

Investment Research

March 1992

Midrange Computer Statistical Supplement

March-Quarter Estimates

Things are Getting a Bit Better

| | |
|-------------------------------|-------------------|
| Data General | *Sequent Computer |
| Digital Equipment Corporation | *Silicon Graphics |
| *Hewlett Packard | Stratus Computer |
| MIPS Computer Systems | *Sun Microsystems |
| Pyramid Technology | Tandem Computers |

*Recommended for Purchase

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Statistical Supplement Summary Page

Goldman Sachs

Investment Research

| | | Revenue Growth Trends | | | Profitability Trends | | | Operating Efficiency | | | | | Production % Chng Yr-Yr | Oper Cash Flow |
|---------------------|------|-----------------------|-------|---------------|----------------------|-------|-------|----------------------|-------------------|-------------------|--------------------|-------------------|-------------------------|------------------|
| | | (% Change Yr-Yr) | | | Oper Margin | EPS % | | Non-\$ Asset Rev/Emp | | Rev/Net | Inventory | Rec | | |
| | | Dom | Int'l | Total | | RQA | Yr-Yr | I/Over | (000's) | PP&E | I/Over | I/Over | | |
| Mini-Based Vendors | DGN | 11% | -18% | -5% | 2% | 8% | -70% | 1.64 | \$137 | 6.02 | 4.65 | 93 | 14% | \$4 |
| | DEC | (14) | 17 | 4 <i>Good</i> | (4) | (7) | (222) | 1.41 | <i>poor</i> (118) | <i>low</i> (3.87) | 4.29 | 87 | 18 | (264) |
| | HWP | (16) | 12 | 13 | 12 | 7 | 46 | 1.38 | 160 | 4.43 | 3.34 | (71) <i>good</i> | NA | (54) <i>Good</i> |
| | TDM | 27 | (15) | 2 | (3) | (3) | NM | (1.07) <i>poor</i> | 173 | (3.11) <i>low</i> | 5.08 | 94 | 7 | (2) |
| Micro-Based Vendors | MIPS | -4% | 68% | 10 | 5% | -19% | NM | 1.31 | \$207 | 5.88 | 3.54 | 76 | 7% | \$0 |
| | PYRD | (44) | 39 | (11) | (9) | (5) | (486) | 1.19 | 193 | 4.56 | (3.19) <i>poor</i> | 77 | (9) | (7) |
| | SCNT | (31) | 8 | (16) | 3 | (20) | (60) | 1.03 | 132 | 3.33 | (3.20) | (101) <i>poor</i> | (5) | (6) |
| | SJI | (38) | 33 | 38 | 10 | 6 | 0 | 1.53 | 236 | 7.56 | 3.53 | 87 | 52 | 9 |
| | SRA | 7 | 36 | 8 | (17) | 14 | 24 | 1.70 | 183 | 6.81 | 2.79 | 94 | (1) | 1 |
| SUNW | 23 | 18 | 21 | 8 | 9 | 22 | 2.18 | 267 | 9.95 | 7.20 | 53 | 11 | (74) <i>Good</i> | |

Leadership on every measure!

Midrange Computer Statistical Supplement

We recommend market weighting both industry groups we cover, midrange computers (hardware) and design automation (software). This statistical supplement focuses on the midrange computer group. Cyclically speaking, industry fundamentals and valuations look good. We believe there is still good money to be made investing in *selected* stocks, on top of the 30% move the technology sector has had over the past two months. (Our longer term outlook for the hardware sector is increasingly cautious, as detailed below).

There is an increasing amount of evidence that the worst part of the economic cycle, at least in the United States, is behind the industry (see page 20). Most of the companies with strong product cycles have seen improving demand conditions over the past two to four months. Included in this list are Sequent Computer, Silicon Graphics, Stratus Computer, Sun Microsystems, Cadence Design, Mentor Graphics, Parametric Technology. Most recently, Hewlett Packard reported outstanding January quarter earnings largely due to an acceleration in demand stimulated by its strong new product position. We believe in the March quarter, investors will see further evidence of the group's improving cyclical fundamentals. We advise investors remain highly selective in their investments, given the volatility of technology company fundamentals and stocks. Also, if our Portfolio Strategy Group's view that the multiples for high growth stocks should see further increases, the stocks of the higher quality companies will almost surely benefit the most.

