING PACKAGE

FINANCIAL RESULTS FOR JANUARY 1985

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STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT AND LOSS
1ST QUARTER, FY86

($ in millions)

	FY86			FY85 Proforma		FY85 Historical	
	Actual	Plan	Var	Amount	Var	Amount	Var
Revenue	69.5	62.9	6.6	63.1	6.4	5.1	1.5
Operating profit (1)	11.2	9.7	1.5	8.6	2.6	0.7	0.8
Pretax income	4.4	3.3	1.1	0.8	3.6	0.5	0.6
Net income	2.2	1.7	0.5	0.4	1.8	0.2	0.3
Preferred dividends	1.3	1.3	0.0	1.3	(0.0)	0.0	0.0
Earnings available to common	0.9	0.4	0.5	(0.9)	1.8	0.2	0.3
Cash flow from operations	4.4	3.2	1.2	2.0	2.4	0.9	0.3
Earnings per share	$0.16	$0.08	$0.08	($0.19)	$0.35	$0.05	$0.03
Cash flow per share	$0.79	$0.65	$0.14	$0.42	$0.37	$0.18	($0.04)
Avgerage shares outstanding	5,562	4,935	627	4,817	745	4,817	(4,190)

(1) Before acquisition amortization, corporate expenses, and financing costs.

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT AND LOSS
2ND QUARTER, FY86

($ in millions)

	FY86			FY85 Proforma		FY85 Historical	
	Fcst	Plan	Var	Amount	Var	Amount	Var
Revenue	58.9	62.5	(3.6)	56.2	2.7	6.5	52.4
Operating profit (1)	10.1	10.2	(0.1)	3.6	6.5	1.2	8.9
Pretax income	3.7	3.8	(0.1)	(4.2)	7.9	1.3	2.4
Net income	1.9	1.9	0.0	(2.1)	4.0	0.6	1.3
Preferred dividends	0.3	1.2	0.9	1.2	0.9	0.0	(0.3)
Earnings available to common	1.5	0.7	0.8	(3.3)	4.8	0.6	0.9
Cash flow from operations	4.3	3.6	0.7	(0.3)	4.6	1.3	3.0
Earnings per share	$0.16	$0.14	$0.02	($0.69)	$0.85	$0.13	$0.03
Cash flow per share	$0.45	$0.72	($0.27)	($0.06)	$0.51	$0.27	$0.18
Avgerage shares outstanding	9,503	4,935	4,568	4,857	4,646	4,857	4,646

(1) Before acquisition amortization, corporate expenses, and financing costs.

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT AND LOSS
1ST HALF, FY86

($ in millions)

	FY86			FY85 Proforma		FY85 Historical	
	Fcst	Plan	Var	Amount	Var	Amount	Var
Revenue	128.4	125.4	3.0	119.3	9.1	11.6	116.8
Operating profit (1)	21.3	19.9	1.4	12.2	9.1	1.9	19.4
Pretax income	8.1	7.1	1.0	(3.4)	11.5	1.8	6.3
Net income	4.1	3.6	0.5	(1.7)	5.8	0.8	3.3
Preferred dividends	1.6	2.5	0.9	2.5	0.9	0.0	(1.6)
Earnings available to common	2.4	1.1	1.4	(4.2)	6.7	0.9	1.6
Cash flow from operations	8.7	6.8	2.0	1.7	7.0	2.2	6.5
Earnings per share	$0.32	$0.21	$0.11	($0.87)	$1.20	$0.18	$0.14
Cash flow per share	$1.16	$1.37	($0.21)	$0.36	$0.80	$0.46	$0.70
Avgerage shares outstanding	7,533	4,935	2,598	4,837	2,696	4,837	2,696

(1) Before acquisition amortization, corporate expenses, and financing costs.

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT AND LOSS
FY86 FULL YEAR

($ in millions)

	FY86			FY85 Proforma		FY85 Historical	
	Fcst	Plan	Var	Amount	Var	Amount	Var
Revenue	256.3	257.5	(1.2)	241.5	14.8	62.0	194.3
Operating profit (1)	44.0	42.9	1.1	23.0	21.0	11.1	32.9
Pretax income	18.8	17.3	1.5	(9.0)	27.8	5.8	13.0
Net income	9.3	8.7	0.6	(4.5)	13.8	3.0	6.3
Preferred dividends	1.7	5.0	3.3	5.0	3.3	8.7	(1.0)
Earnings available to common	7.6	3.7	3.9	(9.5)	17.1	2.3	5.3
Cash flow from operations	19.3	15.3	4.0	2.5	16.8	7.4	11.9
Earnings per share	$0.89	$0.75	$0.14	($1.94)	$2.83	$0.47	$0.42
Cash flow per share	$2.24	$3.09	($0.85)	$0.52	$1.72	$1.51	$0.73
Avgerage shares outstanding	8,616	4,935	3,681	4,890	3,726	4,890	3,726

(1) Before acquisition amortization, corporate expenses, and financing costs.

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT AND LOSS
FISCAL YEAR-TO-DATE AS OF JANUARY 31

($ in millions)

	FY86			FY85 Proforma		FY85 Historical	
	Actual	Plan	Var	Amount	Var	Amount	Var
Revenue	87.5	81.9	5.6	79.3	8.2	6.6	80.9
Operating profit (1)	12.6	11.6	1.0	9.1	3.5	0.8	11.8
Pretax income	3.6	3.1	0.5	(0.7)	4.3	0.5	3.1
Net income	1.8	1.6	0.2	(0.3)	2.1	0.3	1.5
Preferred dividends	1.5	1.7	0.2	1.7	0.2	0.0	(1.5)
Earnings available to common	0.3	(0.1)	0.4	(2.0)	2.3	0.3	0.0
Cash flow from operations	4.8	3.7	1.1	1.7	3.1	1.1	3.7
Earnings per share	$0.05	($0.03)	$0.08	($0.46)	$0.51	$0.06	($0.01)
Cash flow per share	$0.86	$0.74	$0.12	$0.38	$0.48	$0.24	$0.62
Avgerage shares outstanding	5,562	4,935	627	4,414	1,148	4,414	1,148

(1) Before acquisition amortization, corporate expenses, and financing costs.

STERLING SOFTWARE, INC.

DISCUSSION OF CONSOLIDATED FINANCIAL RESULTS
MONTH AND YEAR-TO-DATE
PERIODS ENDED JANUARY 13, 1986 VERSUS PLAN

Overview

Consolidated financial results for Sterling Software for the year-to-date period ending January 31, 1986 continued to be significantly favorable to plan due to the carryover effect of the strong performance in the first quarter of 1986. January results, however, were generally unfavorable to plan. Year-to-date operating revenue of $87.5M and operating profit of $12.6M exceeded plan by $5.6M and $1.0M, respectively. January revenue of $18.0M and operating profit of $1.4M fell below plan by ($1.0M) and ($0.5M) respectively.

On a year-to-date basis the Business Management Systems Group, the Federal Systems Group, the Professional Services Group, and the Systems Software Group all outperformed both their revenue and operating profit plans. The Information Services Group beat its profit plan but fell short of planned revenue. Both the Insurance Systems and Financial Software groups experienced significant shortfalls versus plan and generated losses for the 4-month period. For January, only the Systems Software and Professional Services groups achieved or exceeded planned revenue and profit.

Year-to-date pretax income fell from first quarter's $4.4M to $3.6M, but still exceeded the annual plan objective by $0.5M. Income available to common shareholders (or net income less preferred dividends), at $0.3M, also exceeded plan due in part to January's decrease in accrued dividends resulting from the preferred-to-common swap. Consequently, earnings per share, at 5 cents, were 8 cents above plan.

Group Summaries

Business Management Systems Group

Revenue and operating profit of $19.6M and $2.5M for year-to-date January exceeded plan by $2.4M and $0.6M, respectively, principally on the strength of upside maintenance and hardware revenue in the first quarter. Although January was generally a good month with revenue of $3.8M, less-than-plan software sales and operating margins resulted in an operating profit slightly below plan at $166K. Additionally, January saw hardware revenues fall off and maintenance revenues continue at levels which were favorable to plan. The favorable hardware volume, however, stems from the Legal Systems business upside, and is partially offset by hardware sales shortfalls in the MCS division.

Federal Systems Group

The Federal Systems Group realized a slight shortfall in January, but maintained a significant lead on plan for the year-to-date. Year-to-date revenue of $17.3M and profit of $2.1M exceeded plan by $1.0M and $0.1M, respectively. Favorable year-to-date results stem largely from other direct cost charge-outs in the ISS division

and revenue catch-ups in the Intelligence/Military division during the first quarter.

Financial Software Group

Lagging software sales in January and the complicating issues surrounding the marketing company startup (such as product/sales training and organization structuring) contributed significantly to the group's unfavorable year-to-date performance versus plan. Year-to-date revenue and operating profit of $2.4M and ($0.3M), respectively, were below plan by ($0.6M) and ($0.4M). The group had been essentially on plan through the first quarter due in large part to upside results in the Decision Systems Division's first quarter as a Sterling business.

Information Services Group

With year-to-date revenue and operating profit of $13.6M and $2.0M, respectively, the Information Services group fell short of planned revenue by ($1.1M) and exceeded planned profits by $0.3M. Like most of our other groups, ISG came into January above plan and experienced shortfalls in January. For the month, revenue of $2.6M and profit of $0.2M fell below plan by ($1.0M) and ($0.1M), respectively. This was principally due to misses in the Creative Data Systems and Legal Informaton Systems divisions. Ordernet, on the other hand, had another good month and shattered all previous records for backlog installation.

Insurance Systems Group

The Insurance Systems Group continued to experience market problems in January and fell short of plan by $0.3M in revenue and $50K in profit. This business has generated a year-to-date loss of ($121K) on $2.2M of revenue. AI-related expense overrages contributed to the below-plan results in the first quarter.

Professional Services Group

The Professional Services Group is one of four businesses still above plan for both revenue and profit on a year-to-date basis. With revenue of $13.7M and profit of $2.4M, PSG exceeded their year-to-date plan by $1.5M and $0.3M, respectively. This was due principally to expansion of their international client base during the first quarter. The month of January was also above plan with revenue of $3.9M and profit of $0.7M. The favorable variance in January of $0.5M in revenue and $0.1M in profit was, however, due to the diffreence between the planned accounting cutoff of the 24th and the actual cutoff on the 31st of the month.

Systems Software Group

The Systems Software Group is the only other group to at least achieve plan in January. January revenue of $3.4M and profit of $0.4M were both essentially on plan. The outcome was due primarily to favorable Dylakor results that offset SS International's sales shortfalls and program expenses associated with Australian and South American activities. For the year-to-date period, SSG revenue of $18.4M and profit of $5.5M exceeded plan by $2.9M and $1.7M, respectively. This was primarily due to healthy software sales, maintenance contract results, and international volume during the first quarter.

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT & LOSS
1986 FORECAST - ACTUALS THROUGH JANUARY

($ in thousands)	1ST QUARTER				YEAR			
			FY85				FY85	
	ACT	PLAN	PROF	HIST	FCST	PLAN	PROF	HIST
REVENUES	69,499	62,900	63,127	5,055	256,307	257,484	241,466	61,964
OPER EXPENSES:								
DEPRECIATION	1,309	872	850	533	3,817	3,714	3,400	4,162
OTHER EXPENSES	56,947	52,361	53,653	3,792	208,500	210,918	215,102	46,672
TOTAL OP EXP	58,256	53,233	54,503	4,325	212,317	214,632	218,502	50,834
OPER PROFIT - $	11,243	9,667	8,624	730	43,990	42,852	22,964	11,130
- %	16%	15%	14%	14%	17%	17%	10%	18%
CORP EXPENSES	1,462	1,444	2,590	599	5,887	5,869	10,572	4,198
AMORTIZATION	2,221	1,950	1,950	0	7,830	7,831	7,831	0
INTEREST EXPENSE	3,782	3,603	3,603	0	14,475	14,785	14,785	2,234
INTEREST INCOME	(629)	(650)	(380)	(357)	(2,954)	(2,975)	(1,200)	(1,124)
INC BEF TAXES - $	4,407	3,320	781	488	18,752	17,342	(9,024)	5,822
- %	6%	5%	1%	10%	7%	7%	-4%	9%
TAX RATE	51%	50%	50%	51%	50%	50%	50%	49%
INCOME TAXES	2,248	1,660	391	248	9,420	8,671	(4,512)	2,828
NET INCOME	2,159	1,660	391	240	9,332	8,671	(4,512)	2,994
PER SHARE	$0.39	$0.34	$0.08	$0.05	$1.08	$1.76	($0.92)	$0.61
PREFERRED DIVIDEND	1,269	1,286	1,286	0	1,700	4,966	4,966	696
PER SHARE	$0.23	$0.26	$0.27	$0.00	$0.20	$1.01	$1.02	$0.14
EARN TO COMMON - $	890	374	(896)	240	7,632	3,705	(9,478)	2,298
- %	1%	1%	-1%	5%	3%	1%	-4%	4%
EARNINGS PER SHARE	$0.16	$0.08	($0.19)	$0.05	$0.89	$0.75	($1.94)	$0.47
WORKING CAP - $	4,420	3,196	2,025	891	19,279	15,250	2,544	7,368
- %	6%	5%	3%	18%	8%	6%	1%	12%
PER SHARE	$0.79	$0.65	$0.42	$0.18	$2.24	$3.09	$0.52	$1.51
AVERAGE SHARES OUT	5,562	4,935	4,817	4,817	8,616	4,935	4,890	4,890

STERLING SOFTWARE GROUPS COMBINED
CONSOLIDATED INCOME STATEMENT

($ in thousands)	1ST QUARTER			YEAR		
	ACT	PLAN	PROF FY85	FCST	PLAN	PROF FY85
BUS MGT SYS GROUP						
OPER REVENUE	15,722	13,653	15,729	53,989	51,256	49,524
OPER PROFIT - $	2,333	1,675	2,540	7,907	6,898	2,483
- %	15%	12%	16%	15%	13%	5%
FEDERAL SYS GROUP						
OPER REVENUE	14,014	13,013	11,881	46,166	45,650	47,158
OPER PROFIT - $	1,736	1,563	1,310	5,162	5,027	4,820
- %	12%	12%	11%	11%	11%	10%
FIN S/W GROUP						
OPER REVENUE	2,295	2,418	1,647	12,550	12,644	8,675
OPER PROFIT - $	183	114	135	3,186	3,192	1,751
- %	8%	5%	8%	25%	25%	20%
INFO SVCS GROUP						
OPER REVENUE	10,991	11,084	11,780	44,152	46,194	48,766
OPER PROFIT - $	1,740	1,377	1,938	5,850	5,514	3,452
- %	16%	12%	16%	13%	12%	7%
INSUR SYS GROUP						
OPER REVENUE	1,374	1,769	1,050	2,484	8,252	5,151
OPER PROFIT - $	(135)	202	2	(57)	1,783	(67)
- %	-10%	11%	0%	-2%	22%	-1%
PROF SVCS GROUP						
OPER REVENUE	9,780	8,725	8,370	42,328	42,029	34,360
OPER PROFIT - $	1,682	1,508	1,837	7,492	7,192	5,983
- %	17%	17%	22%	17%	17%	17%
SYS S/W GROUP						
OPER REVENUE	15,039	12,238	12,750	53,754	51,459	47,832
OPER PROFIT - $	5,092	3,422	862	14,815	13,438	4,622
- %	34%	28%	7%	28%	26%	10%
ELIMS & ADJUST						
OPER REVENUE	284	0	0	284	0	0
OPER PROFIT	(1,388)	(194)	0	(365)	(192)	0
TOTAL OPERATIONS						
OPER REVENUE	69,499	62,900	63,127	256,307	257,484	241,466
OPER PROFIT - $	11,243	9,667	8,624	43,990	42,852	22,964
- %	16%	15%	14%	17%	17%	10%
CORPORATE						
REVENUE	0	0	260	0	0	828
EXPENSES	1,462	1,444	2,850	5,887	5,869	11,400
INTEREST INC	629	650	300	2,954	2,975	1,200
INTEREST EXP	3,782	3,603	3,603	14,475	14,785	14,785
OPER PROFIT	(4,615)	(4,397)	(5,893)	(17,408)	(17,679)	(24,157)
ACQUISITION AMORT						
SSI	381	356	356	1,480	1,455	1,455
IG	1,840	1,594	1,594	6,350	6,376	6,376
TOTAL	2,221	1,950	1,950	7,830	7,831	7,831
TOTAL COMBINED						
OPER REVENUE	69,499	62,900	63,387	256,307	257,484	242,294
PRETAX INC - $	4,407	3,320	781	18,752	17,342	(9,024)
- %	6%	5%	1%	7%	7%	-4%

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT & LOSS - PROFORMA
1986 FORECAST - ACTUALS THROUGH JANUARY

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
REVENUES	17,987	18,978	16,221	17,987	18,978	16,221	87,486	81,878	79,348
OPER EXPENSES:									
DEPRECIATION	354	386	212	354	386	212	1,663	1,178	1,862
OTHER EXPENSES	16,276	16,758	15,503	16,276	16,758	15,503	73,223	69,119	69,156
TOTAL OP EXP	16,630	17,064	15,715	16,630	17,064	15,715	74,886	70,297	70,218
OPER PROFIT - $	1,357	1,914	506	1,357	1,914	506	12,600	11,581	9,130
- %	8%	10%	3%	8%	10%	3%	14%	14%	12%
CORP EXPENSES	624	492	164	624	492	164	2,086	1,936	2,754
AMORTIZATION	650	650	650	650	650	650	2,871	2,600	2,600
INTEREST EXPENSE	1,208	1,208	1,208	1,208	1,208	1,208	4,990	4,811	4,811
INTEREST INCOME	(364)	(250)	(41)	(364)	(250)	(41)	(993)	(900)	(341)
INC BEF TAXES - $	(761)	(186)	(1,475)	(761)	(186)	(1,475)	3,646	3,134	(694)
- %	-4%	-1%	-9%	-4%	-1%	-9%	4%	4%	-1%
TAX RATE	50%	50%	50%	50%	50%	50%	50%	50%	50%
INCOME TAXES	(381)	(93)	(738)	(381)	(93)	(738)	1,867	1,567	(347)
NET INCOME	(381)	(93)	(738)	(381)	(93)	(738)	1,779	1,567	(347)
PER SHARE	($0.07)	($0.02)	($0.17)	($0.07)	($0.02)	($0.17)	$0.32	$0.32	($0.08)
PREFERRED DIVIDEND	258	406	406	258	406	406	1,527	1,692	1,692
PER SHARE	$0.05	$0.08	$0.09	$0.05	$0.08	$0.09	$0.27	$0.34	$0.38
EARN TO COMMON - $	(639)	(499)	(1,144)	(639)	(499)	(1,144)	252	(125)	(2,039)
- %	-4%	-3%	-7%	-4%	-3%	-7%	0%	0%	-3%
EARNINGS PER SHARE	($0.11)	($0.10)	($0.26)	($0.11)	($0.10)	($0.26)	$0.05	($0.03)	($0.46)
WORKING CAP - $	366	457	(282)	366	457	(282)	4,786	3,653	1,692
- %	2%	2%	-2%	2%	2%	-2%	5%	4%	2%
PER SHARE	$0.07	$0.09	($0.06)	$0.07	$0.09	($0.06)	$0.86	$0.74	$0.38
AVERAGE SHARES OUT	5,562	4,935	4,414	5,562	4,935	4,414	5,562	4,935	4,414