With this in mind, however, we should note our long term negative view on the fundamentals of the computer hardware business. We believe that demand will grow very modestly through the mid part of this decade because unit volume gains will probably not offset continued rapid price declines. Supply, unfortunately, is *increasing* on a secular basis simply because the computer business is becoming less capital and less labor intensive with the new generation of microprocessor-based products. Finally, large computer users continue to require vendor's products conform to a set of industry standards, a trend that promises to result in further product commoditization.

Our favorite stocks are those which we believe have near term product cycle strength, sound long term fundamentals (even in light of the aforementioned trends), and upside valuation potential (see pages 2, 6, and 7). Hewlett-Packard, probably the best big capitalization story in all technology, has very strong product momentum in midrange computer systems, workstations and printers and sells at an 15% discount to the market on 1993 earnings. Specifically, the following are our favorite Recommended Stocks: Cadence Design Systems, selling at a 13% discount to the market on 1993 earnings, will benefit from delivery of its new generation of electronic design automation software and cost savings from its recent merger with Valid. Silicon Graphics, growing revenues at 35%, has an extremely strong product cycle, a 50% share in the high performance workstation market and sells at a 40% premium to the market. (The March quarter for Silicon Graphics will admittedly be a high risk quarter as nearly 75% of shipments should occur in the final month of the quarter due to new the product introductions.) Finally, Sun Microsystems selling at a 19% discount on 1993 earnings, is currently growing at 20%, has a 40% plus market share in the fast growing workstation market and this summer will embark on its most significant product cycle in nearly three years. A quick review of the facing page shows that Sun is by far the most efficient company in the industry, an increasingly important fundamental as the hardware industry gets more competitive.

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Tables 1 and 2

Fiscal Earnings Estimates, 1990-1993E

| | Fiscal Year | 3/5/92 Price | Fiscal Earnings* | | | P/E Ratios | | | | Current Opinion | March Qtr Estimates | |
|----------------------------|-------------|--------------|------------------|--------|--------|------------|--------|----------|--------|-----------------|---------------------|--------|
| | | | 1991 | 1992E | 1993E | Absolute | | Relative | | | 1991 | 1992 |
| | | | 1992E | 1993E | 1992E | 1993E | 1992E | 1993E | 1991 | | 1992 | |
| Mini-Based Vendors | | | | | | | | | | | | |
| Data General | Sept | \$11.50 | \$2.55 | \$0.75 | \$1.05 | 15.3 X | 11.0 X | 0.95 X | 0.76 X | HOLD | \$0.16 | \$0.60 |
| Digital Equipment | June | 58.25 | 3.17 | (1.20) | 2.00 | NM | 29.1 | NM | 2.02 | SELL | (0.95) | 0.94 |
| Hewlett-Packard | Oct | 73.88 | 3.42 | 5.00 | 6.00 | 14.8 | 12.3 | 0.91 | 0.85 | BUY | 1.27 | 0.93 |
| Tandem Computers | Sept | 12.63 | 0.34 | 0.30 | 0.45 | 42.1 | 28.1 | 2.60 | 1.94 | HOLD | 0.10 | 0.17 |
| Micro-Based Vendors | | | | | | | | | | | | |
| MIPS Computer | Dec | \$11.13 | (\$0.37) | \$0.30 | \$0.60 | 37.1 X | 18.6 X | 2.29 X | 1.28 X | HOLD | \$0.00 | \$0.02 |
| Pyramid Technology | Sept | 15.75 | 1.01 | 0.15 | 1.15 | NM | 13.7 | NM | 0.95 | HOLD | 0.00 | 0.41 |
| Sequent Computer | Dec | 14.38 | (1.14) | 0.45 | 1.00 | 32.0 | 14.4 | 1.98 | 1.00 | BUY | 0.02 | 0.30 |
| Silicon Graphics | June | 26.50 | 0.73 | 1.00 | 1.30 | 26.5 | 20.4 | 1.64 | 1.41 | BUY | 0.25 | 0.07 |
| Stratus Computer | Dec | 51.00 | 2.22 | 2.45 | 2.75 | 20.8 | 18.5 | 1.29 | 1.28 | ATTR | 0.42 | 0.35 |
| Sun Microsystems | June | 31.00 | 1.85 | 2.00 | 2.65 | 15.5 | 11.7 | 0.96 | 0.81 | BUY | 0.54 | 0.56 |
| Design Automation | | | | | | | | | | | | |
| Autodesk | Jan | \$28.00 | \$2.30 | \$2.25 | \$2.45 | 12.4 X | 11.4 X | 0.77 X | 0.79 X | HOLD | \$0.37 | \$0.63 |
| Cadence Design | Dec | 21.88 | 0.62 | 1.20 | 1.75 | 18.2 | 12.5 | 1.13 | 0.87 | BUY | 0.17 | 0.16 |
| Mentor Graphics | Dec | 18.00 | (0.60) | 0.35 | 0.60 | 51.4 | 30.0 | 3.18 | 2.08 | ATTR | 0.03 | (0.06) |
| Parametric Tech | Sept | 25.75 | 0.38 | 0.60 | 0.95 | 42.9 | 27.1 | 2.65 | 1.88 | ATTR | 0.14 | 0.09 |
| SDRC | Dec | 20.75 | 0.60 | 0.75 | 0.95 | 27.7 | 21.8 | 1.71 | 1.51 | ATTR | 0.14 | 0.12 |
| Viewlogic | Dec | 19.25 | 0.27 | 0.65 | NM | 29.6 | NM | 1.83 | NM | HOLD | 0.08 | 0.01 |
| IBM | Dec | \$86.38 | \$3.69 | \$7.00 | \$9.25 | 12.3 X | 9.3 X | 0.78 X | 0.65 X | | | |
| S&P 500 | Dec | 404.44 | 22.15 | 25.00 | 28.00 | 18.2 | 14.4 | 1.00 | 1.00 | | | |