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT & LOSS - PROFORMA
1986 FORECAST - ACTUALS THROUGH JANUARY

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
REVENUES	69,499	62,900	63,127	58,949	62,479	56,247	63,353	65,482	61,279	64,506	66,623	60,813	256,307	257,484	241,466
OPER EXPENSES:															
DEPRECIATION	1,309	872	850	817	929	868	835	946	828	856	967	854	3,817	3,714	3,400
OTHER EXPENSES	56,947	52,361	53,653	48,061	51,395	51,801	51,711	53,414	54,868	51,781	53,748	54,780	208,500	210,918	215,102
TOTAL OP EXP	58,256	53,233	54,503	48,878	52,324	52,669	52,546	54,360	55,696	52,637	54,715	55,634	212,317	214,632	218,502
OPER PROFIT - $	11,243	9,667	8,624	10,071	10,155	3,578	10,807	11,122	5,583	11,869	11,908	5,179	43,990	42,852	22,964
- %	16%	15%	14%	17%	16%	6%	17%	17%	9%	18%	18%	9%	17%	17%	10%
CORP EXPENSES	1,462	1,444	2,590	1,475	1,475	2,485	1,475	1,475	2,647	1,475	1,475	2,850	5,887	5,869	10,572
AMORTIZATION	2,221	1,950	1,950	1,950	1,950	1,950	1,826	1,962	1,962	1,833	1,969	1,969	7,830	7,831	7,831
INTEREST EXPENSE	3,782	3,683	3,683	3,666	3,666	3,666	3,486	3,727	3,727	3,541	3,789	3,789	14,475	14,785	14,785
INTEREST INCOME	(629)	(650)	(300)	(750)	(750)	(300)	(775)	(775)	(300)	(800)	(800)	(300)	(2,954)	(2,975)	(1,200)
INC BEF TAXES - $	4,407	3,320	781	3,730	3,814	(4,223)	4,795	4,733	(2,453)	5,820	5,475	(3,129)	18,752	17,342	(9,024)
- %	6%	5%	1%	6%	6%	-8%	8%	7%	-4%	9%	8%	-5%	7%	7%	-4%
TAX RATE	51%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
INCOME TAXES	2,248	1,660	391	1,865	1,907	(2,112)	2,398	2,367	(1,227)	2,910	2,738	(1,565)	9,420	8,671	(4,512)
NET INCOME	2,159	1,660	391	1,865	1,907	(2,112)	2,398	2,367	(1,227)	2,910	2,738	(1,565)	9,332	8,671	(4,512)
PER SHARE	$0.39	$0.34	$0.08	$0.28	$0.39	($0.43)	$0.25	$0.48	($0.25)	$0.30	$0.55	($0.32)	$1.08	$1.76	($0.92)
PREFERRED DIVIDEND	1,269	1,286	1,286	325	1,221	1,221	53	1,227	1,227	53	1,232	1,232	1,700	4,966	4,966
PER SHARE	$0.23	$0.26	$0.27	$0.03	$0.25	$0.25	$0.01	$0.25	$0.25	$0.01	$0.25	$0.25	$0.20	$1.01	$1.02
EARN TO COMMON - $	890	374	(896)	1,540	686	(3,333)	2,345	1,140	(2,454)	2,857	1,586	(2,797)	7,632	3,785	(9,478)
- %	1%	1%	-1%	3%	1%	-6%	4%	2%	-4%	4%	2%	-5%	3%	1%	-4%
EARNINGS PER SHARE	$0.16	$0.08	($0.19)	$0.16	$0.14	($0.69)	$0.24	$0.23	($0.50)	$0.29	$0.31	($0.57)	$0.89	$0.75	($1.94)
WORKING CAP - $	4,420	3,196	2,025	4,307	3,565	(302)	5,006	4,048	645	5,546	4,442	176	19,279	15,250	2,544
- %	6%	5%	3%	7%	6%	-1%	8%	6%	1%	9%	7%	0%	8%	6%	1%
PER SHARE	$0.79	$0.65	$0.42	$0.45	$0.72	($0.06)	$0.52	$0.82	$0.13	$0.57	$0.90	$0.04	$2.24	$3.09	$0.52
AVERAGE SHARES OUT	5,562	4,935	4,817	9,503	4,935	4,857	9,700	4,935	4,950	9,700	4,935	4,939	8,616	4,935	4,890

STERLING SOFTWARE, INC.
CONSOLIDATED PROFIT & LOSS - HISTORICAL
1986 FORECAST - ACTUALS THROUGH JANUARY

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
REVENUES	69,499	62,900	5,055	58,949	62,479	6,455	63,353	65,482	7,117	64,506	66,623	43,337	256,307	257,484	61,964
OPER EXPENSES:															
DEPRECIATION	1,309	872	533	817	929	604	835	946	727	856	967	2,298	3,817	3,714	4,162
OTHER EXPENSES	56,947	52,361	3,792	48,061	51,395	4,659	51,711	53,414	4,963	51,781	53,748	33,258	208,500	210,918	46,672
TOTAL OP EXP	58,256	53,233	4,325	48,878	52,324	5,263	52,546	54,360	5,690	52,637	54,715	35,556	212,317	214,632	50,834
OPER PROFIT - $	11,243	9,667	730	10,071	10,155	1,192	10,807	11,122	1,427	11,869	11,908	7,781	43,990	42,852	11,130
- %	16%	15%	14%	17%	16%	18%	17%	17%	20%	18%	18%	18%	17%	17%	18%
CORP EXPENSES	1,462	1,444	599	1,475	1,475	334	1,475	1,475	415	1,475	1,475	2,850	5,887	5,869	4,198
AMORTIZATION	2,221	1,950	0	1,950	1,950	0	1,826	1,962	0	1,833	1,969	0	7,830	7,831	0
INTEREST EXPENSE	3,782	3,683	0	3,666	3,666	4	3,486	3,727	58	3,541	3,789	2,172	14,475	14,785	2,234
INTEREST INCOME	(629)	(650)	(357)	(750)	(750)	(433)	(775)	(775)	(285)	(800)	(800)	(129)	(2,954)	(2,975)	(1,124)
INC BEF TAXES - $	4,407	3,320	488	3,730	3,814	1,287	4,795	4,733	1,159	5,820	5,475	2,888	18,752	17,342	5,822
- %	6%	5%	10%	6%	6%	20%	8%	7%	16%	9%	8%	7%	7%	7%	9%
TAX RATE	51%	50%	51%	50%	50%	51%	50%	50%	49%	50%	50%	47%	50%	50%	49%
INCOME TAXES	2,248	1,660	248	1,865	1,907	660	2,398	2,367	563	2,910	2,738	1,357	9,420	8,671	2,828
NET INCOME	2,159	1,660	240	1,865	1,907	627	2,398	2,367	596	2,910	2,738	1,531	9,332	8,671	2,994
PER SHARE	$0.39	$0.34	$0.05	$0.20	$0.39	$0.13	$0.25	$0.48	$0.12	$0.30	$0.55	$0.31	$1.00	$1.76	$0.61
PREFERRED DIVIDEND	1,269	1,286	0	325	1,221	0	53	1,227	0	53	1,232	696	1,700	4,966	696
PER SHARE	$0.23	$0.26	$0.00	$0.03	$0.25	$0.00	$0.01	$0.25	$0.00	$0.01	$0.25	$0.14	$0.20	$1.01	$0.14
EARN TO COMMON - $	890	374	240	1,540	686	627	2,345	1,140	596	2,857	1,506	835	7,632	3,705	2,298
- %	1%	1%	5%	3%	1%	10%	4%	2%	8%	4%	2%	2%	3%	1%	4%
EARNINGS PER SHARE	$0.16	$0.08	$0.05	$0.16	$0.14	$0.13	$0.24	$0.23	$0.12	$0.29	$0.31	$0.17	$0.89	$0.75	$0.47
WORKING CAP - $	4,420	3,196	891	4,307	3,565	1,323	5,006	4,048	1,417	5,546	4,442	3,737	19,279	15,250	7,368
- %	6%	5%	18%	7%	6%	20%	8%	6%	20%	9%	7%	9%	8%	6%	12%
PER SHARE	$0.79	$0.65	$0.18	$0.45	$0.72	$0.27	$0.52	$0.82	$0.29	$0.57	$0.90	$0.76	$2.24	$3.09	$1.51
AVERAGE SHARES OUT	5,562	4,935	4,817	9,583	4,935	4,857	9,700	4,935	4,950	9,700	4,935	4,939	8,616	4,935	4,890

STERLING SOFTWARE, INC.
CONSOLIDATED BALANCE SHEET

	SEPTEMBER 30, FCST 1986	SEPTEMBER 30, PLAN 1986	SEPTEMBER 30, HIST 1985	DECEMBER 31, ACTUAL 1985	DECEMBER 31, PLAN 1985	DECEMBER 31, HIST 1984	JANUARY 31, 1986 ESTIMATE
--- ASSETS ---							[1]
CURRENT ASSETS:							
CASH	35,100	35,100	26,776	18,721	18,700	11,707	18,891
ACCOUNTS RECEIVABLE	59,000	59,000	62,246	71,983	65,000	3,939	67,059
OTHER CURR ASSETS	13,500	13,500	11,455	10,525	13,500	1,001	10,061
TOTAL CURR ASSETS	107,600	107,600	100,477	101,229	97,200	16,647	96,011
PROPERTY AND EQUIP	19,500	19,500	14,826	16,009	16,900	3,151	15,987
LESS ACCD DEPR	(5,500)	(5,500)	(2,311)	(2,985)	(3,100)	(674)	(3,048)
PROP & EQUIP - NET	14,000	14,000	12,515	13,024	13,800	2,477	12,939
OTHER ASSETS:							
NOTES RECEIVABLE	16,500	16,500	17,519	16,981	17,500	435	12,173
GOODWILL - NET	66,800	66,800	65,726	67,629	67,100	4,253	67,910
PURCHASED SOFTWARE	43,200	43,200	43,225	43,353	43,200	9,134	43,496
LESS ACCUM AMORT	(10,200)	(10,200)	(3,987)	(6,110)	(5,600)	(2,044)	(6,736)
OTHER ASSETS	3,400	3,400	3,787	3,769	3,400	334	7,357
TOTAL OTHER ASSET	119,700	119,700	126,270	125,622	125,600	12,112	124,200
TOTAL ASSETS	241,300	241,300	239,262	239,875	236,600	31,236	233,150
--- LIAB & EQUITY ---							
CURRENT LIABILITIES:							
NOTES PAYABLE	900	900	994	752	1,000	215	724
A/P & ACCRUALS	48,500	48,500	51,671	49,574	48,500	2,118	45,454
INC TAXES PAYABLE	1,000	1,000	4,739	6,321	4,700	-	6,310
DEFERRED INC TAXES	8,600	8,600	2,191	2,774	3,400	1,095	2,094
TOTAL CURR LIAB	59,000	59,000	59,595	59,421	57,600	3,428	54,582
OTHER LIABILITIES:							
DEFERRED INCOME TAX	2,000	2,000	1,940	1,940	2,000	1,149	1,389
NOTES PAYABLE	103,400	103,400	103,430	103,545	103,400	307	99,645
OTHER NONCURR LIAB	1,500	1,500	2,326	1,970	1,500	0	5,698
TOTAL OTHER LIAB	106,900	106,900	107,696	107,455	106,900	1,456	106,732
PREFERRED STOCK	35,100	35,100	35,137	35,194	35,100	0	35,214
STOCKHOLDERS' EQUITY:							
COMMON STOCK & PAID	32,400	32,400	32,334	32,335	32,400	23,263	32,336
RETAINED EARNINGS	7,900	7,900	4,500	5,470	4,600	3,089	4,286
TOTAL S.H. EQUITY	40,300	40,300	36,834	37,805	37,000	26,352	36,622
TOTAL LIAB & EQUITY	241,300	241,300	239,262	239,875	236,600	31,236	233,150

[1] - Preliminary — pending intercompany reconciliation issues.

STERLING SOFTWARE GROUPS COMBINED
ACTUALS THROUGH JANUARY 1986 - PRO FORMA

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
BUS MGT SYS GROUP									
OPER REVENUE	3,886	3,561	3,577	3,886	3,561	3,577	19,608	17,214	19,306
OPER PROFIT - $	166	203	(78)	166	203	(78)	2,499	1,878	2,462
- %	4%	6%	-2%	4%	6%	-2%	13%	11%	13%
FEDERAL SYS GROUP									
OPER REVENUE	3,237	3,308	3,214	3,237	3,308	3,214	17,251	16,321	15,815
OPER PROFIT - $	387	405	228	387	405	228	2,123	1,968	1,538
- %	12%	12%	7%	12%	12%	7%	12%	12%	10%
FIN S/W GROUP									
OPER REVENUE	142	632	162	142	632	162	2,437	3,050	1,809
OPER PROFIT - $	(505)	(62)	(97)	(505)	(62)	(97)	(322)	52	38
- %	-356%	-10%	-60%	-356%	-10%	-60%	-13%	2%	2%
INFO SVCS GROUP									
OPER REVENUE	2,634	3,616	3,222	2,634	3,616	3,222	13,625	14,700	15,082
OPER PROFIT - $	244	343	202	244	343	202	1,984	1,720	2,140
- %	9%	9%	6%	9%	9%	6%	15%	12%	14%
INSUR SYS GROUP									
OPER REVENUE	799	1,107	267	799	1,107	267	2,173	2,876	1,317
OPER PROFIT - $	14	61	(41)	14	61	(41)	(121)	263	(39)
- %	2%	6%	-15%	2%	6%	-15%	-6%	9%	-3%
PROF SVCS GROUP									
OPER REVENUE	3,926	3,446	2,608	3,926	3,446	2,608	13,706	12,171	10,978
OPER PROFIT - $	678	581	386	678	581	386	2,360	2,089	2,223
- %	17%	17%	15%	17%	17%	15%	17%	17%	20%
SYS S/W GROUP									
OPER REVENUE	3,363	3,308	3,171	3,363	3,308	3,171	18,482	15,546	15,921
OPER PROFIT - $	373	375	(94)	373	375	(94)	5,465	3,797	768
- %	11%	11%	-3%	11%	11%	-3%	30%	24%	5%
ELIMS & ADJUST									
OPER REVENUE	0	0	0	0	0	0	284	0	0
OPER PROFIT	0	0	0	0	0	0	(1,388)	(186)	0
TOTAL OPERATIONS									
OPER REVENUE	17,987	18,978	16,221	17,987	18,978	16,221	87,486	81,878	79,348
OPER PROFIT - $	1,357	1,914	506	1,357	1,914	506	12,600	11,581	9,130
- %	8%	10%	3%	8%	10%	3%	14%	14%	12%
CORPORATE									
REVENUE	3	0	0	3	0	0	3	0	260
EXPENSES	627	492	164	627	492	164	2,089	1,936	3,014
INTEREST INC	364	250	41	364	250	41	993	900	341
INTEREST EXP	1,208	1,208	1,208	1,208	1,208	1,208	4,990	4,811	4,811
OPER PROFIT	(1,468)	(1,450)	(1,331)	(1,468)	(1,450)	(1,331)	(6,083)	(5,847)	(7,224)
ACQUISITION AMORT									
SSI	119	119	119	119	119	119	500	475	475
IG	531	531	531	531	531	531	2,371	2,125	2,125
TOTAL	650	650	650	650	650	650	2,871	2,600	2,600
TOTAL COMBINED									
OPER REVENUE	17,990	18,978	16,221	17,990	18,978	16,221	87,489	81,878	79,608
PRETAX INC - $	(761)	(186)	(1,475)	(761)	(186)	(1,475)	3,646	3,134	(694)
- %	-4%	-1%	-9%	-4%	-1%	-9%	4%	4%	-1%