* Excludes write-offs.

Calendar Earnings, P/E and Valuation Statistics, 1990-1993E

| | 3/5/92 Price | Calendar Earnings* | | | P/E Ratios | | | | ROE (b) | Price to | |
|----------------------------|--------------|--------------------|--------|--------|------------|--------|----------|--------|---------|----------|--------|
| | | 1991 | 1992E | 1993E | Absolute | | Relative | | | Rev (c) | Book |
| | | 1992E | 1993E | 1992E | 1993E | 1992E | 1993E | 1992E | | 1993E | |
| Mini-Based Vendors | | | | | | | | | | | |
| Data General | \$11.50 | \$1.82 | \$0.75 | \$1.05 | 15.3 X | 11.0 X | 0.95 X | 0.76 X | 18% | 0.33 X | 0.78 X |
| Digital Equipment | 58.25 | 1.89 | 1.00 | 3.50 | 58.3 | 16.6 | 3.60 | 1.15 | (11) | 0.51 | 0.97 |
| Hewlett-Packard | 73.88 | 3.40 | 5.20 | 6.40 | 14.2 | 11.5 | 0.88 | 0.80 | 12 | 1.25 | 2.47 |
| Tandem Computers | 12.63 | 0.30 | 0.50 | 0.75 | 25.3 | 16.8 | 1.56 | 1.17 | 3 | 0.71 | 1.17 |
| Micro-Based Vendors | | | | | | | | | | | |
| MIPS Computer | \$11.13 | (\$0.37) | \$0.30 | \$0.60 | 37.1 X | 18.6 X | 2.29 X | 1.28 X | -25% | 1.64 X | 2.28 X |
| Pyramid Technology | 15.75 | 0.25 | 1.00 | 1.25 | 15.8 | 12.6 | 0.97 | 0.87 | (7) | 0.85 | 1.19 |
| Sequent Computer | 14.38 | (1.14) | 0.45 | 1.00 | 32.0 | 14.4 | 1.98 | 1.00 | (27) | 1.49 | 2.28 |
| Silicon Graphics | 26.50 | 0.76 | 1.18 | 1.40 | 22.8 | 18.9 | 1.39 | 1.31 | 8 | 2.01 | 2.53 |
| Stratus Computer | 51.00 | 2.22 | 2.45 | 2.75 | 20.8 | 18.5 | 1.29 | 1.28 | 18 | 2.55 | 3.74 |
| Sun Microsystems | 31.00 | 1.90 | 2.40 | 2.75 | 12.9 | 11.3 | 0.80 | 0.78 | 15 | 0.97 | 2.46 |
| Design Automation | | | | | | | | | | | |
| Autodesk | \$28.00 | \$2.25 | \$1.75 | \$2.45 | 16.0 X | 11.4 X | 0.99 X | 0.79 X | 27% | 2.52 X | 2.66 X |
| Cadence Design | 21.88 | 0.62 | 1.20 | 1.75 | 18.2 | 12.5 | 1.13 | 0.87 | 14 | 2.94 | 3.81 |
| Mentor Graphics | 18.00 | (0.60) | 0.35 | 0.60 | 51.4 | 30.0 | 3.18 | 2.08 | (21) | 1.94 | 3.03 |
| Parametric Tech | 25.75 | 0.44 | 0.65 | 0.95 | 39.6 | 27.1 | 2.45 | 1.88 | 30 | 13.51 | 14.39 |
| SDRC | 20.75 | 0.60 | 0.75 | 0.95 | 27.7 | 21.8 | 1.71 | 1.51 | 22 | 4.11 | 6.46 |
| Viewlogic | 19.25 | 0.27 | 0.65 | NM | 29.6 | NM | 1.83 | NM | 11 | 4.94 | 5.63 |
| IBM | \$86.38 | \$3.69 | \$7.00 | 9.25 | 12.3 X | 9.3 X | 0.78 X | 0.65 X | 3% | 0.72 X | 1.30 X |
| S&P 500 | 404.44 | 22.15 | 25.00 | 28.00 | 18.2 | 14.4 | 1.00 | 1.00 | 14 | NA | NA |