STERLING SOFTWARE GROUPS COMBINED
ACTUALS THROUGH JANUARY 1986 - PRO FORMA

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
BUS MGT SYS GROUP															
OPER REVENUE	15,722	13,653	15,729	10,905	10,877	10,286	12,405	12,209	11,624	14,957	14,517	11,885	53,989	51,256	49,524
OPER PROFIT - $	2,333	1,675	2,540	1,461	933	(574)	1,003	1,226	(399)	3,110	3,064	836	7,907	6,898	2,403
- %	15%	12%	16%	13%	9%	-6%	8%	10%	-3%	21%	21%	7%	15%	13%	5%
FEDERAL SYS GROUP															
OPER REVENUE	14,014	13,013	11,801	10,785	10,785	10,825	10,724	10,871	11,901	10,643	10,981	12,631	46,166	45,650	47,158
OPER PROFIT - $	1,736	1,563	1,310	1,202	1,325	816	1,140	1,218	1,146	1,084	921	1,548	5,162	5,027	4,820
- %	12%	12%	11%	11%	12%	8%	11%	11%	10%	10%	8%	12%	11%	11%	10%
FIN S/W GROUP															
OPER REVENUE	2,295	2,418	1,647	2,947	3,448	1,961	3,699	3,400	2,789	3,609	3,378	2,278	12,550	12,644	8,675
OPER PROFIT - $	183	114	135	467	991	185	1,283	984	875	1,253	1,103	556	3,186	3,192	1,751
- %	8%	5%	8%	16%	29%	9%	35%	29%	31%	35%	33%	24%	25%	25%	20%
INFO SVCS GROUP															
OPER REVENUE	10,991	11,084	11,780	10,224	10,881	11,487	11,698	12,528	13,431	11,239	11,701	12,068	44,152	46,194	48,766
OPER PROFIT - $	1,748	1,377	1,938	982	1,048	691	1,897	1,994	1,431	1,311	1,095	(608)	5,858	5,514	3,452
- %	16%	12%	16%	9%	10%	6%	16%	16%	11%	12%	9%	-5%	13%	12%	7%
INSUR SYS GROUP															
OPER REVENUE	1,374	1,769	1,050	1,110	2,377	1,356	0	1,908	1,264	0	2,198	1,481	2,484	8,252	5,151
OPER PROFIT - $	(135)	282	2	78	371	268	0	363	(193)	0	847	(136)	(57)	1,783	(67)
- %	-10%	11%	0%	7%	16%	19%	NA	19%	-15%	NA	39%	-9%	-2%	22%	-1%
PROF SVCS GROUP															
OPER REVENUE	9,788	8,725	8,378	11,295	11,451	8,584	11,382	11,382	8,886	10,551	10,551	8,688	42,928	42,829	34,360
OPER PROFIT - $	1,682	1,508	1,837	1,994	2,068	1,297	2,064	1,964	1,571	1,752	1,652	1,278	7,492	7,192	5,983
- %	17%	17%	22%	18%	18%	15%	18%	17%	18%	17%	16%	15%	17%	17%	17%
SYS S/W GROUP															
OPER REVENUE	15,039	12,238	12,750	11,683	12,660	11,748	13,525	13,264	11,464	13,507	13,297	11,870	53,754	51,459	47,832
OPER PROFIT - $	5,092	3,422	862	2,749	3,222	983	3,483	3,356	1,152	3,571	3,438	1,785	14,815	13,438	4,622
- %	34%	28%	7%	24%	25%	8%	25%	25%	10%	26%	26%	14%	28%	26%	10%
ELIMS & ADJUST															
OPER REVENUE	284	0	0	0	0	0	0	0	0	0	0	0	284	0	0
OPER PROFIT	(1,388)	(194)	0	1,218	197	0	17	17	0	(212)	(212)	0	(365)	(192)	0
TOTAL OPERATIONS															
OPER REVENUE	69,499	62,980	63,127	58,949	62,479	56,247	63,353	65,482	61,279	64,506	66,623	60,813	256,307	257,484	241,466
OPER PROFIT - $	11,243	9,667	8,624	10,071	10,155	3,578	10,807	11,122	5,583	11,869	11,908	5,179	43,990	42,852	22,964
- %	16%	15%	14%	17%	16%	6%	17%	17%	9%	18%	18%	9%	17%	17%	10%
CORPORATE															
REVENUE	0	0	260	0	0	365	0	0	203	0	0	0	0	0	828
EXPENSES	1,462	1,444	2,850	1,475	1,475	2,850	1,475	1,475	2,850	1,475	1,475	2,850	5,887	5,869	11,400
INTEREST INC	629	650	300	750	750	300	775	775	300	800	800	300	2,954	2,975	1,200
INTEREST EXP	3,782	3,603	3,603	3,666	3,666	3,666	3,486	3,727	3,727	3,541	3,789	3,789	14,475	14,785	14,785
OPER PROFIT	(4,615)	(4,397)	(5,893)	(4,391)	(4,391)	(5,851)	(4,186)	(4,427)	(6,074)	(4,216)	(4,464)	(6,339)	(17,408)	(17,679)	(24,157)
ACQUISITION AMORT															
SSI	381	356	356	356	356	356	368	368	368	375	375	375	1,480	1,455	1,455
IG	1,840	1,594	1,594	1,594	1,594	1,594	1,458	1,594	1,594	1,458	1,594	1,594	6,350	6,376	6,376
TOTAL	2,221	1,950	1,950	1,950	1,950	1,950	1,826	1,962	1,962	1,833	1,969	1,969	7,830	7,831	7,831
TOTAL COMBINED															
OPER REVENUE	69,499	62,980	63,387	58,949	62,479	56,612	63,353	65,482	61,482	64,506	66,623	60,813	256,307	257,484	242,294
PRETAX INC - $	4,407	3,320	781	3,730	3,814	(4,223)	4,795	4,733	(2,453)	5,820	5,475	(3,129)	18,752	17,342	(9,024)
- %	6%	5%	1%	6%	6%	-7%	8%	7%	-4%	9%	8%	-5%	7%	7%	-4%

BUSINESS MANAGEMENT SYSTEMS GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
LEGAL SYSTEMS									
OPER REVENUE	2,653	2,287	2,192	2,653	2,287	2,192	12,171	10,382	9,984
OPER PROFIT - $	193	167	32	193	167	32	1,382	962	670
- %	7%	7%	1%	7%	7%	1%	11%	9%	7%
MGT CONTROL SYS									
OPER REVENUE	1,233	1,274	1,385	1,233	1,274	1,385	7,437	6,832	9,322
OPER PROFIT - $	(27)	36	(110)	(27)	36	(110)	1,197	916	1,792
- %	-2%	3%	-8%	-2%	3%	-8%	16%	13%	19%
TOTAL BMS									
OPER REVENUE	3,886	3,561	3,577	3,886	3,561	3,577	19,608	17,214	19,306
OPER PROFIT - $	166	203	(78)	166	203	(78)	2,499	1,878	2,462
- %	4%	6%	-2%	4%	6%	-2%	13%	11%	13%

BUSINESS MANAGEMENT SYSTEMS GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
LEGAL SYSTEMS															
OPER REVENUE	9,518	8,035	7,792	7,250	7,250	6,834	8,457	8,457	8,092	9,065	9,065	6,767	34,290	32,867	29,485
OPER PROFIT - $	1,109	795	638	1,354	854	162	969	1,069	436	1,411	1,511	(160)	4,843	4,229	1,076
- %	12%	10%	8%	19%	12%	2%	11%	13%	5%	16%	17%	-2%	14%	13%	4%
MGT CONTROL SYS															
OPER REVENUE	6,204	5,558	7,937	3,655	3,627	3,452	3,948	3,752	3,532	5,892	5,452	5,118	19,699	18,389	20,039
OPER PROFIT - $	1,224	880	1,902	107	79	(736)	34	157	(835)	1,699	1,553	996	3,064	2,669	1,327
- %	20%	16%	24%	3%	2%	-21%	1%	4%	-24%	29%	28%	19%	16%	15%	7%
TOTAL BMS															
OPER REVENUE	15,722	13,653	15,729	10,905	10,877	10,286	12,405	12,209	11,624	14,957	14,517	11,885	53,989	51,256	49,524
OPER PROFIT - $	2,333	1,675	2,540	1,461	933	(574)	1,003	1,226	(399)	3,110	3,064	836	7,907	6,898	2,403
- %	15%	12%	16%	13%	9%	-6%	8%	10%	-3%	21%	21%	7%	15%	13%	5%

FEDERAL SYSTEMS GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
APPLICATN SYSTEMS									
OPER REVENUE	169	162	571	169	162	571	2,490	2,677	2,706
OPER PROFIT - $	51	35	11	51	35	11	436	396	147
- %	30%	22%	2%	30%	22%	2%	18%	15%	5%
INFO SYS SERVICES									
OPER REVENUE	632	678	807	632	678	807	3,441	3,837	4,916
OPER PROFIT - $	48	57	(16)	48	57	(16)	335	266	519
	8%	8%	-2%	8%	8%	-2%	10%	9%	11%
INTEL/MILITARY									
OPER REVENUE	1,255	1,280	842	1,255	1,280	842	6,010	5,578	3,243
OPER PROFIT - $	183	202	126	183	202	126	854	838	445
- %	15%	16%	15%	15%	16%	15%	14%	15%	14%
SYS SCIENTIFIC									
OPER REVENUE	1,181	1,188	994	1,181	1,188	994	5,310	5,029	4,150
OPER PROFIT - $	105	111	107	105	111	107	498	468	427
- %	9%	9%	11%	9%	9%	11%	9%	9%	10%
TOTAL FEDERAL									
OPER REVENUE	3,237	3,308	3,214	3,237	3,308	3,214	17,251	16,321	15,015
OPER PROFIT - $	387	405	228	387	405	228	2,123	1,968	1,538
- %	12%	12%	7%	12%	12%	7%	12%	12%	10%

FEDERAL SYSTEMS GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
APPLICATN SYSTEMS															
OPER REVENUE	2,321	2,515	2,135	538	538	2,031	400	547	2,257	200	538	2,410	3,459	4,138	8,833
OPER PROFIT - $	385	361	136	162	117	141	120	119	203	40	115	330	707	712	810
- %	17%	14%	6%	30%	22%	7%	30%	22%	9%	20%	21%	14%	20%	17%	9%
INFO SYS SERVICES															
OPER REVENUE	2,809	2,359	4,109	2,201	2,201	2,529	2,244	2,244	2,550	2,275	2,275	2,488	9,529	9,079	11,676
OPER PROFIT - $	287	209	535	201	201	(172)	160	219	56	180	226	285	828	855	704
	10%	9%	13%	9%	9%	-7%	7%	10%	2%	8%	10%	11%	9%	9%	6%
INTEL/MILITARY															
OPER REVENUE	4,755	4,298	2,401	4,100	4,100	2,750	4,100	4,100	2,950	4,250	4,250	3,751	17,373	16,916	11,860
OPER PROFIT - $	671	636	319	480	648	431	500	520	400	500	216	502	2,151	2,020	1,660
- %	14%	15%	13%	11%	16%	16%	12%	12%	14%	12%	5%	13%	12%	12%	14%
SYS SCIENTIFIC															
OPER REVENUE	4,129	3,841	3,156	3,866	3,866	3,515	3,892	3,892	4,136	3,918	3,918	3,982	15,805	15,517	14,789
OPER PROFIT - $	393	357	320	359	359	416	360	360	479	364	364	431	1,476	1,440	1,646
- %	10%	9%	10%	9%	9%	12%	9%	9%	12%	9%	9%	11%	9%	9%	11%
TOTAL FEDERAL															
OPER REVENUE	14,014	13,013	11,801	10,705	10,705	10,825	10,724	10,871	11,901	10,643	10,981	12,631	46,166	45,650	47,158
OPER PROFIT - $	1,736	1,563	1,310	1,202	1,325	816	1,140	1,218	1,146	1,084	921	1,548	5,162	5,027	4,820
- %	12%	12%	11%	11%	12%	8%	11%	11%	10%	10%	8%	12%	11%	11%	10%

FINANCIAL SOFTWARE GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
BANKING S/W MKTG									
OPER REVENUE	142	627	0	142	627	0	2,437	3,005	0
OPER PROFIT - $	(127)	(37)	0	(127)	(37)	0	(74)	(65)	0
- %	-89%	-6%	NA	-89%	-6%	NA	-3%	-2%	NA
CHECK CONSULTANTS									
OPER REVENUE	29	191	0	29	191	0	682	979	344
OPER PROFIT - $	(114)	7	0	(114)	7	0	(131)	114	(23)
- %	-393%	4%	NA	-393%	4%	NA	-22%	12%	-7%
DECISION SYSTEMS									
OPER REVENUE	6	114	0	6	114	0	622	532	192
OPER PROFIT - $	(82)	0	0	(82)	0	0	100	6	(25)
- %	-1367%	0%	NA	-1367%	0%	NA	16%	1%	-13%
DIRECTIONS									
OPER REVENUE	107	322	162	107	322	162	1,213	1,494	1,273
OPER PROFIT - $	(160)	(8)	(74)	(160)	(8)	(74)	(107)	65	178
- %	-150%	-2%	-46%	-150%	-2%	-46%	-9%	4%	14%
GROUP HQ									
OPER REVENUE	0	5	0	0	5	0	0	45	0
OPER PROFIT	(22)	(24)	(23)	(22)	(24)	(23)	(110)	(68)	(92)
ELIMINATIONS									
OPER REVENUE	(142)	(627)	0	(142)	(627)	0	(2,437)	(3,005)	0
OPER PROFIT	0	0	0	0	0	0	0	0	0
TOTAL FINANCIAL									
OPER REVENUE	142	632	162	142	632	162	2,437	3,050	1,809
OPER PROFIT - $	(505)	(62)	(97)	(505)	(62)	(97)	(322)	52	38
- %	-356%	NA	-60%	-356%	-10%	-60%	-13%	2%	2%

FINANCIAL SOFTWARE GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
BANKING S/W MKTG															
OPER REVENUE	2,295	2,378	0	3,406	3,406	0	3,340	3,340	0	3,318	3,318	0	12,359	12,442	0
OPER PROFIT - $	53	(28)	0	159	158	0	183	183	0	203	284	0	598	597	0
- %	2%	-1%	NA	5%	5%	NA	5%	5%	NA	6%	9%	NA	5%	5%	NA
CHECK CONSULTANTS															
OPER REVENUE	573	788	344	1,366	1,366	666	1,171	1,171	687	1,277	1,154	690	4,387	4,479	2,387
OPER PROFIT - $	(17)	107	(23)	501	501	199	420	420	255	510	387	346	1,414	1,415	777
- %	-3%	14%	-7%	37%	37%	30%	36%	36%	37%	40%	34%	50%	32%	32%	33%
DECISION SYSTEMS															
OPER REVENUE	616	418	192	475	476	350	583	584	322	676	809	379	2,350	2,287	1,243
OPER PROFIT - $	182	6	(25)	73	73	(42)	130	131	(1)	93	271	65	478	481	(3)
- %	30%	1%	-13%	15%	15%	-12%	22%	22%	0%	14%	33%	17%	20%	21%	0%
DIRECTIONS															
OPER REVENUE	1,106	1,172	1,111	1,566	1,566	945	1,585	1,585	1,639	1,352	1,355	1,209	5,609	5,678	4,904
OPER PROFIT - $	53	73	252	280	305	94	275	275	536	227	185	235	835	838	1,117
- %	5%	6%	23%	18%	19%	10%	17%	17%	33%	17%	14%	19%	15%	15%	23%
GROUP HQ															
OPER REVENUE	0	40	0	40	40	0	60	60	141	104	60	0	204	200	141
OPER PROFIT	(88)	(44)	(69)	(46)	(46)	(66)	(25)	(25)	85	20	(24)	(90)	(139)	(139)	(140)
ELIMINATIONS															
OPER REVENUE	(2,295)	(2,378)	0	(3,906)	(3,406)	0	(3,040)	(3,340)	0	(3,118)	(3,318)	0	(12,359)	(12,442)	0
OPER PROFIT	0	0	0	(500)	0	0	300	0	0	200	0	0	0	0	0
TOTAL FINANCIAL															
OPER REVENUE	2,295	2,418	1,647	2,947	3,448	1,961	3,699	3,400	2,789	3,609	3,378	2,278	12,550	12,644	8,675
OPER PROFIT - $	183	114	135	467	991	185	1,283	984	875	1,253	1,103	556	3,186	3,192	1,751
- %	8%	NA	8%	16%	NA	9%	35%	NA	31%	35%	NA	24%	25%	NA	20%

INFORMATION SERVICES GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
CREATIVE DATA SYS									
OPER REVENUE	332	749	188	332	749	188	4,215	4,309	2,894
OPER PROFIT - $	(140)	31	(106)	(140)	31	(106)	906	950	199
- %	-42%	4%	-56%	-42%	4%	-56%	21%	22%	10%
DISTRIBUTION SVCS									
OPER REVENUE	761	828	738	761	828	738	2,807	3,175	3,269
OPER PROFIT - $	253	156	130	253	156	130	795	376	667
- %	33%	19%	18%	33%	19%	18%	28%	12%	20%
IHIA REVENUE	0	0	0	0	0	0	0	0	0
IHIA PROFIT - $	17	17	(20)	17	17	(20)	(160)	(182)	(20)
- %	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL REVENUE	761	828	738	761	828	738	3,175	3,175	3,269
TOTAL PROFIT- $	270	173	110	270	173	110	194	194	647
- %	35%	21%	15%	35%	21%	15%	6%	6%	20%
LEGAL INFO SVCS									
OPER REVENUE	766	960	1,650	766	960	1,650	3,291	3,556	7,052
OPER PROFIT - $	83	17	206	83	17	206	350	205	1,346
- %	11%	2%	12%	11%	2%	12%	11%	6%	19%
ORDERNET									
OPER REVENUE	412	357	219	412	357	219	1,611	1,501	832
OPER PROFIT - $	42	24	10	42	24	10	131	213	24
- %	10%	7%	5%	10%	7%	5%	8%	14%	3%
PUBLISHING									
OPER REVENUE	363	722	427	363	722	427	1,701	2,159	1,755
OPER PROFIT - $	16	115	27	16	115	27	148	243	110
- %	4%	16%	6%	4%	16%	6%	9%	11%	6%
GROUP HQ									
OPER REVENUE	0	0	0	0	0	0	0	0	0
OPER PROFIT	(27)	(17)	(45)	(27)	(17)	(45)	(186)	(85)	(186)
TOTAL ISG									
OPER REVENUE	2,634	3,616	3,222	2,634	3,616	3,222	13,625	14,700	15,002
OPER PROFIT - $	244	343	282	244	343	282	1,984	1,720	2,140
- %	9%	9%	6%	9%	9%	6%	15%	12%	14%

INFORMATION SERVICES GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
CREATIVE DATA SYS															
OPER REVENUE	3,883	3,560	1,906	1,882	2,161	1,481	2,697	3,002	1,698	2,715	2,466	2,414	11,177	11,189	7,499
OPER PROFIT - $	1,046	919	305	(170)	125	(10)	360	477	181	420	132	313	1,656	1,653	789
- %	27%	26%	16%	-9%	6%	-1%	13%	16%	11%	15%	5%	13%	15%	15%	11%
DISTRIBUTION SVCS															
OPER REVENUE	2,046	2,347	2,531	2,532	2,573	2,147	2,659	2,892	2,504	1,981	2,123	2,279	9,218	9,935	9,461
OPER PROFIT - $	542	220	537	576	522	274	802	828	510	(22)	57	368	1,898	1,627	1,681
- %	26%	9%	21%	23%	20%	13%	30%	29%	20%	-1%	3%	16%	21%	16%	18%
IHIA REVENUE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IHIA PROFIT - $	(177)	(199)	0	(77)	(77)	(60)	(117)	(117)	(60)	(42)	(42)	(188)	(413)	(435)	(308)
- %	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL REVENUE	2,046	2,347	2,531	2,532	2,573	2,147	2,659	2,892	2,504	1,981	2,123	2,279	9,218	9,935	9,461
TOTAL PROFIT- $	365	21	537	499	445	214	685	711	450	(64)	15	172	1,485	1,192	1,373
- %	18%	1%	21%	20%	17%	10%	26%	25%	18%	-3%	1%	8%	16%	12%	15%
LEGAL INFO SVCS															
OPER REVENUE	2,525	2,596	5,482	2,610	3,050	5,913	2,990	3,452	6,550	3,275	3,933	4,639	11,400	13,031	22,584
OPER PROFIT - $	267	188	1,140	190	135	526	334	340	346	432	529	(1,458)	1,223	1,192	554
- %	11%	7%	21%	7%	4%	9%	11%	10%	5%	13%	13%	-31%	11%	9%	2%
ORDERNET															
OPER REVENUE	1,199	1,144	613	1,248	1,110	695	1,349	1,239	942	1,441	1,352	1,062	5,229	4,845	3,312
OPER PROFIT - $	89	189	14	183	102	48	246	194	124	369	265	124	887	750	310
- %	7%	17%	2%	15%	9%	7%	18%	16%	13%	26%	20%	12%	17%	15%	9%
PUBLISHING															
OPER REVENUE	1,338	1,437	1,328	1,960	1,987	1,251	2,003	1,943	1,737	1,827	1,827	1,674	7,128	7,194	5,990
OPER PROFIT - $	132	128	83	247	288	21	401	401	430	319	319	386	1,099	1,136	920
- %	10%	9%	6%	13%	14%	2%	20%	21%	25%	17%	17%	23%	15%	16%	15%
GROUP HQ															
OPER REVENUE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPER PROFIT	(159)	(68)	(141)	(47)	(47)	(108)	(129)	(129)	(108)	(165)	(165)	(145)	(500)	(409)	(494)
TOTAL ISG															
OPER REVENUE	10,991	11,084	11,780	10,224	10,881	11,487	11,698	12,528	13,431	11,239	11,701	12,068	44,152	46,194	48,766
OPER PROFIT - $	1,740	1,377	1,938	902	1,048	691	1,897	1,994	1,431	1,311	1,095	(608)	5,850	5,514	3,452
- %	16%	12%	16%	9%	10%	6%	16%	16%	11%	12%	9%	-5%	13%	12%	7%

INSURANCE SYSTEMS
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
INSURANCE SYSTEMS									
OPER REVENUE	799	1,107	267	799	1,107	267	2,173	2,876	1,317
OPER PROFIT - $	14	61	(41)	14	61	(41)	(121)	263	(39)
- %	2%	6%	-15%	2%	6%	-15%	-6%	9%	-3%

Note: This unit was sold effective February 17, 1986.