* Excludes write-offs.

(a) Including extraordinary items and credits.

(b) Trailing 4 quarter net income divided by average equity.

(c) Based on trailing 4 quarter revenue.

Table 3

Stock Price Performance, 1989-1992 to Date

| Yearly Performance | | | | | | | |
|--------------------|-------|---------|------|---------|-------|------------------|------|
| 1989 | | 1990 | | 1991 | | 1992-to-Date (a) | |
| SQNT | 118 % | ACAD | 30 % | DGN | 267 % | HWP | 30 % |
| CDN | 89 | SUNW | 24 | PMTC | 235 | PYRD | 26 |
| SGI | 58 | CDN | 12 | SDRC | 127 | MENT | 22 |
| TDM | 36 | SRA | 1 | SRA | 115 | SGI | 17 |
| ACAD | 35 | S&P 500 | (7) | HWP | 79 | MIPS | 16 |
| S&P 500 | 27 | SGI | (8) | SGI | 68 | TDM | 12 |
| MENT | 17 | SQNT | (10) | SUNW | 33 | SUNW | 9 |
| PYRD | 13 | MENT | (25) | S&P 500 | 26 | DEC | 5 |
| SUNW | 4 | HWP | (33) | MENT | 17 | SQNT | 5 |
| HWP | (11) | PYRD | (33) | MIPS | 17 | SRA | 3 |
| SRA | (16) | DEC | (33) | WANB | 10 | VIEW | (1) |
| DEC | (17) | WANB | (49) | CDN | 5 | S&P 500 | (3) |
| DGN | (32) | TDM | (49) | DEC | 1 | CDN | (13) |
| WANB | (41) | DGN | (64) | PYRD | (2) | PMTC | (15) |
| | | | | TDM | (3) | ACAD | (19) |
| | | | | SQNT | (24) | SDRC | (28) |
| | | | | ACAD | (32) | DGN | (30) |

| Quarterly Performance | | | | | | | |
|-----------------------|------|------------|------|------------|------|--------------------|------|
| 2nd Qtr-91 | | 3rd Qtr-91 | | 4th Qtr-91 | | 1st Qtr-92-to-Date | |
| DGN | 13 % | SGI | 50 % | PMTC | 84 % | HWP | 30 % |
| MENT | 7 | PMTC | 38 | SQNT | 55 | PYRD | 26 |
| HWP | 1 | SDRC | 35 | CDN | 41 | MENT | 22 |
| TDM | 1 | DGN | 31 | SDRC | 32 | SGI | 17 |
| PMTC | (1) | PYRD | 30 | SRA | 32 | MIPS | 16 |
| S&P 500 | (1) | SRA | 28 | HWP | 15 | TDM | 12 |
| ACAD | (4) | SUNW | 9 | S&P 500 | 8 | SUNW | 9 |
| MIPS | (12) | S&P 500 | 4 | MENT | 7 | DEC | 5 |
| SUNW | (12) | ACAD | 3 | SGI | 6 | SQNT | 5 |
| DEC | (13) | CDN | 1 | DEC | (2) | SRA | 3 |
| SDRC | (13) | HWP | (2) | SUNW | (6) | VIEW | (1) |
| SRA | (14) | DEC | (5) | TDM | (13) | S&P 500 | (3) |
| WANB | (14) | TDM | (6) | DGN | (15) | CDN | (13) |
| SGI | (29) | MENT | (15) | MIPS | (20) | PMTC | (15) |
| SQNT | (37) | SQNT | (21) | PYRD | (21) | ACAD | (19) |
| CDN | (42) | MIPS | (23) | ACAD | (31) | SDRC | (28) |
| PYRD | (49) | | | | | DGN | (30) |