INSURANCE SYSTEMS
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
INSURANCE SYSTEMS															
OPER REVENUE	1,374	1,769	1,850	1,110	2,377	1,356	0	1,900	1,264	0	2,198	1,481	2,484	8,252	5,151
OPER PROFIT - $	(135)	202	2	78	371	260	0	363	(193)	0	847	(136)	(57)	1,783	(67)
- %	-10%	11%	0%	7%	16%	19%	NA	19%	-15%	NA	39%	-9%	-2%	22%	-1%

Note: This unit was sold effective February 17, 1986. 2nd quarter revenues represent revenues through that date.

PROFESSIONAL SERVICES GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
INTERNATIONAL									
OPER REVENUE	828	705	569	828	705	569	3,913	2,538	1,937
OPER PROFIT - $	110	102	115	110	102	115	616	425	412
- %	13%	14%	20%	13%	14%	20%	16%	17%	21%
USA									
OPER REVENUE	3,098	2,742	2,039	3,098	2,742	2,039	9,793	9,642	9,041
OPER PROFIT - $	568	479	271	568	479	271	1,744	1,664	1,811
- %	18%	17%	13%	18%	17%	13%	18%	17%	20%
TOTAL PSG									
OPER REVENUE	3,926	3,446	2,608	3,926	3,446	2,608	13,706	12,171	10,978
OPER PROFIT - $	678	581	386	678	581	386	2,360	2,089	2,223
- %	17%	17%	15%	17%	17%	15%	17%	17%	20%

PROFESSIONAL SERVICES GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
INTERNATIONAL															
OPER REVENUE	3,085	1,825	1,368	2,180	2,189	1,982	2,139	2,139	2,233	1,693	1,693	2,697	9,097	7,846	8,280
OPER PROFIT - $	506	323	297	270	346	322	312	312	288	177	177	412	1,265	1,158	1,319
- %	16%	18%	22%	12%	16%	16%	15%	15%	13%	10%	10%	15%	14%	15%	16%
USA															
OPER REVENUE	6,695	6,900	7,002	9,115	9,262	6,602	9,163	9,163	6,573	8,858	8,858	5,903	33,831	34,183	26,080
OPER PROFIT - $	1,176	1,185	1,548	1,724	1,722	975	1,752	1,652	1,283	1,575	1,475	866	6,227	6,034	4,664
- %	18%	17%	22%	19%	19%	15%	19%	18%	20%	18%	17%	15%	18%	18%	18%
TOTAL PSG															
OPER REVENUE	9,780	8,725	8,370	11,295	11,451	8,584	11,302	11,302	8,806	10,551	10,551	8,600	42,928	42,029	34,360
OPER PROFIT - $	1,682	1,508	1,837	1,994	2,068	1,297	2,064	1,964	1,571	1,752	1,652	1,278	7,492	7,192	5,963
- %	17%	17%	22%	18%	18%	15%	18%	17%	18%	17%	16%	15%	17%	17%	17%

SYSTEMS SOFTWARE GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	JANUARY			QUARTER-TO-DATE			YEAR-TO-DATE		
	ACT	PLAN	FY85	ACT	PLAN	FY85	ACT	PLAN	FY85
ANSWER									
OPER REVENUE	1,240	1,231	1,600	1,240	1,231	1,600	7,151	5,716	6,776
OPER PROFIT - $	5	(32)	(235)	5	(32)	(235)	1,574	634	(1,098)
- %	0%	-3%	-15%	0%	-3%	-15%	22%	11%	-16%
DYLAKOR									
OPER REVENUE	746	724	573	746	724	573	2,265	2,617	1,995
OPER PROFIT - $	376	261	270	376	261	270	812	801	732
- %	50%	36%	47%	50%	36%	47%	36%	31%	37%
SOFTWARE LABS									
OPER REVENUE	583	548	329	583	548	329	2,433	2,120	1,349
OPER PROFIT - $	307	272	116	307	272	116	1,385	1,084	503
- %	53%	50%	35%	53%	50%	35%	57%	51%	37%
SS INTERNATIONAL									
OPER REVENUE	633	583	365	633	583	365	5,587	4,545	4,201
OPER PROFIT - $	(393)	(190)	(98)	(393)	(190)	(98)	1,096	969	735
- %	-62%	-33%	-27%	-62%	-33%	-27%	20%	21%	17%
SYS S/W MARKETING									
OPER REVENUE	744	814	633	744	814	633	3,704	3,424	2,913
OPER PROFIT - $	100	86	(130)	100	86	(130)	713	393	(33)
- %	13%	11%	-21%	13%	11%	-21%	19%	11%	-1%
GROUP HQ									
OPER REVENUE	0	0	0	0	0	0	0	0	0
OPER PROFIT	(22)	(22)	(17)	(22)	(22)	(17)	(115)	(84)	(71)
	NA	NA	NA	NA	NA	NA	NA	NA	NA
ELIMINATIONS									
OPER REVENUE	(583)	(592)	(329)	(583)	(592)	(329)	(2,738)	(2,876)	(1,313)
OPER PROFIT	0	0	0	0	0	0	0	0	0
TOTAL SSG									
OPER REVENUE	3,363	3,308	3,171	3,363	3,308	3,171	18,402	15,546	15,921
OPER PROFIT - $	373	375	(94)	373	375	(94)	5,465	3,797	768
- %	11%	11%	-3%	11%	11%	-3%	30%	24%	5%

SYSTEMS SOFTWARE GROUP
ACTUALS THROUGH JANUARY 1986

($ in thousands)	1Q			2Q			3Q			4Q			YEAR		
	ACT	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85	FCST	PLAN	FY85
ANSWER															
OPER REVENUE	5,911	4,485	5,176	3,820	4,231	5,079	4,312	4,351	4,925	4,685	4,685	4,186	18,728	17,752	19,366
OPER PROFIT - $	1,569	666	(863)	600	485	(588)	373	486	(444)	660	766	(862)	3,202	2,403	(2,757)
- %	27%	15%	-17%	16%	11%	-12%	9%	11%	-9%	14%	16%	-21%	17%	14%	-14%
DYLAKOR															
OPER REVENUE	1,519	1,893	1,422	2,191	2,168	1,451	2,120	2,120	1,506	1,692	1,692	1,449	7,522	7,873	5,828
OPER PROFIT - $	436	540	462	938	823	470	757	758	466	382	382	416	2,513	2,503	1,814
- %	29%	29%	32%	43%	38%	32%	36%	36%	31%	23%	23%	29%	33%	32%	31%
SOFTWARE LABS															
OPER REVENUE	1,850	1,572	1,020	1,583	1,694	1,186	1,687	1,650	1,014	2,029	1,951	1,640	7,149	6,867	4,860
OPER PROFIT - $	1,078	812	387	757	860	537	764	658	359	1,134	981	927	3,733	3,311	2,210
- %	58%	52%	38%	48%	51%	45%	45%	40%	35%	56%	50%	57%	52%	48%	45%
SS INTERNATIONAL															
OPER REVENUE	4,954	3,962	3,836	3,297	3,495	2,152	4,096	4,096	2,274	3,732	3,732	1,917	16,079	15,285	10,179
OPER PROFIT - $	1,489	1,159	833	334	522	142	1,047	1,047	550	844	844	265	3,714	3,572	1,790
- %	30%	29%	22%	10%	15%	7%	26%	26%	24%	23%	23%	14%	23%	23%	18%
SYS S/W MARKETING															
OPER REVENUE	2,960	2,610	2,200	2,375	2,989	2,951	2,997	3,011	2,836	3,398	3,577	4,482	11,730	12,187	12,469
OPER PROFIT - $	613	387	97	192	598	390	554	521	278	638	574	1,015	1,997	2,080	1,786
- %	21%	12%	4%	8%	20%	13%	18%	17%	10%	19%	16%	23%	17%	16%	14%
GROUP HQ															
OPER REVENUE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPER PROFIT	(93)	(62)	(54)	(72)	(66)	(54)	(92)	(114)	(57)	(87)	(109)	(56)	(344)	(351)	(221)
ELIMINATIONS															
OPER REVENUE	(2,155)	(2,284)	(984)	(1,583)	(1,917)	(1,071)	(1,687)	(1,964)	(1,091)	(2,029)	(2,340)	(1,724)	(7,454)	(8,505)	(4,870)
OPER PROFIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SSG															
OPER REVENUE	15,039	12,238	12,750	11,683	12,660	11,748	13,525	13,264	11,464	13,507	13,297	11,870	53,754	51,459	47,832
OPER PROFIT - $	5,092	3,422	862	2,749	3,222	983	3,483	3,356	1,152	3,571	3,438	1,705	14,815	13,438	4,622
- %	34%	28%	7%	24%	25%	8%	25%	25%	10%	26%	26%	14%	28%	26%	10%

STERLING SOFTWARE, INC.

EARNINGS PER SHARE CALCULATION

JANUARY, QUARTER-TO-DATE & YEAR-TO-DATE

(To be completed)

STERLING SOFTWARE, INC.

EARNINGS PER SHARE CALCULATION

1Q, 2Q, 3Q, 4Q & FULL YEAR 1986

(To be completed)

STERLING SOFTWARE, INC.

GRAPHS

1. JANUARY OPERATING REVENUE BY GROUP
2. JANUARY OPERATING PROFIT BY GROUP
3. YTD OPERATING REVENUE BY GROUP
4. YTD OPERATING PROFIT BY GROUP
5. 2ND QUARTER CURRENT FORECAST OPERATING REVENUE BY GROUP
6. 2ND QUARTER CURRENT FORECAST OPERATING PROFIT BY GROUP

(To be completed)

STERLING SOFTWARE, INC.

CASH FLOW CONSOLIDATION

JANUARY, QUARTER-TO-DATE & YEAR-TO-DATE 1986

(To be completed)

STERLING SOFTWARE, INC.

CASH FLOW CONSOLIDATION

1Q, 2Q, 3Q, 4Q & FULL YEAR 1986

(To be completed)

STERLING SOFTWARE, INC.

CONSOLIDATED INCOME STATEMENT

10-Q/10-K FORMAT

JANUARY, QUARTER-TO-DATE & YEAR-TO-DATE 1986

WITH PROFORMA & HISTORICAL 1985

(To be completed)

STERLING SOFTWARE, INC.

CONSOLIDATED INCOME STATEMENT

10-Q/10-K FORMAT

1Q, 2Q, 3Q, 4Q & FULL YEAR 1986

WITH PROFORMA 1985

(To be completed)

STERLING SOFTWARE, INC.

CONSOLIDATED INCOME STATEMENT

10-Q/10-K FORMAT

1Q, 2Q, 3Q, 4Q & FULL YEAR 1986

WITH HISTORICAL 1985

(To be completed)

Cardmember Account No.

3710 375793 11005

Card Expires

04/84 THRU 03/86 78 AX

BURTON GRAD

Service Establishment | Date of Charge

8I0328724
I424847002AE
HOOVER BROS

Establishment to the American Express Company (Amexco) or Authorized Representative for payment. Merchandise and/or service purchased on this card shall not be resold or returned for cash refund.

Cardmember Signature

X

Invoice Number

008103

STORE NUMBER	DEPARTMENT NO.	SALES PERSON	REGISTER NO.	APPROVAL CODE
650	Rental	DA		

DEPT.	CLASS	QUAN.	ARTICLES	AT	AMOUNT
Drapes		1	Flashlight		16 00
		1	Flashlight Bulb		2 00
		1	Work Light		3 00

SHIP TO: NAME (PRINT)

ADDRESS APT. NO.

CITY STATE ZIP CODE

Sub Total	21 00
Taxes	1 65
Total	28 65

Cardmember Copy

Property Code: 650
Page 1 Of 1

HOOVER'S AUDIO VISUAL

3788 Realty Street, Dallas, TX. 75234 (214) 243-4711

Work Order No. ND 02447
ORDER DATE: 3/10/86

☐ ANAHEIM	☐ DALLAS	☐ DENVER	☐ FT. WORTH	☐ HOUSTON	☐ KANSAS CITY	☐ NORTH DALLAS	☐ SAN DIEGO	☐ ST. LOUIS
(714) 634-4184	(214) 634-8474	(303) 779-8989	(817) 735-9070	(713) 880-8311	(816) 221-7663	(214) 243-4711	(619) 299-6042	(314) 652-1114

BILLING INFORMATION

CUSTOMER: Mr. Burton Grad
ADDRESS:
CITY: ST: ZIP:
ATTENTION:
ORDERED BY: CUST. PHONE NO.
TAX EXEMPT NO: CUSTOMER P/O NUMBER

ROUTING INFORMATION

FACILITY Registry Hotel ROOM BOOTH Rm 814
ADDRESS:
CITY: ST. ZIP
ATTN: NAME PHONE:
(MTG.) CONVENTION
CUST. ACCOUNT NO: JOB NO:

RENTAL PERIOD	QTY.	BILLING CODE	DESCRIPTION	ECN	OUT	IN	UNIT PRICE	EXTENSION
2 day	1	R5	Flyshoot				8 00	16 00
Sale	1	R6	Flyshoot Rnd				8 00	5 00
1	2	R7	Markers				1 50	3 00

THIS IS NOT AN INVOICE

CUSTOMER

ORDER STATUS	DATE	TIME
☐ DELIVER		
☐ SET UP	3/15	
☐ OPERATE		
☐ HOOVER PU	3/19	
☐ CUST. PU		
☐ CUST. RET		

	DATE	TIME	DRIVER
DELIVERED	3/15		
PICKED UP			

It is understood and agreed that this is for rental only for the period specified and that we are responsible for the safe return of the above equipment or payment of the full list price. We agree that we will be billed for all damage to the merchandise other than caused by normal operation.

The amount due under this order and all subsequent orders shall be due and payable at the office of HOOVER BROS., INC., at: 2050 Postal Way, Dallas, Texas 75212. Past due accounts will bear interest at highest legal rate from date of delinquency until paid. It is agreed that if any account is placed in the hands of attorney or if suit is brought on same, then purchaser agrees to pay all reasonable attorney fees as authorized by law.

CUSTOMER SIGNATURE:

SPARE LAMPS ARE FURNISHED FOR YOUR CONVENIENCE YOU WILL BE CHARGED FOR LAMPS & ACCESSORIES NOT RETURNED

CREDIT APPROVAL ☐ YES NO
CONFIRMED ☐ YES NO

SALES PERSON: DATE

1. TOTAL RENTAL	16 00
2. MERCHANDISE	11 00
3. MISC.	
4. SUB TOTAL (1+2+3)	
5. SALES TAX	1 65
6. LABOR	
7. PICK UP & DELIVERY	
8. SERVICE TAX	
9. TOTAL (4+5+6+7+8)	$28 65

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2/18/86

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STERLING SOFTWARE

MEMORANDUM

To: All Employees

From: Sterling L. Williams

Date: January 20, 1986

Subject: President's Letter

Sterling Software acquired Informatics last August; the formal merger was completed in early September. We are now one company, an extremely successful one. Although the transition hasn't been easy, we have accomplished much more than most would have expected. I want to personally thank each of you for your contribution to our success.

Here's a quick overview of what we've accomplished:

- Following the merger with Informatics, operations were streamlined, resulting in the elimination of duplicate and unnecessary expenses. Annual savings from these actions totalled approximately $20 million.

- We fully integrated the two companies and organized the operations into six main groups. We are focused and operating efficiently as one company.

- We completed our fiscal year ended September 30, 1985 with a substantial increase over the previous year: revenue tripled from $18.7 million to $60.1 million, net income doubled from $1.1 million to $2.2 million and earnings per share doubled from 25 cents to 50 cents.

- We built an operating plan and budget, division by division, for 1986 that most effectively addresses our markets and enables us to continue our rapid growth...even after servicing our very large debt.

- We announced the divestiture of Group Insurance to Policy Management Systems. We plan to complete the transaction by the end of January and use the cash to pay down our debt.

- Our first quarter results were outstanding! The preliminary numbers or the quarter ended December 31, 1985 indicate that we are significantly over plan and well ahead of the same period last year.

  Some of the operations went through some tough times last year, but we are back on track in literally every area. I'm delighted to report to you that each group is now performing above plan. Feels great, doesn't it!

As you can see, a lot has been accomplished in a very short period of time. We stated some extremely ambitious plans and then did what we said we were going to do. We are an industry leader, looked upon as one of the most dynamic and highest potential companies in the business. The investment community also seems to perceive the combination as positive. The stock closed on April 15, 1985, the day it became publicly known that Sterling and Informatics were having discussions, at $6.75; Friday it closed at $14.25.

Our approach is simple and straightforward. We are focusing on three primary markets: systems software, applications systems and professional services. Within these markets, we have identified those that we believe have the highest payoff long-term. To address these markets, we are organized into six main groups consisting of twenty divisions. We will increase our penetration in these markets primarily through internal growth, but we will also expand by acquiring products and companies that complement our own.

An integral part of our past success and our future strategy is to operate the company in a decentralized mode. That's why we streamlined the operations and organized into logical groups with separate operating divisions. The operating divisions have for the most part been incorporated as individual companies; they are self-contained, independent subsidiaries.