% Decline from
52-Week High(a)

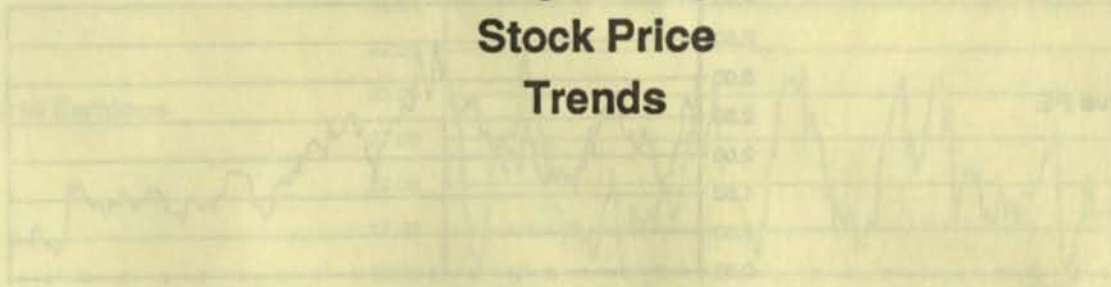
| | |
|---------|------|
| SQNT | 62 % |
| ACAD | 55 |
| DGN | 49 |
| MIPS | 47 |
| PYRD | 47 |
| CDN | 37 |
| SDRC | 31 |
| DEC | 30 |
| TDM | 28 |
| PMTC | 28 |
| VIEW | 24 |
| SUNW | 20 |
| MENT | 17 |
| SGI | 10 |
| SRA | 6 |
| S&P 500 | 4 |
| HWP | 4 |

% Increase from
52-Week Low(a)

| | |
|---------|-------|
| PMTC | 243 % |
| SGI | 100 |
| SQNT | 92 |
| HWP | 90 |
| SRA | 89 |
| MENT | 57 |
| CDN | 51 |
| SUNW | 49 |
| PYRD | 47 |
| MIPS | 41 |
| SDRC | 39 |
| DGN | 35 |
| TDM | 33 |
| VIEW | 33 |
| S&P 500 | 30 |
| DEC | 20 |
| ACAD | 19 |

(a) Based on closing prices on 3/5/92

Midrange Computer Stock Price Trends



| <u>Diagram</u> | <u>Title</u> | <u>Page</u> |
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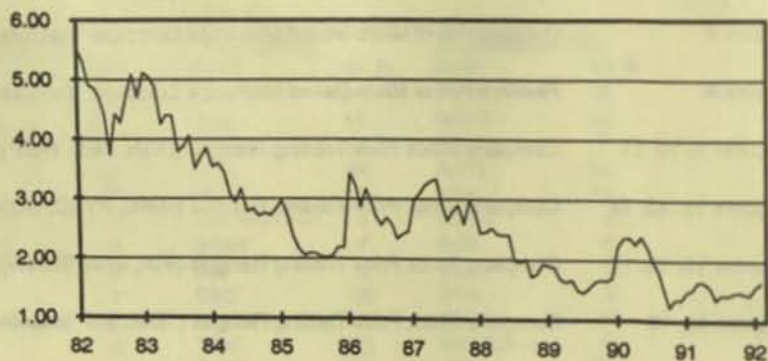
Figures 1, 2 and 3

Relative P/E, Price to Revenue, and Price to Book Ratios: Midrange Computer Average *

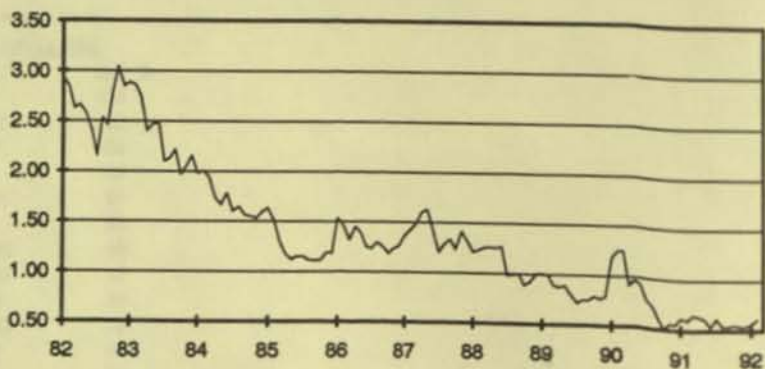
Relative PE



Relative P/R



Relative Price/Book

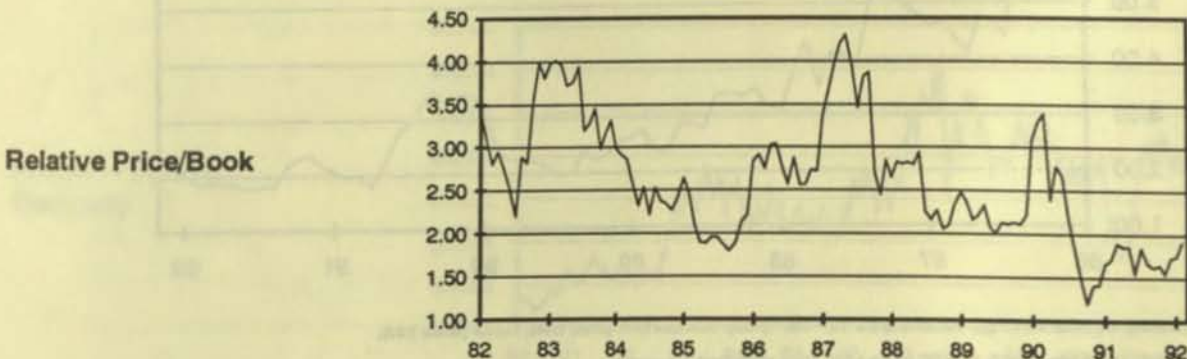
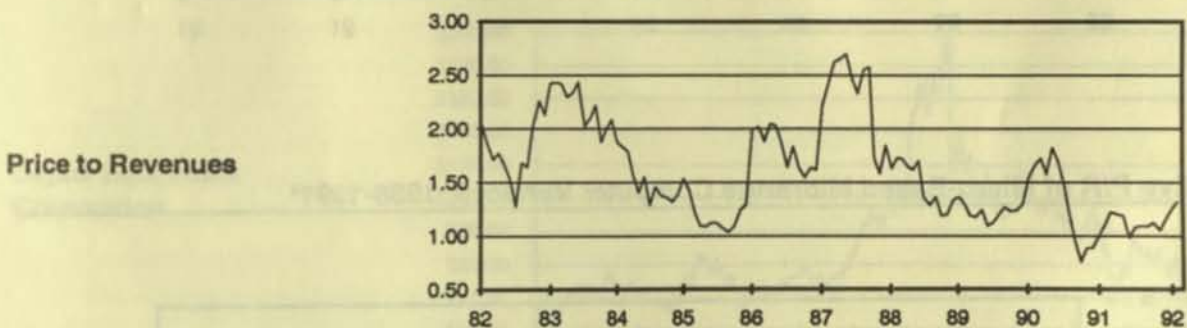
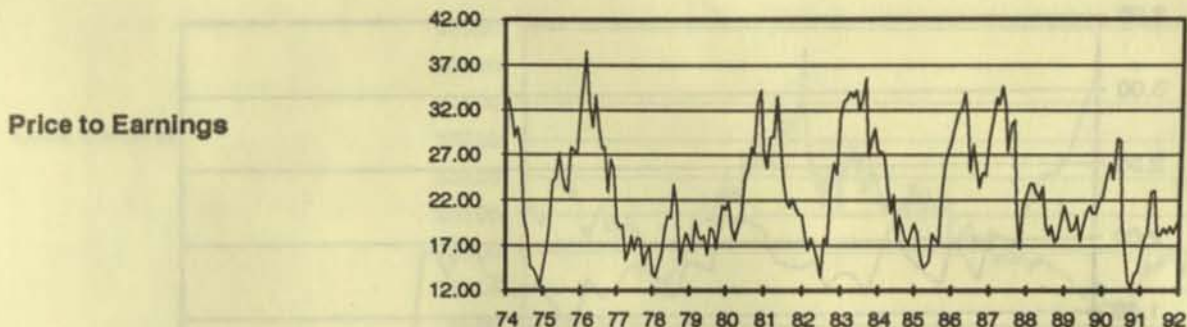


Includes DGN, DEC, HWP, MIPS, PRM (through 6/89), PYRD, SQNT, SGI, SUNW, TDM, WANS (through 6/91).

Data contained in Appendix.