At the same time, we want to maintain the right balance between synergy and autonomy, between economies of scale and independence. We have made a lot of progress in merging the two companies and being perceived as one, but we need to make more. We need to unify our presence in the industry. We no longer want to be referred to as "the old Informatics" or "the old Sterling." In the future, the company and each of its units will do business as and be known as Sterling Software. Although each of the units will continue to have its own identity, it will be as a division of Sterling Software and subordinate to the central image: Sterling Software.

This is the way the change will occur:

- Stationery, letterhead and business cards will be changed to the new style as soon as possible.

- Literature and documentation in inventory will be replaced as it is exhausted.

- Telephones will be answered for the next couple of months with "Sterling Software" followed by however it has been answered in the past (e.g., "Sterling Software/Directions"). By the end of that period, we should have evolved to answering the phones simply with "Sterling Software."

- Outside promotion, including advertising and direct mail, will be converted to the new style as soon as possible.

- Building and office signs will be replaced as soon as possible.

Detailed implementation procedures are currently being supplied to your Group President. Specific instructions will come through them.

This change will not be made completely without difficulty, but it will be smoother and quicker than you may think. And it will be worth it. A copy of the revised address list of the group and division headquarters is enclosed.

Finally, I want to reiterate my congratulations. Your cooperation and support in successfully blending these two companies has been essential. It has paid off, and it has been appreciated. Because of you, our future is bright.

SLW:bhr

STERLING SOFTWARE, INC.

Business Management Systems Group	**Charles J. Paparelli**
• Legal Systems Division	Frank Arentowicz, Jr.
• Management Control Systems Division	(Charles J. Paparelli)
Federal Systems Group	**Geno P. Tolari**
• Information Systems & Services Division	Richard F. Dunlavey
• Intelligence & Military Division	M. Gene Konopik
• Systems and Scientific Division	Hilma I. Mortell
Financial Software Group	**Edward J. Lott**
• Banking Software Marketing Division	Paul J. Thornburg
• Check Consultants Division	Larry C. Thornton
• Decision Systems Division	Charles Seagraves III
• Directions Division	Gary L. Bonner
• Insurance Systems Division	Ben Podpechan
Information Services Group	**Warner C. Blow**
• Creative Data Systems Division	Marv L. Lader
• Distribution Services Division	Joe Bevan
• Legal Information Services Division	Vera Thorpe
• Ordernet Services Division	William D. Plumb
• Publishing Systems Division	Lloyd D. Kendall
Professional Services Group	**Donald A. Toy**
Systems Software Group	**Werner Frank**
• Answer Systems Division	David M. Saykally
• Dylakor Division	Carole Morton
• Software Labs Division	James R. Johnson
• Sterling Software International Division	Ian S. Durrell
• Systems Software Marketing Division	(Werner L. Frank)

1/16/85

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1/16/85

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  telecopy

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Systems Software Group
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- SOFTWARE LABS DIVISION
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  San Bernardino, CA 92408
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- STERLING SOFTWARE INTERNATIONAL DIVISION
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  Africa House
  64/78 Kingsway
  London WC2B 6AL
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  011 441 242-0770 (or 0779) office
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1/16/85

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Werner L. Frank, President
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1/16/85

pmj.

BURTON GRAD ASSOCIATES, INC.
570 TAXTER ROAD
ELMSFORD, NEW YORK 10523

Sterling Software Inc.
8080 N. Central Expressway
Suite 1140, LBS 3
Dallas, Texas 75206-1895

Attn: Mr. Sterling Williams

INVOICE NUMBER	2030
INVOICE DATE	March 12, 1986
PROJECT NUMBER	133-21
ORDER NUMBER	
DATE OF ORDER	

Strategic Planning

Consulting Services - February 1986

Burton Grad - 1.5 days @ $1000/day		$1500.00
Expenses Incurred:		
Telephone	4.97	
Express Delivery	23.00	
NYC - 2/20 - auto & parking	35.00	
NYC - 2/15 - auto & parking	20.00	
TOTAL EXPENSES		82.97
TOTAL INVOICE		$1582.97

INVOICES ARE PAYABLE WITHIN 30 DAYS

BURTON GRAD ASSOCIATES, INC.
570 TAXTER ROAD
ELMSFORD, NEW YORK 10523
(914) 592-4700

February 14, 1986

Mr. Sterling Williams
Sterling Software Inc.
370 Campbell Centre
8350 N. Central Expressway
Dallas, TX 75206

Dear Sterling:

Based on the outstanding record that you and your managers have achieved in the first six months after the Informatics General acquisition, you have indicated that you want to extend the focus beyond achieving the current year plan; you wish to lay out the future strategy of each of the current operations as well as additional strategic directions that the corporation should be considering.

In this context, you have asked me to look at and assist in planning the process needed to structure this new strategic plan as well as to set up sufficient support information. This will provide a basis for discussions at a meeting to be held with your senior managers May 22-24, 1986 with the intent of using that meeting as a springboard to carry out a comprehensive strategic planning process during July and August of this year.

You are interested in using a bottoms up approach where feasible to have the strategic plan developed by the individual operations. You wish to use information from external sources (which give status and predictions of "uncontrollable" factors) and from internal operations which measure results of current activities (and relevant history) to a sufficient level of detail to assist in setting business directions in a structured fashion.

The goals are ambitious, but certainly no more so than Sterling's acquisition of Informatics and its achievements to this point in merging the two companies. Part of our objective, then, should be to establish a framework that encourages useful results at different levels of detail and analysis. We have used the terms strategic opportunism before as a way of describing the concept of Sterling Software: identify areas of interest and strategic direction, and possibly more important, identify areas to be avoided or excluded, but with the flexibility to respond to opportunities in particular areas as time and money permit.

I look forward to working closely with Phil Moore on the planning and execution of this process. I also look forward to working with George Ellis in terms of the operational and financial information that will be needed to flesh out the strategic plan, and, as always, I look forward to your inimitable input and ideas to keep the process from becoming too theoretic or not sufficiently imaginative.

I have enclosed a couple of initial papers describing some of the ideas which I've had about how to proceed with the strategic planning. Please consider these as initial drafts (as I know you would anyway) and let's discuss these more extensively as soon as your schedule permits.

Should these ideas and information be shared with anyone else except you and Phil and George at this time? For example, is it too early to give this information to Bernie Goldstein or to Werner Frank or to any others that you might feel would help define the process?

Sincerely,

Burton Grad
BG:556B

Enclosure
cc: Phil Moore

Approach to Strategic Planning

Sterling Software established a fundamental strategy when it was formed identifying the particular areas which it wished to pursue and those which it wished to avoid. This grid approach was based on an examination of equipment areas (and vendors of that equipment), operating systems and environments, systems and application functions and industry areas. It also incorporated a view of the markets to be served and the organizational structure that would evolve to provide the products and serve the markets.

It appears to me that this fundamental structure is still in place and essentially valid with the addition of another dimension called professional services. There has also been a further refinement with focus on the software itself and placing turnkey type operations into very much of a secondary position based on the lack of success those companies who have tried to sell integrated hardware and software systems.

This foundation should be reexamined in a formal, but not overly extensive, manner to restate its principles and concepts and to insure that the fundamental ideas should not be shifted as a result of developments that have taken place over the last three to five years. This is a type of zero-based strategic planning where the underlying assumptions are analyzed and then, if appropriate, reaffirmed as the foundation for a new set of unit, group and corporate action plans.

This level of review is essentially an intellectual process in which data related to sales, profitability, competitive position, market growth, technology change, etc. are examined both in terms of what has happened but, more significant, what are the likely ranges of things that will happen over the next three to five years. With this foundation, the grid should be reestablished, refined and extended to cover new business areas (such as professional services).

At this time, I do not believe that prioritization will be appropriate but that this should wait until the bottoms up work is done by the units and groups.

This underlying strategic document should be ready for use during the strategic planning process. In other words, there should be a first wave of work done which will end up with a revised strategic direction statement (e.g., a grid with appropriate descriptive material). This is not yet anchored in concrete, but does serve as the jumping off point for each of the individual units and groups.

This underlying strategic document should be ready for use during the strategic planning process. In other words, there should be a first wave of work done which will end up with a revised strategic direction statement (e.g., a grid with appropriate descriptive material). This is not yet anchored in concrete, but does serve as the jumping off point for each of the individual units and groups.

As a separate piece of work, there should be an accumulation of information for each of the operating units showing key result data over a period of at least three years, preferably on a quarterly basis, but focused on unit results as against purely dollar results. In other words, there should be detailed information about sales, renewals, work effort and usage of various resources including computer facilities, space, etc.

The unit data should be translated into a financial history and status so that one can distinguish between those differences caused by changes in product prices or salaries or cost of rental space from those changes that are determined by the effort level required to carry out the technological, marketing, sales or support work.

In addition, this internally generated information should, if possible, be in a common format for all business units, however recognizing the differences between a services operation and a products operation and between a mainframe and a micro activity.

In addition, one needs an in depth analysis of products, markets, competition and technology for each of the current business areas. Much of this information should already be in place from the operating plans and previous strategic documents, but these need to be updated, probably with the support of the product marketing people and the lead technical people in each of the organizations. This work should be done at the operating unit level. However, wherever there is a common set of information (such as data regarding installed IBM hardware and software or microcomputer sales records), then these should be used commonly and not built separately by each unit. The result of this second exercise is to produce a structural foundation for the strategic plan.

At this point, let me caution against a flaw that, in my view, was endemic to Informatics and is still a problem for some other companies. This involves focusing more upon the extensiveness, wordiness and completeness of the underpinning documents rather than focusing on those elements which are of greatest significance. The focus should be on the content in as brief and compact a form as possible rather than on the wordage.

The information should be understandable as an accounting document is. We are not at this point looking for the fourth level of detail in the accounting report but very much the top level, with the key five to ten elements, however, these elements should be very well defined and consistently used so that one can compare apples to apples and know that what one is using as underpinning information is accurate for its purpose (again, not to the last decimal point but in the right ball park).

Based upon these underlying documents, then the creative processes need to operate where the key people in each of the operating units, possibly joined by one or two people who can serve as moderators or stimulators, puts together a set of prioritized directions indicating which market and product opportunities seem most profitable and achievable and identifying the magnitude of effort required to pursue certain of these directions. Accompanying the opportunity must always be some sort of risk assessment which would indicate what the down side risks would be and the consequences of failure.

These initial strategies should be fleshed out describing the markets to be served, the products or services needed to address these markets, the organizational structure and functions needed to carry out the marketing, sales, support and technical work and some estimates as to the time frame, costs and special skills required to carry out the strategy.

These first cut strategies should be submitted for examination but not elimination at the group level and then be available for review by the corporate strategic planning team. At that point, then, one is prepared to try to see how these strategies fit with the overall corporate goals and see if they suggest changes in the corporate strategies because of opportunities which weren't recognized in the initial strategic planning process.

Following this review, there needs to be a corporate prioritization using the inputs from each of the groups and from the operating units. A long term goal would be to have each of the units in a position to comment and add to the ideas of the other operating units and groups, but in this first go-round, it may be wiser to minimize or avoid this to prevent a change in feeling from being part of a team to rather each person competing to show who's best by critizing the other players.

B. Grad
2/14/86

Procedures for Strategic Planning

The following is my current thinking on the chronology needed to develop the new strategic plan:

Dates	Responsibility	Assignment
2/15-3/15/86	B. Grad P. Moore	Establish objectives of strategic process; schedule tentative initial assignments for preparatory work. There should be one key person assigned from each group to assist in identifying material needed and devising ways to obtain it from regular business reports, if possible.
3/15-4/15	B. Grad E. Virgo	Collection of external data by determining what is available within the company and acquiring additional needed information from market research firms.
	P. Moore Group Liaison	Initiate first round of internal data collection.
4/15-5/15	B. Grad E. Virgo	Complete collection of external data.
	P. Moore Group Liaison	Complete second round on internal data.
	B. Grad B. Goldstein P. Moore	Prepare detailed instructions and background papers for kickoff meeting.
5/22-5/24	S. Williams	Kickoff meeting with Group Presidents and operating unit General Managers.
6/1-6/30	B. Grad P. Moore	Prepare working outlines to be used with each group and operating unit. Send this material to Group Liaison. Schedule working meetings with each group and operating unit.
	B. Grad P. Moore	Prepare draft of corporate strategy for use by the groups and operating units.

Dates	Responsibility	Assignment
7/1-7/31	S. Williams/ Group Presidents B. Grad B. Goldstein P. Moore	Conduct meetings with each operating unit and assist, as needed, in their preparing initial strategy documents.
		Review documents submitted by each operating unit. Integrate into an overall plan to show impact and effect of all the pieces.
8/1-8/31		Prepare analyses and recommendations regarding each of the principal strategies from each operating unit. Review results with each operating unit.
Mid September		Set up strategic review meeting with same people who attended kickoff meeting plus their assigned liaison personnel. This meeting will identify the selected strategies and establish the framework for integration of these results into the operating plans.

B. Grad
2/17/86
556D

Meeting

2/20/86

1) Software -- continue to collect needed info / report to Stanley / what value
Phoenix
help with Warner, Moore, Stanley
as soon as Warner returns

2) MCS (BMS) [$15M] - Ann Friday ... G+W (Prentice/Hall) (Simon + Shuster)
($1M - insurance PMS)

3) legal -- { Bankers Data } Jiggs Davis } Convergent Wang.

problems - Rome taking experienced folks
- recent profitability not true reflection of current costs
- large turnover of senior personnel
- L+MS III — new product ... not yet standard coding
- changed principles / income recognition in last year
- competitors are catching up
- January weak / Feb may be weak
- no middle mkt strategy
- Wang relation - potential reduction of margin

Sales / mktg / Tech / Fin / Contract

→ can I help by on-site audit - strategic review?

4) Litigation Support -- want to sell, but probably "tied" with legal

5) Publishing - AM Intl, Amtech Zimmerman (4.5M ⇒)
Reed Intl (English-based),
EDS

NESTAR - $1M/mo revenue
now "making money"
to be sold - (Why)

Next plan

Objectives:

key goals and -
3 year strategic plan
help direction (more than
bi-annual)
div by div + grp by grp
no gaps - (corporate)

work plan

grp presidents - w/ R
div pres + key people

six day/out site
review w/ each grp
2-3 days each

Include Acq + Divestiture Plan
Corporate
Group
Division

May 22-24 --- location ?
Grp Presidents only

? Competitive Analysis ? (Bonnie Cobleigh)

mini mgt ~~KS~~ financial analysis

Net Phone
technology.

may want presentation at
Brand mtg on 5/21 - Dallas

~~3/1 Annual Board~~

SW to
call on
2/24

3 phases

- Collection / Aggregation
- Division / Groups ↑
- Dimensionality / Resolution ↓

George Ellis — unit measurement for
old Defamation study

* ComPhone - per Colleen - ~~in the~~ in process
of going private

ACCEL - System software

On line software Int'l - compatibility analysis
w/ R Sterling ...

{ Heavens
SZS
B+B

STERLING SOFTWARE NEWSLETTER
Systems Software Marketing Division

Software Times

Volume 8 | Number 1 | January/February 1986

Data Recovery System Handles Conversions for Mobay

Mobay Chemical Corporation, a Pittsburgh-based producer of a broad range of chemicals, installed DATA RECOVERY SYSTEM to give the company a way to recover data under CICS, in case program errors, user errors, or system malfunctions caused loss or corruption to files.

Then, faced with the task of converting from an IBM 3033 to a 4300 system, Mobay found an unexpected application of DATA RECOVERY SYSTEM.

According to systems programmer, Sue Haffely, "There were about 28 online databases we needed to transfer. The general idea was to take data from the host 3033, back it up and then restore it on remote 4300s." The company considered using IDCAMS with repro commands. "But, I didn't feel really safe using that," recalled data administrator, Sheryl Parish. "It just seemed that DRS would be better suited to what we wanted to do." Mobay contacted the DRS technical support team, worked out the necessary procedures, then turned the conversion over to DRS. It worked like a charm.

With DRS, Mobay backed up everything from the host onto nonlabel tapes. Then the company

(Mobay continues on page 7)

ROUTE TO:_____

_____

_____

SUPERTRACS Expands Data Collection & Distribution

There have been some dramatic changes in data communications at Borg Warner Air Conditioning, Inc. over the past year and a half. They discovered a system that enabled them to perform Electronic Data Interchange simultaneously with multiple remote sites. The system they found was SUPERTRACS. It fit the bill for fast, efficient batch data transfer and opened up a whole new way of doing business.

Here's how it used to be.

When remote sites needed data, they would be called by a BWAC, Inc. home-grown program, written for 2770 emulation. The program would collect data and store it in the direct access file to be processed later in batch. "We would process the data here, then call the remote site back to send data out to them," says Jim McCaffrey, supervisor of technical services at Borg Warner. "It was tedious."

Then things changed.

"We wanted to install a new branch system that would let us transmit to over 40 remote Burroughs B20 microcomputers. So we needed something that had 2780 or 3780 emulation," McCaffrey recalls. "We were faced with the choice of completely rewriting the protocol in our in-house program or installing something else. In fact, we were in the process of analyzing what it would take to rewrite everything when one of our systems programmers brought

(SUPERTRACS continues on page 5)

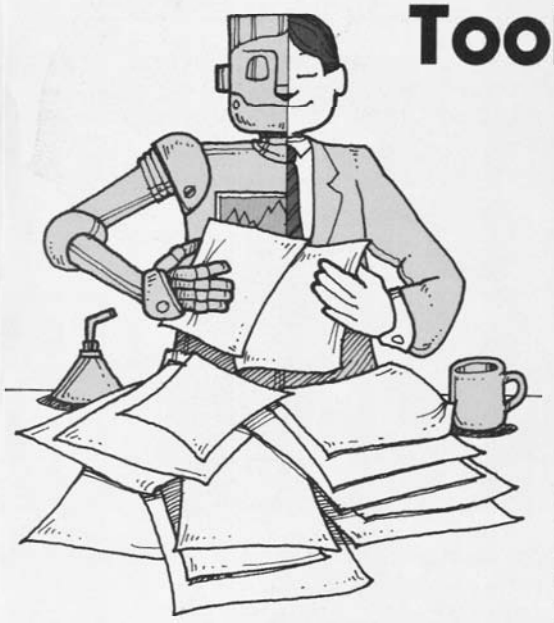
SEMINAR SCHEDULE

DMS/OS, SMART/dasd
DATA RECOVERY SYSTEM
February 4
Plaza of the Americas
Dallas, TX

DMS/OS, SMART/dasd
DATA RECOVERY SYSTEM
February 5
Hotel Meridien
Houston, TX

For registration information, contact Dianne Cossentine at 800-824-8512. In California, Hawaii, Alaska and Canada, call collect 916-635-5535.