Figures 4, 5 and 6

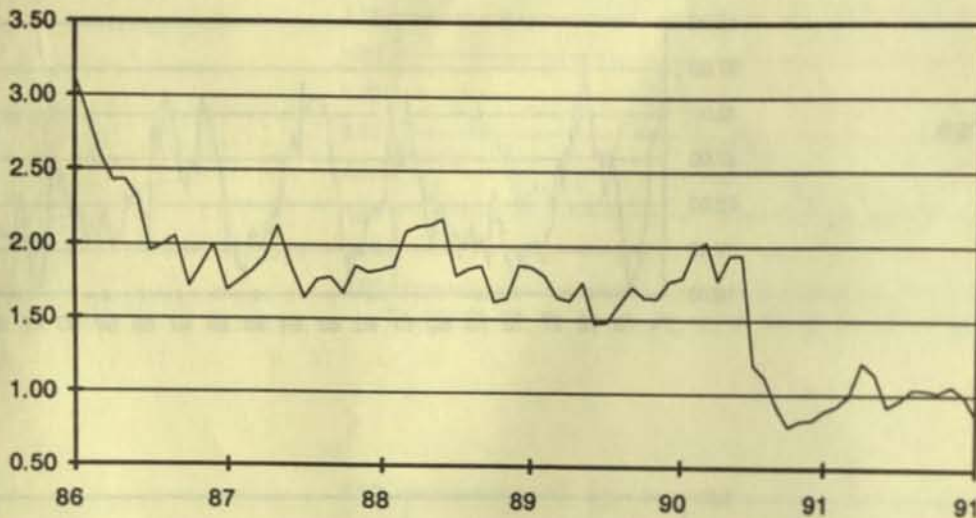
P/E, Price to Revenue, and Price to Book Ratios: Midrange Computer Average *



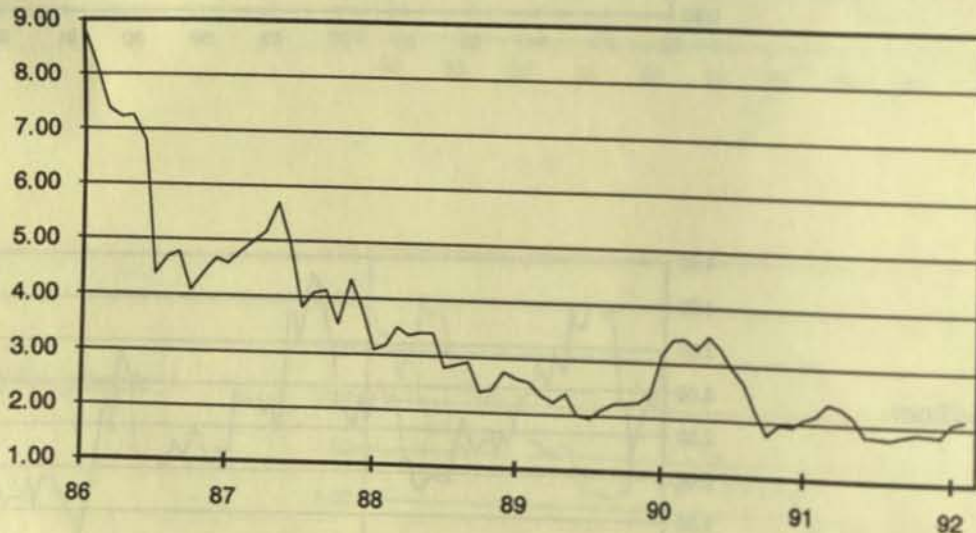
Includes DGN, DEC, HWP, MIPS, PRM (through 8/89), PYRD, SQNT, SGI, SUNW, TDM, WANB (through 8/91).
Data contained in Appendix.