Automated Change Management Tool Saves Time For Pepsico



Desk checking is no way to do compares in a system that stores millions of fields," says Raymond Barrett, systems analyst for Pepsico "It just isn't a human task."

Fortunately, COMPAREX, Sterling Software's change management tool that locates and highlights file differences in seconds, has relieved Barrett and his co-workers from the tedious, error-prone job of checking for changes in software programs.

Before installing COMPAREX, Barrett recalls, "We used to spend a tremendous amount of time just eye-balling changes, converting from one software release to the next. Now COMPAREX is a part of our repertoire of tools that help us get our job done. Without it we'd probably have a lot of people ruining their eyes."

According to Barrett, COMPAREX filled their need for an "intelligent compare." He says, "COMPAREX allows us to catch errors early, instead of running through a whole job, promulgating errors along the way."

COMPAREX is especially valuable as an audit tool, Barrett reports. "It allows us to be certain that the changes we've made are the only changes that occurred."

Additionally, for maintenance changes, Barrett reports, "COMPAREX is a very effective tool if you have multiple people working on a project team, where everyone has their hands in the files. It can also be very good with development," he continues. "For example, if you have large, link-edited modules, and you believe you've made a change to some subroutine and only want to test that change, COMPAREX lets you compare the existing load module with the new one you've created. Then you can examine the changes in your portion alone, to be sure that someone else wasn't changing other subroutines in the module as well."

Barrett concludes, "COMPAREX is the kind of product that if you don't have, you wish someone would invent."

In addition to COMPAREX, Sterling Software's DMS/OS DASD Management System is in use in other segments of the corporation. According to Rick Garvin, Director of MIS for the Pepsi Cola Division, "Sterling Software continues to be instrumental in helping us create a good portfolio of tools and techniques for our systems and applications programmers." □

COMPAREX Directly Compares:

- Files of all major structures/ organizations including: ISAM, VSAM, SEQUENTIAL, PDS, LIBRARIAN, PANVALET, ADABAS, DL/1, (IMS, IMS/ FASTPATH, CICS), IAM, DMS, RAMIS II, ROSCOE, WYLBUR, and GEM.
- Source Code, Object Code, Load Modules, JCL, CLIST
- Any combination of zoned, packed and binary fields
- Master Files
- Control Card Images
- Reports, Documentation
- Directories of PANVALET to PANVALET, LIBRARIAN to LIBRARIAN, or GEM to GEM.

"COMPAREX allows us to catch errors early, instead of running through a whole job, promulgating errors along the way."

COMPAREX

The data and text file comparison utility for change management that audits system modifications for IBM mainframe and compatibles, including OS (MVS/XA), DOS/VSE, and VM/ CMS

QUICK TUBE

Sterling Software's TSO/TCAM enhancement reduces CPU overhead, improves response time and performs autopolling for remote TSO 3270-type terminals

SHRINK/2

Software system that compresses files sixty to eighty percent of original size while simultaneously encrypting the data for security. For OS and OS/VS environments

DMS/OS Tames Citicorp's Data Storage Problems

With about seventy-five logged-on TSO users developing online and batch application programs in a time-sharing environment, plus 5 to 8 CICS address spaces up most of the time, the activity at the Citicorp Person-to-Person data center in St. Louis can get pretty fierce. Being responsible for handling all of the batch and online production processing for the systems that allow Citicorp Person-to-Person to deliver financial services to their clients, means a huge amount of data must be stored and accessed according to the requirements of a wide variety of users. And, without an effective DASD management system, that means complications.

For Mike Wallace, Manager of Technical Support, the problems of managing data storage space were tamed when Citicorp installed DMS/OS, the DASD management system from Sterling Software. "We were most interested in acquiring a software product that was parametrically driven and not labor-intensive," says Wallace. "We wanted a system that would run automatically, once we had established the criteria for the way we wanted to do DASD management. DMS/OS has done that for us very nicely."

"Altogether we have about 200 development people," Wallace states. With that many users, it's easy to have a tremendous amount of over-allocated space. To solve this problem, Citicorp uses the DMS/OS Idle Space Release to help appropriately resize allocated data sets on a regular basis. "Idle Space Release is a very powerful tool that clearly gets the job done when we use it. Our DASD standards say that as long as a user accesses a data set within a certain number of days, depending on whether it is a permanent test data set or a TSO data set, it can stay out there on disk," Wallace reports. "From time to time we assist people by using Idle Space Release to resize their data sets. DMS/OS makes that process less labor-intensive. Also, DMS/OS reports can show management how much space is being allocated and how much is really being used."

"We were most interested in acquiring a Software product that was parametrically driven and not labor intensive."

Wallace sees the largest savings from the use of DMS/OS in their time-sharing environment. With DMS/OS's archival features, Wallace estimates that they buy back about three 3380 volumes of space every week when they run a job that does a mass migration to tape of data that is not needed online. "In the past year, a conservative estimate is that we've avoided allocating five to six 3380 volumes to our timesharing system by using DMS/OS," says Wallace. "That adds up to 1.5 IBM 3380s."*

In addition to achieving hardware savings, Wallace credits DMS/OS for savings in personnel as well. "I basically have one person, who spends about 1/5 of his time handling DASD management," he states. "Compared to our previous DASD management system, I'd say we've realized a 50% to 75% savings in people time. Plus, with DMS/OS, we have the ability to do much more than we could do before." □

**Editor's Note: This represents a savings of approximately $190,000.*

DMS/OS WORKSHOP SCHEDULE

February 10-13	March 17-20	April 14-17	May 5-8
Hilton Hotel	Sheraton Hotel	Holiday Inn	Ramada
Phoenix, AZ	Orlando, FL	Sacramento, CA	Renaissance
			Washington, D.C.

For registration information, contact Dianne Cossentine at 800-824-8512. In California, Hawaii, Alaska and Canada, call collect 916-635-5535.

Call Toll Free

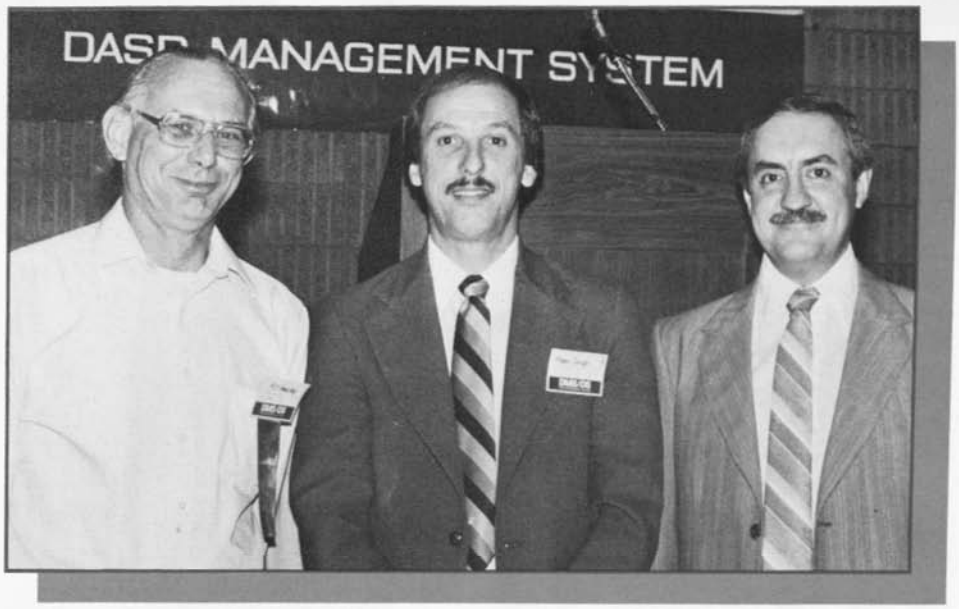
800-824-8512

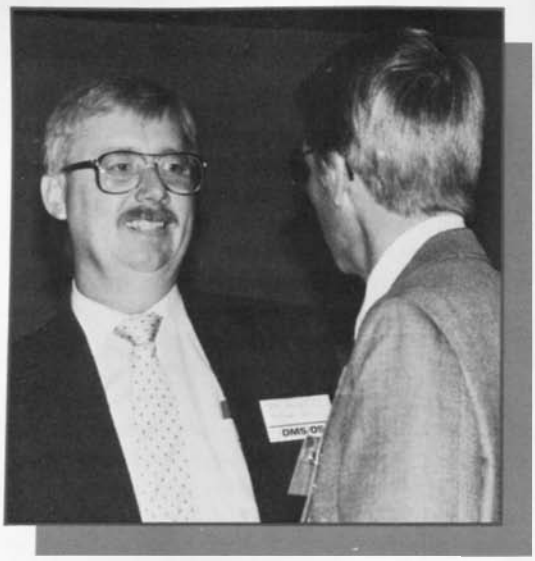
except California, Alaska, Hawaii & Canada

Call Collect

916-635-5535

Strong User Support at Houston





"For us, DMS/OS is a total storage management subsystem. Calling DMS/OS a DASD Management System doesn't begin to tell the story of what this product does. The things we're doing with DMS/OS encompass many areas. Other products have made promises, then not delivered . . . DMS/OS has."

Robin Macfarlane, Project Manager, Mutual Benefit Life

DMS/OS Conference

Despite the new technology and other pressures, DMS/OS remains the most flexible, comprehensive, and significant contributor to our organization for data storage management."

Chuck Roberts, General Foods Corporation

Such comments reflected the enthusiastic support of the DMS/OS User community at the DMS/OS International User Group Conference in Houston this fall. Fifteen speakers, a series of user discussion sessions, and an evening trip to Gilley's rounded out the three-day conference for the 200 attendees.

Winner of the Best Presentation award was Frank Oleskewicz, technical analyst at Hartford Insurance. His entertaining presentation, describing the solid savings realized through DMS/OS, earned him a trip to Vienna in March 1986, for the DMS/OS International User Group Conference VII. Oleskewicz stated, "DMS/OS's archival and retention control have allowed us to reduce tape mounts by 2,000 per month, plus we've reduced our DASD storage volumes from 2,148 to 1,600."

Plans are underway for the October 1986 conference to be held at the newly-remodeled Chicago Hilton Hotel. Sterling Software is already lining up speakers to compete for the 1987 trip to Europe. Interested parties are invited to submit a presentation outline. Speakers selected for presentations receive 50% reduction in the conference registration fee. For presentation guidelines or advance registration information, call Dianne Cossentine at 800-824-8512.

DON'T MISS

DMS/OS INTERNATIONAL USER GROUP CONFERENCE

March 5-6, 1986 • Marriott Hotel
Vienna, Austria

DMS/OS

The comprehensive DASD management system that frees up disk space, frees up personnel time, and prevents overallocation.

(SUPERTRACS continued)

in a SUPERTRACS ad."

BWAC's host mainframe, an IBM 4381, runs with an MVS-SP operating system. Their Burroughs B20 remotes are on a dial-up system to the host communications controller. Every night SUPERTRACS collects and distributes either payroll, billing information, inventory, accounts payable, or other business data from eleven of the forty sites. According to McCaffrey, "The whole process takes only about one hour and fifteen minutes to receive 25 files per site."

Then, once a week, all forty sites send data or receive it via SUPERTRACS' automatic send function. "The host automatically distributes specific information that is intended for each site based on site I.D." Since it takes only a single command for SUPERTRACS to auto dial as many remotes as are specified in a predefined list, it significantly speeds the entire data transmission process. McCaffrey says. "With sites identified on the auto connect feature, it saves us a lot of time.

"The nature of SUPERTRACS is to receive, then turn around and send back. We use three lines all the time, so we may be receiving from one site while we are sending to another site on another line."

McCaffrey adds, "The technical support has been great. In fact, there were changes in the program that were made as a result of requests specifically from BWAC, Inc. Now we can quickly send large amounts of information back and forth from the host site to branch locations and keep everybody up to the minute.

"The overall benefits from SUPERTRACS are substantial," McCaffrey states. "It is very easy to maintain; the turn around time is terrific; and we haven't had any problems meeting deadlines." □

SUPERTRACS

The online mainframe batch teleprocessing monitor for concurrent transmission of batch data between the host mainframe and remote devices, including minis or micros supporting 2780/3780 terminal emulation

In order to provide useful, technical information to our readers, Sterling Software technical support staff answers commonly-asked questions about our products.

Q ***How can I set up PC-TRACS so options need not be reconfigured each time the program is executed?***

A By using a configuration file, PC-TRACS does not require any user input. When PC-TRACS is first started, it checks the disk for a file named "PCTRACS.RUN."

If this file exists, the information in that file is used in place of user input. This capability allows for automated operation of PC-TRACS. Here is an example of how to set up an automated 'send only' mode.

Automating the use of PC-TRACS is a two-part process. First, set up what is called a "run" or "configuration" file. Simply start PC-TRACS, go to the option screen, and change any default values that need to be changed. For the last option selection ("SAVE THESE OPTIONS (Y/N)"), enter a "Y".

Next, from the main menu, select the mode of communication: send/receive, receive/send, send only, or receive only. A prompt then asks for file names to be sent, received, or both. For this example, the 'send only' option was specified, so the user is now required to enter a send file name, such as "WORKFILE.SND." This is a temporary file — not the name of the data file to be sent. Note: an empty "WORKFILE.SND" file must be created before attempting this process; otherwise, PC-TRACS will return a "file not found" error.

After a send file name is entered, the next screen will prompt for a directory and a file name. Enter the name "SENDFILE.FIG" to store the configuration file. PC-TRACS will then go to the transmission screen. Now, enter a ctrl-break to exit PC-TRACS and continue the setup process.

The second part of setting up an auto-executing version of PC-TRACS is to build a batch file. Batch files are files containing a list of DOS commands which PC-DOS will execute sequentially. You need to use an editor to create these files; Edlin can be used. Here is an example of a batch file that uses the configuration file created above.

```
COPY SENDFILE.FIG
PCTRACS.RUN
COPY %1 WORKFILE.SND
PCTRACS.EXE
ERASE PCTRACS.RUN
```

The name of this file would be "SENDFILE.BAT." To execute it, enter the name "SENDFILE" followed by a space and the name of the file to be sent. Ex: "SENDFILE filename."

Using this process, one can setup multiple configurations and batch files, and eliminate the need to setup the options each time the package is used. This process also allows PC-TRACS to be executed by other applications. By manipulating the configuration file, virtually any application can control PC-TRACS. □

John Greene, technical support

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Software Maintenance Conference

The 4th National EDP Software Maintenance Conference is scheduled for May 5-7, 1986 at the Sheraton Palace, 639 Market Street, San Francisco, CA. Conference fee is $775. For more information call 718-816-5522.

The Northern California Chapter of the Software Maintenance Association will meet January 24th at 1:00 pm, at Syntex, Inc., 3401 Hillview, Palo Alto, California. Call Mary Reilly at 916-635-5535 for details.

Sterling Software's Products

DMS/OS — The comprehensive DASD Management System

DATA RECOVERY SYSTEM — The CICS forward file recovery system

COMPAREX — The intelligent comparison utility

TRACS — The teleprocessing application package

PC-TRACS — Data transfer from IBM PCs (or compatibles) to other bisynchronous devices

SUPERTRACS — The online batch teleprocessing monitor

SMART/dasd — User-directed, performance tuning/modeling system for DASD

SHRINK/2 — Generalized file compression/encryption system

SMART/dasd

A user-directed, performance tuning/modeling system that simulates DASD performance, identifies contention of the DASD subsystems, and recommends dataset placement for maximum efficiency and cost-effectiveness

Welcome

Sterling Software would like to extend a welcome to our new customers.

Abraham & Straus
American Charter Savings & Loan
American Home Products Corporation
Associated Grocers, Inc.
Associates Bancorp, Inc.
Beth Israel Medical Center
Citibank N.A. Manila
Computer Soft Center
Del Monte Corporation
Equitable Life Assurance
Federated Department Stores, Inc.
Gilbert Associates, Inc.
GTE Telenet Communications Corp.
Insurance Bureau of Canada
Joseph T. Ryerson & Son, Inc.
L. M. Berry & Company
Mead Data Central, Inc.
The Musicland Group
North American Van Lines, Inc.
Ore-Ida Foods
Pepperidge Farm, Inc.
Placid Oil Company
Richway Stores
Rockwell International
Spear, Leeds & Kellogg
St. Elizabeth Medical Center
Ticor
Touche' Apparel, Inc.
Troy
TRW
Union Carbide Corporation
United Grocers, Inc.
Wagner Stott Clearing Corporation
Weirton Steel Company
Whirlpool Corporation
World Savings & Loan
3M National Advertising

UK

Sun Alliance & London Insurance PLC
Brooke Bond OXO
Central Tyre
Amoco Europe & West Africa, Inc.
J. Sainsbury PLC
British Steele
BP Oil International, Ltd.
Express Dairy (UK) Ltd.
Hoechst UK Ltd.
Saudi Arabian Airlines
Irish Life Assurance
Wiggins Teape PLC
Confederation Life Insurance
Pirelli Ltd.

GERMANY

Thyssen Stahl AG
Algemene Bank Nederland
Elektronisches Rechenzemtrum Der Bundesverwaltung
TUV Rheinland
Rechenzentrum Der Zuerich Versicherungen AG
Stadtsparkasse Ludwigshafen
Rheinland RKD
Rechenzentrum Linz

ITALY

Valeo Sud SPA
Pirelli Seda

VENEZUELA

Abaco
C.A. La Electricidad De Caracas

JAPAN

Pola Cosmetics Company, Ltd.
Nippon Denso Company, Ltd.
Fuji Xerox Company, Ltd.
K.K. Fukuoka Sogo Ginkoh
Sohka Gakkai
Diadoh Seimei Hoken Sogogaisha
Chiyoda Seimei Hoken Sogogaisha

FRANCE

Centre Informatique General

AUSTRALIA

Sydney County Council
Reserve Bank of Australia

SCANDINAVIA

Lishkat Hamas Hamerkazit

(Mobay continued)

sent those tapes to the remote location 4300s and reloaded the data again with DRS.

We really trust DRS. "There wasn't really anything like it available."

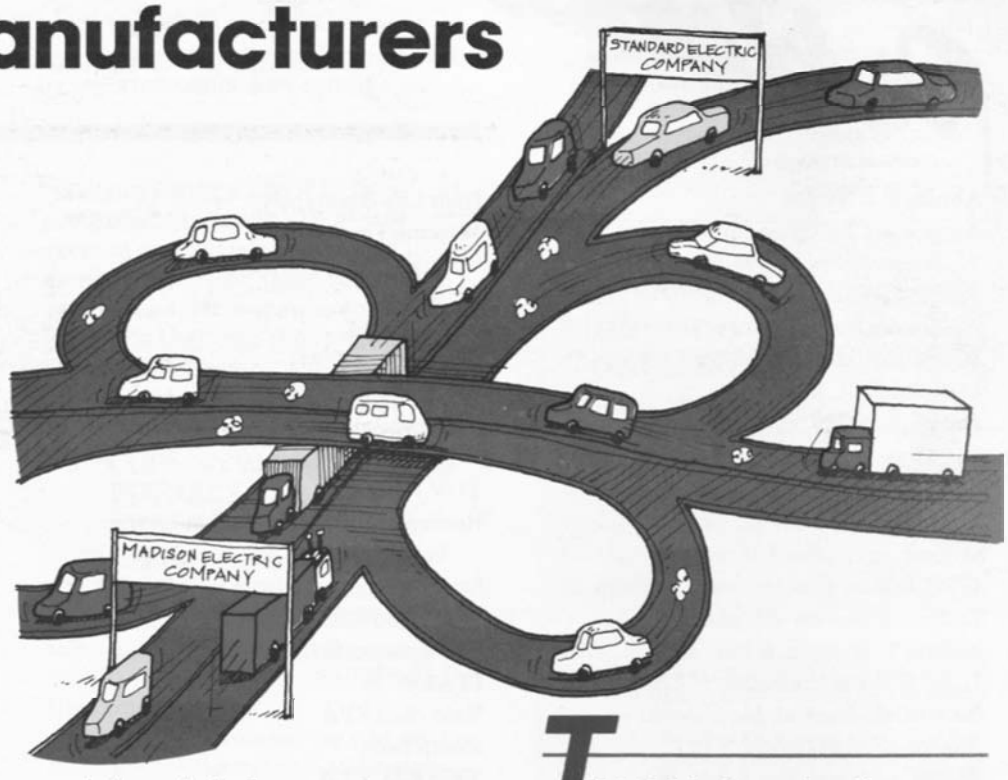
"Once we figured out the parameters, it was really easy," Parish said. "Since we used 1600 bpi tapes, the backup job ran about two hours for 14 tapes containing 28 files. Our normal nightly backup to disk runs about an hour, so the conversion time was what we expected. The time factor was due to the 1600 bpi tapes, not DRS. Basically, we didn't have any problems."

From the programmer's side, Haffely reported, "Everyone seems to be very pleased with DRS. There's just so much you can do with it."

Now running production on the 4300, Mobay uses DRS to journal every day to disk and to tape as a backup. Also, DRS backs up all their online files to disk. "We haven't had to use it for data recovery yet . . . but we're all set up, should we need to," Parish remarked.

"We really trust DRS," Parish added. "There wasn't really anything like it available. As far as I'm concerned, DRS out-classed the rest." □

TRACS Improves Turnaround Time For Auto Manufacturers



Although TRACS, Sterling Software's batch data transfer software, handles all types of data communications for vertical markets, it has recently found a snug home within the automotive supplier community as well.

One of the reasons for TRACS' success is its power to transfer data to virtually all CPU types, giving users extensive data transmission/collection capabilities. The other reason is that when users find a system that meets their needs, they spread the word. And other users listen.

Case in point. When the Strelinger Company and Hall Industries told colleagues at M & S Data Service Corporation about how TRACS was providing a link to the automotive industries' "Just-in-Time" inventory system, M & S was listening and decided that TRACS was precisely the system that they, too, were looking for.

"Our principal need was to be competitive with other vendors and customers in transferring orders mainframe to mainframe," says Norm Heika, general manager for M & S Data Service. "The initial reasons for getting TRACS was to work with the 'big three' automakers and also to transmit our customers' purchase orders to their suppliers."

"Our principal need was to be competitive with other vendors and customers in transferring orders mainframe-to-mainframe."

M & S operates as a service bureau for three major wholesale electrical distributors in Michigan. Madison Electric Company of Detroit, Standard Electric Company of Saginaw, and Madison Electric of Ann Arbor all turn their order processing over to M & S, who then sends orders for electrical supplies to vendors and receives purchase orders from automotive manufacturers.

With TRACS mainframe-to-mainframe bulk data transfer capabilities, M & S can handle orders in a fraction of the time. "We are finding the turn-around time for material coming in from vendors has been shortened by five days by being able to communicate with TRACS," Heika states. "TRACS lets us better serve our customers in order processing time and that translates into dollar savings in inventory."

According to Heika, TRACS' ease of installation made it possible for M & S to begin using the product within two hours. "One call to Sterling Software support people and one trial shot, and TRACS was up and running."

Not only the fact that order processing has been reduced for M & S from 7 to 10 days down to 2 to 5 days, but also eliminating the hassle of sending data via tapes, mail, or offline transmission devices has made TRACS a valuable addition to M & S's operations. Heika states, "Before TRACS, we were sending magnetic tapes, cards, or whatever the vendors and customers were using. Now we don't have to deal with that. TRACS makes it very easy." □

"TRACS lets us better serve our customers in order processing time and that translates into dollar savings."

PC-TRACS

The IBM-PC bisynchronous teleprocessing package for transmission of batch data between PCs and mainframes, minis, micros, and other bisynchronous devices

TRACS

The teleprocessing application package that performs the bisynchronous transmission of batch data between computers and teleprocessing devices

Sterling Williams

from Charles Pappanelli
1/86

Overview of 1985

The glamour of 1984 was a curse

Nineteen hundred eighty five started out with the same spirit with which 1984 ended. It was great. There was a new organization, followed by a slew of promotions, great MIP bonuses and a rush of confidence and enthusiasm. We could do no wrong in life or in business.

The euphoria was really brought home at the Informatic's Chairman's Circle Club in Hawaii. All of us at MCS were in the spotlight to the point where it even got old hat to us. I never thought that could ever happen. We got every accolade and award available. The most prized possession of all was
Jane Green being awarded the Informatic's Salesperson of the year.

By the end of January we were all walking on a cloud and then reality set in.

Out of control and what it feels like

With all the playing we did it is easy to imagine that January was probably not a good month. This is an understatement. The playing was only exacerbated by the brutalizing of January business by December 1984 orders.

We really didn't know how bad we were doing because we didn't have financial statements that matched the organization we were running (i.e. BMS). Because of this little problem no one took responsibility for the rotten results. The results were a Group problem not a division problem. In retrospect this is quite amusing that as the person responsible I allowed this attitude to continue. Where was my head.

Well I'll tell you. It was in Orlando and Los Angles screwing around with the Construction and Legal Micro Divisions. I set my priorities based upon what I viewed as my profit exposure areas. MCS was the biggest profit producer but it was also, as I viewed it at that time, a steaming locomotive. How could anything of substance go wrong with a company that just kicked ass in the previous year.

The Property Management Division had some downside but it too ended the year on a real high. Even the salesmen were looking forward to 1985. This is usually a very good sign. My fear in this division was Catherine Cage. She was new to the GM role and was going on a six to eight week leave of absence. To top it off

I knew I didn't have the time to run it. I expressed my concerns and Catherine and I managed to convince each other that everything would go just great.

The Legal Micro Division was a couple of guys and their dog. Although I was excited about this market I felt I had greater exposure elsewhere. So I decided to set a direction for this division for limited sales and product development. Then I would ignore them and hope everything went OK.

The boys in Orlando had a really bad 1984. They had just laid off some people but their base operating expenses were still high. This scared me. When looking into the situation more closely I found that there was no, I mean no, salespeople in the organization. Nobody who could even spell sales. This to me was real downside risk. (i.e. High base expenses with no sales)

The Marketing Channels Division was a challenge of a different kind. This was our alternate distribution channel and considered our ultimate future for success in vertical marketing. For a small organization the expenses were very high because we had all high paid chiefs and no Indians. So as you would guess we paid salaries but didn't get much accomplished except planning activities. However, Informatics felt this division was the key to their Micro Market Strategy so I chose to put this as my second priority behind Construction.

Well their you have it. My priorities for the first half of 1985 were as follows:

1. The Construction Division in Orlando
2. The Marketing Channels Division in Atlanta & LA
3. The Legal Micro Division in LA
4. The Property Management Division in Atlanta
5. The MCS Division in Atlanta

Like it or not those were the priorities!

In writing this I now realize how absolutely out of control the situation was from the start. It is one thing to be pulling this many new businesses out of the ground at one time. It is quite another thing to not have the management talent around to make it happen. Sterling Williams turned a light on for me when he said that in starting any new venture the key to success is to limit your "unknowns". We had unproven businesses in unproven markets being run by unproven managers (at least in the positions they were then serving in). Is hindsight 20/20 or what?

The tough decisions

The month's ticked by followed by the quarters. The clock's movement did not bring good news, as you probably guessed. The good news for the first five months of 1985 is that I got about 100,000 miles credit toward my frequent flyer account. The bad news is the businesses, all of them, were going deeper into the hole. It started out as a mild downward slope and ended in a death spiral. In fact, we didn't know quite how bad it was until the end of April when we finally got our financials straight.

During this precarious time their was no help from the experienced guys in LA. They were all busy trying to maintain control of Informatics. The wolves, Sterling Software, had made what turned out to be a hostile takeover attempt. I won't elaborate on this since we all know who wore the White Hat in the end anyway.

As we entered May we started to ask some of the tough questions, like; What the hell is going on? How is it that we are losing so much money in MCS and Property Management. These were our mainstay businesses. The new businesses didn't have enough time to show any meaningful return. I spent five months throwing fertilizer hoping flowers would bloom. Lesson 1. Roses are a bitch to grow ... weeds are much easier.

We hoped but in vain for a strong May. We got the results in for May in mid June and discovered things were worse than we thought. The reality reeked of continued failure.

On June 12, 1984 we started looking hard at our expenses. MCS had by far the largest expense base combined with the worst negative variances. Property Management was next followed by Marketing Channels. Atlanta was the place to cut expenses. It was obvious. I worked with Bill Dallas that day in determining how far we needed to cut our expenses so that we could limit our downside risk. The answer resulted in us cutting our staff by 16%.

On June 13, 1985 I arrive in Atlanta at 5:30 am EST. I had a meeting setup for all managers and supervisors at the Northwest Marriott at 2:00 pm. In that meeting, I explained where we thought we would be and what the trends were for the year. I told them our only rational alternative to halt failure and insure continued success was a Layoff. The management of Atlanta-BMS understood and determined the action should be taken that evening. They went back to work and did it.

I can't tell you how impressed I was with the management team of Atlanta. They understood the action from a business perspective and carried it out with about as much compassion as a dismissed employee could ever hope for. These managers are what great companies are made of.

The job of Group Vice President changed after that day. At the beginning of the year it was a job filled with opportunities. There were four new businesses and a steaming locomotive. Now I was faced with keeping the show alive. This was a big difference. How I looked, felt and acted when I came to work in the morning became the most important thing to the employees of BMS. Employees whom I had an excellent rapport would not look me in the eye. We had built our business on success and trust. We were now faced with failure and doubt. One hell of a transition.

The changes didn't end until October 1, 1985. July was undoubtedly the worst month of all. The absolute lowest point in the groups brief history. We continued to look further for bleeders. The bleeders were the Construction and Marketing Channels Divisions. I also finally figured out that our managers lack of focus on one business cost us millions.

Armed with this new information, we decided to:

1. Close the Marketing Channels Division.
2. Divest the Construction Division.
3. Consolidate Legal Micro in Atlanta.
4. Close our LA offices.
5. Reorganize the MCS sales organization.

Well to make a long story short it worked. We got our expenses down to a tolerable level and focused our management on one business - CPA. We are now back on track and feel humbler yet stronger as a management team.

Leadership equals vision, conviction and attitude

I figured out what leadership is and how much responsibility it carries. I believed in the actions we had taken. I believed we did what was best for the good of the stockholders; the people we are ultimately responsible to. I believed in the business we were in and the people we had on board. My attitude reflected those beliefs. I never questioned my decision of June 12, 1985.

In order that all employees knew my vision of the future, I held meetings with all the individual departments. These were presentations followed by questions and answers. We also held our normal quarterly kickoffs on time and in the same format. These meetings were tough to attend but made you feel great because of the interests and openness of the employees. They knew we were doing our best and they would have to decide to follow or leave. Most people decided to stay however, some chose to leave.

Some of the people that left were great people and it hurt us. Their absence in some cases hurts us to this day. Others that left helped us because they were a bad influence on others. Their

leaving actually helped us pull a little closer together. We were left with a group of people upon which we would build our foundation of successes for the future.

People are the only thing that counts

If there is one lesson to be learned it is that people are the only thing that counts in a business. MCS was very fortunate to have a great market and to be there at the right time. However MCS had assembled a group of people that meshed well together. We each had our own strength and was allowed to practice it in harmony with our fellow manager. These people are what made us the market leader and it is the foundation upon which we will build a market dominate position.

The future is more certain

We as a management team are now focused on a single business. This in combination with the market position we enjoy, our fresh product technology and our distribution strengths make the future for this business a certainty for success. I believe that within two years MCS will have over 10,000 CPA's as clients. This growth will come about through the explosion of LAN acceptance and acquisitions of our two top competitor client bases. Sit back and watch because we are going to bust our asses to do it! And do it we will!

Lessons of the year

Surround yourself with great people and trust them

You go through different stages of growth as a manager. In the early stages you are managing people directly. You hire them, train them and manage them.

You then move on to managing managers. This is a difficult transition because your one step removed from where the action is ... the people. The managing managers stage tends to last a long time since this is what your doing up and through the job of General Manager. As you move up through the ranks to General Manager you learn how to influence more and more layers of management and employees. You know your successful when you begin to realize the leverage that a well managed organization has on the market it serves.

The third stage in management development is the group management level. At this level you are managing managers who are managing whole businesses. This stage is where I am now and find it very challenging. How do you influence one man enough so that

he will then influence a whole business? The answer to this question lies in the greatness of the man you are trying to influence to even greater successes.

The easiest management job would be to have great managers working for you whom you trust implicitly. Greatness and trust lead to more greatness and trust.

Limit your opportunities to what you can manage

How much is too much? Keeping your eye on the ball is what makes the ball fly true to course. A lesson we learn in all sports that we play. A lesson we should carry with us to our businesses.

This year I learned what it feels like to have too much to tend to. When the too much is personal "to-do's" its OK but when too much is whole businesses you are negligent. You are negligent to all who rely on you for good business judgement and profits. This list includes stockholders and employees. These are the only groups we work for. One pays us the other helps us perform.

I do not know how "gun shy" I am from this last year's experience but I do know I am wary of Multiple business responsibilities. I will examine situations much more carefully before accepting the responsibility of a business. We, me and my superiors, must understand the situation clearly prior to my acceptance. This does not mean that I will not continue to stretch and work extremely hard. What it does mean is that I will be more realistic and less idealistic in accepting new responsibilities.

Leadership equals vision, conviction and attitude

Strong leadership makes for successes. In defining leadership I always had trouble. I now equate successful leadership to a clear vision, a strong personal conviction to the vision, and a positive attitude.

I always wondered what made a turnaround expert successful. Well, I think I figured it out. He walks into an old situation with a brand new perspective. He is not carrying the same old baggage everyone else around him is. This perspective allows him to develop a fresh, clear vision of the future. He commits to the vision then executes with a strong positive attitude.

It was these three things that I believe pulled us through the tough times. This is not to say that I was the only leader demonstrating these qualities. The entire management team of MCS proved their leadership skills in the last six months of 1985.

I was proud to be a part of a team of managers who led a very strong willed and talented group of employees into then out of a very big mess. It's easy to lead when all is going well. The true test of the leader's metal is when all around him loses hope.

Know your key indicators ... the Nums

You got to know how to keep score to know how your doing. I always took our fine accounting systems for granted until this year. When we reorganized on 1/1/85 the accounting system took four months to catch up. In that short amount of time the business, on auto pilot, lost $ 2,000,000.

MCS is made up of action oriented managers. We didn't have the numbers, the score card, to tell us we even needed to take action. Not all of our problem was the accounting system. We didn't have the non-financial indicators in place to help guide our actions. Without the "nums" you better be a damn good guesser and lucky as hell!

Summary of 1985

Jim Porter once told me that I will be paying tuition all my life. Well the tuition bill this year was frightening but I do think each of the managers at MCS in 1985 learned a whole lot. I know I did.

See you in 1986...

FL

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

March 15, 1982

Mr. Bruce Coleman
Informatics, Inc.
21031 Ventura Blvd.
Woodland Hills, CA 91364

Mr. Richard Lemons
Informatics, Inc.
6011 Executive Blvd.
Rockville, MD 20852

Dear Bruce and Dick:

I have finally had a chance to read carefully the February 19th letter which I sent to you regarding the proposal for performing a productivity evaluation profile on a pilot basis. As I have reread it, of course, I have noticed a significant number of typographical errors. Therefore, I have enclosed a new version of the agreement for signature by each of you. I have enclosed two copies for each and would appreciate your signing and returning the original to me since I understand that you will be splitting the cost between the two of you.

In addition, I would like to remind both of you that there are a number of items that need to be taken care of:

(1) A decision must be reached on who the corporate financial analyst will be. This should be completed no later than March 19th so that the individual can join us in Dallas for the kick off meeting March 23rd.

(2) The initial meeting will take place on March 23rd as noted above, with Bradley, Alekna, Richmond and others involved. The first day will be used as a kick off for the entire project, then Kleinecke and your corporate financial representative will stay on and gather the initial set of data to be used in preparing the first profile. You have each been copied on the letter sent to Bradley describing the plans and objectives, as well as the agenda, for the initial pilot study.

(3) The steering committee needs to be appointed no later than March 31st so that a review meeting can be set to examine the results of the first pilot study prior to our proceeding with the second study. Notice in the proposal the plan was to have the steering committee consist of Porter, Roberts and Wagner; however, if you wish to change any of the players please let me know (and, of course, let them know that they will be participating).

(4) I presume that the corporate executive review committee of Martinelli, Coleman and Lemons is still satisfactory. Again, this needs to be identified to me so that apprppriate copies of all the material can be forwarded, then a final review and

presentation scheduled probably for late April or early May.

(5) Bruce Coleman needs to get clearance on Dreger. This should be obtained by March 23rd so that we can set a schedule in place for a meeting with Ken and his people sometime in mid-April; given your strategic planning sessions that take place in April, we will need to work around these dates. We can get the participation of Ken and of his key people.

Dave Kleinecke and I are both looking forward to this exciting (and I believe novel) assignment and hope that it will yield substantial benefits for Informatics in terms of a better understanding of current operations (including historic trends) and provide better tools for the business unit managers to reduce costs and increase revenues.

Sincerely,

Burton Grad,
President

bg/jz

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

March 15, 1982

Mr. M. L. Bradley
Equimatics, Inc.
10300 N. Central Expressway
Bldg. 1
Dallas, TX 75231

Dear Spec:

David Kleinecke and I are pleased to be working with you again. We plan to be in Dallas to initiate the Productivity Evaluation Profile Study on March 23rd (see Attachment A). I will only be there one day unless there is a need for me to stay on a second day; Kleinecke will plan to stay through the 26th.

I will speak with Bruce Coleman to find out who will be working with us from Corporate Finance.

As you and I agreed, we will plan to follow the rough agenda (included as Attachment B) for March 23rd. In turn, this will establish the work plan for the balance of the week.

Again, my thanks to you, Spec, for suggesting this concept of business performance measurement. I certainly hope it will lead to our being able to provide to all business unit managers the additional tools to help them reduce costs, increase revenues and produce more profitable corporate growth.

Sincerely,

Burton Grad,
President

bg/jz
att.

cc: R. Lemons
B. Coleman
D. Kleinecke

ATTACHMENT A

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

February 19, 1982

Mr. Bruce Coleman
Informatics, Inc.
21031 Ventura Blvd.
Woodland Hills, CA 91364

Mr. Richard Lemons
Informatics, Inc.
6011 Executive Blvd.
Rockville, MD 20852

Dear Bruce and Dick:

As a follow up to my December 8, 1981 letter on cost/performance evaluation, I am now proposing that you proceed with a pilot study of two Informatics divisions in order to establish the procedures, structure and potential value of this comprehensive approach to measuring unit performance and resource utilization.

I. Objectives: Informatics wishes to establish an effective Productivity Evaluation Profile for each division (and the major product/service units); this will contain a variety of key factors which, when examined as a whole, realistically measure the performance of the business unit and provide signals on areas which need special attention in order to improve margins and earnings growth.

II. Benefits: When such Productivity Evaluation Profiles have been completed (and are being maintained) for a significant number of the Informatics divisions, then the measures can serve as guidelines in planning new offerings or acquiring new businesses.

The profiles can help pinpoint target values for different types of business offerings. They can provide "leading indicators" to anticipate (and pre-solve) problems. They can assist in setting personal and business objectives.

As Informatics looks toward its future businesses which will include hardware, systems software, application software, data services and professional services, often in the same offering, it's vital to understand the various cost elements and how they differ based upon markets, products and services. The proposed study provides a special opportunity to gather this information and to use it as a basis for future planning measurement, recognition and reward. It may provide information explaining why certain businesses have not been (and may never be) substantial profit contributors. It may also identify areas where profit opportunities are large so that acquisitions should be sought and research and development dollars invested.

February 19, 1982

III. Work Plan: Two divisions will be selected for the initial pilot study; it is recommended that both of these be integrated systems businesses.

One Corporate Informatics financial planner and one Burton Grad Associates, Inc. senior analyst will be assigned to define, structure and collect financial and non-financial data on both resources and outputs from one of the pilot locations.

These data will be analyzed to create a draft Profile which will then be reviewed and may be modified by the steering committee.

This revised Profile will be used as a guide for the study of the second pilot location and the first location's data will be recast to be consistent.

A report will then be prepared describing the procedures to be followed in conducting studies at other divisions and defining the measures to be used in establishing the 1982 Productivity Evaluation Profiles.

Major focus will be placed on establishing consistent, clear definitions of both financial data (chart of accounts) and non-financial information. Disciplines and procedures will be recommended to ensure that non-financial data will have the same quality, accuracy and timeliness as has historically been assigned to the financial area. Measures will focus on both functional and product/service performance.

IV. Participants: The project will be managed by Burt Grad and will have David Kleinecke as the Burton Grad Associates, Inc. senior analyst. Vic Martinelli, Jim Porter and Diana Roberts will agree on the Informatics financial analyst who will participate.

A steering committee will be formed consisting of Porter, Roberts and Frank Wagner to advise, review and recommend action to be taken in implementing and using the Productivity Evaluation Profiles on a corporate-wide basis.

Finally a corporate executive committee of Martinelli, Bruce Coleman and Dick Lemons will receive the report and presentation and determine whether to proceed with the Profiles and how they are to be used in setting future business and individual goals and objectives.

February 19, 1982

V. Cost and Schedule: The work will be performed as follows:

	Work Days		
	Proj.Mgr. BGAI	Sr.An. BGAI	Fin.An. Inf.
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Task 2 - Conduct data collection and analysis at first site	-	5	2
Task 3 - Structure initial Profile; present and review with steering committee	1.5	2	1
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Task 5 - Prepare and present Final Report to steering committee and corporate executive committee	1.5	2	2
TOTAL	4	15	8

The total consulting cost for the project is estimated to be $15,000.

Project Manager	4 days @ $750/day	$ 3,000
Senior Analyst	15 days @ $500/day	7,500
TOTAL CONSULTING FEES		$10,500

Travel Expenses

Project Manager -	2 trips from NY to LA 2 days each	$ 1,250
Senior Analyst -	2 trips from Minn to LA 2 days each	$ 1,250
	2 trips to pilot sites	$ 2,000
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ATTACHMENT A3

BURTON GRAD ASSOCIATES, INC.

February 19, 1982

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Task 5 - Presentation	4/26	4/30

Appropriate adjustments will be made to accomodate individual schedules and minimize travel expenses.

If the above project description is satisfactory, please sign below to indicate your acceptance.

Sincerely,

Burton Grad

Accepting for Informatics, Inc.

_____
Signature

_____
Title

_____
Date

ATTACHMENT B

AGENDA

for March 23, 1982 Meeting

in Dallas, Texas

9:00 a.m. - 10:00 a.m. Kick off Meeting

- ° Participants
  - Bradley, Alekna, Richmond, Lamping, Smith
  - Grad, Kleinecke, Corporate Financial Representative
- ° Subjects
  - Establish specific objectives, contacts, procedures
  - Discuss concepts and approaches
  - Agree on business units to be studied

10:00 a.m. - 12:00 noon Review Information Available

- ° Participants
  - Richmond, Lamping
  - Grad, Kleinecke, Corporate Financial Representative
- ° Subjects
  - Identify available or obtainable financial records for defined business units
  - Identify available or obtainable operations information for defined business units
  - Identify management information or measurement reports currently used within business units or for executive or corporate review; include discussion or MIP factors used.

1:00 p.m. - 4:00 p.m. Construct Initial Measurement Model

- ° Participants
  - Grad, Kleinecke, Corporate Financial Representative

° Subjects

- Establish preliminary structure for performance measurements including financial and non financial factors (e.g., a "chart of accounts")

- Agree on preliminary definitions of revenue/output and cost/resource usage elements

- Establish data collection procedures and mechanisms for cross-check for completeness, consistency and validity

4:00 p.m. - 6:00 p.m. Summary of Plan

° Participants

- Bradley, Alekna, Richmond

- Grad, Kleinecke, Corporate Financial Representative

° Subjects

- Present and discuss work plan and procedures for data calculation

- Agree on contacts and check points during data collection

- Initial discussion on ratios to be used in productivity evaluation profiles

- Agree on preliminary business framework for analysis (e.g., professional services, data services, education, etc.)

Prepared by
Burton Grad
March 15, 1982

EW FL

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

March 15, 1982

Mr. Bruce Coleman
Informatics, Inc.
21031 Ventura Blvd.
Woodland Hills, CA 91364

Mr. Richard Lemons
Informatics, Inc.
6011 Executive Blvd.
Rockville, MD 20852

Dear Bruce and Dick:

I have finally had a chance to read carefully the February 19th letter which I sent to you regarding the proposal for performing a productivity evaluation profile on a pilot basis. As I have reread it, of course, I have noticed a significant number of typographical errors. Therefore, I have enclosed a new version of the agreement for signature by each of you. I have enclosed two copies for each and would appreciate your signing and returning the original to me since I understand that you will be splitting the cost between the two of you.

In addition, I would like to remind both of you that there are a number of items that need to be taken care of:

(1) A decision must be reached on who the corporate financial analyst will be. This should be completed no later than March 19th so that the individual can join us in Dallas for the kick off meeting March 23rd.

(2) The initial meeting will take place on March 23rd as noted above, with Bradley, Alekna, Richmond and others involved. The first day will be used as a kick off for the entire project, then Kleinecke and your corporate financial representative will stay on and gather the initial set of data to be used in preparing the first profile. You have each been copied on the letter sent to Bradley describing the plans and objectives, as well as the agenda, for the initial pilot study.

(3) The steering committee needs to be appointed no later than March 31st so that a review meeting can be set to examine the results of the first pilot study prior to our proceeding with the second study. Notice in the proposal the plan was to have the steering committee consist of Porter, Roberts and Wagner; however, if you wish to change any of the players please let me know (and, of course, let them know that they will be participating).

(4) I presume that the corporate executive review committee of Martinelli, Coleman and Lemons is still satisfactory. Again, this needs to be identified to me so that apprppriate copies of all the material can be forwarded, then a final review and

presentation scheduled probably for late April or early May.

(5) Bruce Coleman needs to get clearance on Dreger. This should be obtained by March 23rd so that we can set a schedule in place for a meeting with Ken and his people sometime in mid-April; given your strategic planning sessions that take place in April, we will need to work around these dates. We can get the participation of Ken and of his key people.

Dave Kleinecke and I are both looking forward to this exciting (and I believe novel) assignment and hope that it will yield substantial benefits for Informatics in terms of a better understanding of current operations (including historic trends) and provide better tools for the business unit managers to reduce costs and increase revenues.

Sincerely,

Burton Grad,
President

bg/jz

7d

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

March 15, 1982

Mr. M. L. Bradley
Equimatics, Inc.
10300 N. Central Expressway
Bldg. 1
Dallas, TX 75231

Dear Spec:

David Kleinecke and I are pleased to be working with you again. We plan to be in Dallas to initiate the Productivity Evaluation Profile Study on March 23rd (see Attachment A). I will only be there one day unless there is a need for me to stay on a second day; Kleinecke will plan to stay through the 26th.

I will speak with Bruce Coleman to find out who will be working with us from Corporate Finance.

As you and I agreed, we will plan to follow the rough agenda (included as Attachment B) for March 23rd. In turn, this will establish the work plan for the balance of the week.

Again, my thanks to you, Spec, for suggesting this concept of business performance measurement. I certainly hope it will lead to our being able to provide to all business unit managers the additional tools to help them reduce costs, increase revenues and produce more profitable corporate growth.

Sincerely,

Burton Grad,
President

bg/jz
att.

cc: R. Lemons
B. Coleman
D. Kleinecke

ATTACHMENT A

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

February 19, 1982

Mr. Bruce Coleman
Informatics, Inc.
21031 Ventura Blvd.
Woodland Hills, CA 91364

Mr. Richard Lemons
Informatics, Inc.
6011 Executive Blvd.
Rockville, MD 20852

Dear Bruce and Dick:

As a follow up to my December 8, 1981 letter on cost/performance evaluation, I am now proposing that you proceed with a pilot study of two Informatics divisions in order to establish the procedures, structure and potential value of this comprehensive approach to measuring unit performance and resource utilization.

I. Objectives: Informatics wishes to establish an effective Productivity Evaluation Profile for each division (and the major product/service units); this will contain a variety of key factors which, when examined as a whole, realistically measure the performance of the business unit and provide signals on areas which need special attention in order to improve margins and earnings growth.

II. Benefits: When such Productivity Evaluation Profiles have been completed (and are being maintained) for a significant number of the Informatics divisions, then the measures can serve as guidelines in planning new offerings or acquiring new businesses.

The profiles can help pinpoint target values for different types of business offerings. They can provide "leading indicators" to anticipate (and pre-solve) problems. They can assist in setting personal and business objectives.

As Informatics looks toward its future businesses which will include hardware, systems software, application software, data services and professional services, often in the same offering, it's vital to understand the various cost elements and how they differ based upon markets, products and services. The proposed study provides a special opportunity to gather this information and to use it as a basis for future planning measurement, recognition and reward. It may provide information explaining why certain businesses have not been (and may never be) substantial profit contributors. It may also identify areas where profit opportunities are large so that acquisitions should be sought and research and development dollars invested.

February 19, 1982

III. Work Plan: Two divisions will be selected for the initial pilot study; it is recommended that both of these be integrated systems businesses.

One Corporate Informatics financial planner and one Burton Grad Associates, Inc. senior analyst will be assigned to define, structure and collect financial and non-financial data on both resources and outputs from one of the pilot locations.

These data will be analyzed to create a draft Profile which will then be reviewed and may be modified by the steering committee.

This revised Profile will be used as a guide for the study of the second pilot location and the first location's data will be recast to be consistent.

A report will then be prepared describing the procedures to be followed in conducting studies at other divisions and defining the measures to be used in establishing the 1982 Productivity Evaluation Profiles.

Major focus will be placed on establishing consistent, clear definitions of both financial data (chart of accounts) and non-financial information. Disciplines and procedures will be recommended to ensure that non-financial data will have the same quality, accuracy and timeliness as has historically been assigned to the financial area. Measures will focus on both functional and product/service performance.

IV. Participants: The project will be managed by Burt Grad and will have David Kleinecke as the Burton Grad Associates, Inc. senior analyst. Vic Martinelli, Jim Porter and Diana Roberts will agree on the Informatics financial analyst who will participate.

A steering committee will be formed consisting of Porter, Roberts and Frank Wagner to advise, review and recommend action to be taken in implementing and using the Productivity Evaluation Profiles on a corporate-wide basis.

Finally a corporate executive committee of Martinelli, Bruce Coleman and Dick Lemons will receive the report and presentation and determine whether to proceed with the Profiles and how they are to be used in setting future business and individual goals and objectives.

February 19, 1982

V. Cost and Schedule: The work will be performed as follows:

	Work Days		
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Task 5 - Prepare and present Final Report to steering committee and corporate executive committee	1.5	2	2
TOTAL	4	15	8

The total consulting cost for the project is estimated to be $15,000.

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ATTACHMENT A3

BURTON GRAD ASSOCIATES, INC.

February 19, 1982

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Appropriate adjustments will be made to accomodate individual schedules and minimize travel expenses.

If the above project description is satisfactory, please sign below to indicate your acceptance.

Sincerely,

Burton Grad

Accepting for Informatics, Inc.

_____
Signature

_____
Title

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Date

ATTACHMENT B

AGENDA

for March 23, 1982 Meeting

in Dallas, Texas

9:00 a.m. - 10:00 a.m. Kick off Meeting

° Participants

- Bradley, Alekna, Richmond, Lamping, Smith
- Grad, Kleinecke, Corporate Financial Representative

° Subjects

- Establish specific objectives, contacts, procedures
- Discuss concepts and approaches
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10:00 a.m. - 12:00 noon Review Information Available

° Participants

- Richmond, Lamping
- Grad, Kleinecke, Corporate Financial Representative

° Subjects

- Identify available or obtainable financial records for defined business units
- Identify available or obtainable operations information for defined business units
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1:00 p.m. - 4:00 p.m. Construct Initial Measurement Model

° Participants

- Grad, Kleinecke, Corporate Financial Representative

ATTACHMENT B2

° Subjects

- Establish preliminary structure for performance measurements including financial and non financial factors (e.g., a "chart of accounts")

- Agree on preliminary definitions of revenue/output and cost/resource usage elements

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4:00 p.m. - 6:00 p.m. Summary of Plan

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- Grad, Kleinecke, Corporate Financial Representative

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- Present and discuss work plan and procedures for data calculation

- Agree on contacts and check points during data collection

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Prepared by
Burton Grad
March 15, 1982

FL

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

March 15, 1982

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Informatics, Inc.
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Sincerely,

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bg/jz

74

BURTON GRAD ASSOCIATES, INC.
50 CASTLE HEIGHTS AVENUE
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March 15, 1982

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bg/jz
att.

cc: R. Lemons
B. Coleman
D. Kleinecke

ATTACHMENT A

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50 CASTLE HEIGHTS AVENUE
TARRYTOWN, NEW YORK 10591
(914) 631-0330

February 19, 1982

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ATTACHMENT A3

BURTON GRAD ASSOCIATES, INC.

February 19, 1982

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Sincerely,

Burton Grad

Accepting for Informatics, Inc.

_____
Signature

_____
Title

_____
Date

ATTACHMENT B

AGENDA

for March 23, 1982 Meeting

in Dallas, Texas

9:00 a.m. - 10:00 a.m. Kick off Meeting

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- Grad, Kleinecke, Corporate Financial Representative

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- Initial discussion on ratios to be used in productivity evaluation profiles

- Agree on preliminary business framework for analysis (e.g., professional services, data services, education, etc.)

Prepared by
Burton Grad
March 15, 1982

BURTON GRAD ASSOCIATES, INC.
570 TAXTER ROAD
ELMSFORD, NEW YORK 10523
(914) 592-4700

January 27, 1986

Mr. Sterling L. Williams
Sterling Software, Inc.
8080 N. Central Expressway
Suite 1140, LBS 3
Dallas, Texas 75206-1895

Dear Sterling:

You have indicated your interest in continuing to use BGAI to provide Sterling Software with various strategic planning and business analysis services. It is understood that you wish to have this work performed as required on a project-by-project basis with your prior approval as to the consultants who may be used and at what locations the work is to be performed.

BGAI will make available Burton Grad or other qualified consultants to participate in discussions, analyze problems or search for and recommend solutions in any business area which Sterling Software may identify. This work would be done as mutually scheduled with sufficient advance notice.

The work will be performed on a time and expense basis according to the following fee schedule:

Burton Grad	- $1,200 per day
Other Consultants	- as mutually agreed

In addition, Sterling Software will be responsible for any expenses incurred including, but not limited to, travel, accommodations, telephone and express services.

Work under this agreement will be invoiced either monthly or on a project basis and payment is due within fifteen days.

Each specific assignment will be described either by Sterling Software or BGAI with Sterling's concurrence. Where appropriate, BGAI will provide an estimate as to the number of days to be used, but this is a non-binding estimate in that payment will be based on actual time expended. Costs will not be incurred beyond the estimate without explicit approval by Sterling Software. In some cases, BGAI will be able to bid a project on a fixed price basis if Sterling requests BGAI to do so.

BURTON GRAD ASSOCIATES, INC.

This agreement will cover work for the period January 1, 1986, through December 31, 1987. At Sterling Software's request, this arrangement may be further renewed on the expiration date for an additional two years at preferred BGAI rates.

If the above proposal accurately reflects your requirements, please sign and return the original of this letter.

Sincerely,

Burton Grad
President

BG:494B
cc: Mr. George Ellis

Accepted for Sterling Software, Inc.
by:

Signature

President
Title

February 4, 1986
Date

Sterling

Prices for units being sold

5-6 Ranch

7-9 Tri-level

15 MCS

Legal

45 m