Figures 7 and 8

Relative P/E of Micro-Based Midrange Computer Vendors, 1986-1991 To Date



Relative P/R of Micro-Based Midrange Computer Vendors, 1986-1991*

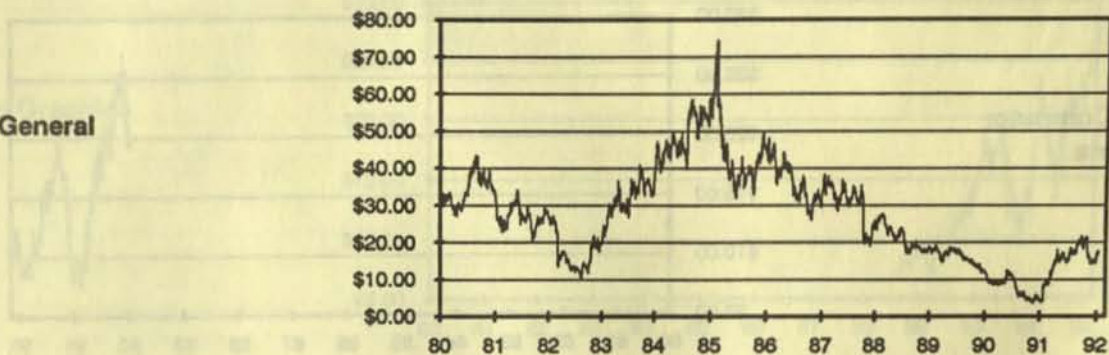


* Based on trailing 4 quarter earnings. Relative to the S&P 400. Group includes SRA (since 1/86), SUNW (since 7/86), SGI (since 7/87), SQHT (since 7/87), & PYRD (since 1/88). Data contained in Appendix.

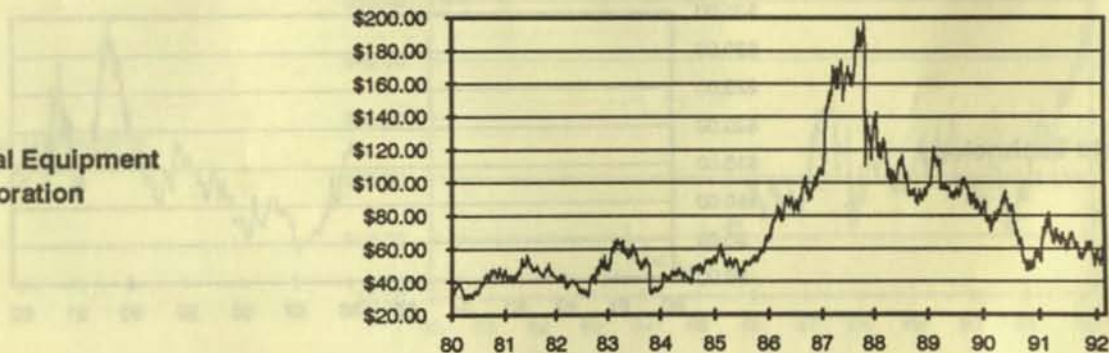
Figures 9, 10, and 11

Company Stock Price Trading Ranges

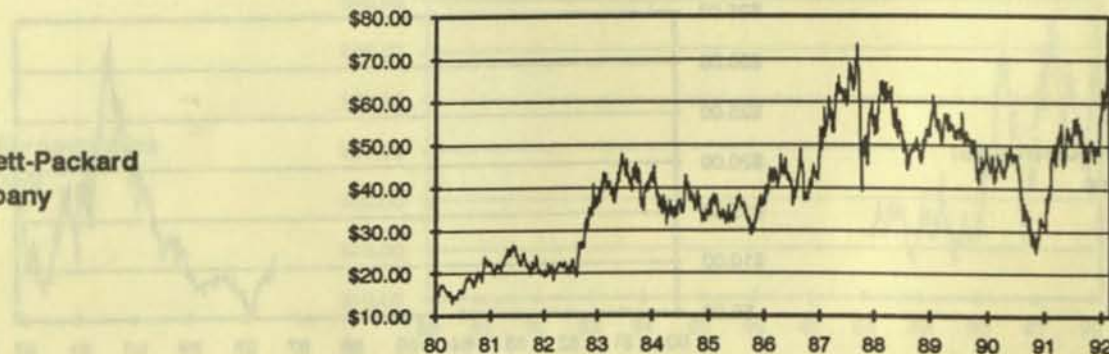
Data General



Digital Equipment Corporation



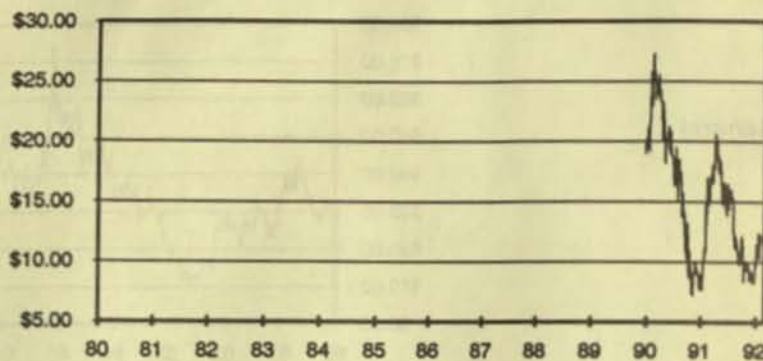
Hewlett-Packard Company



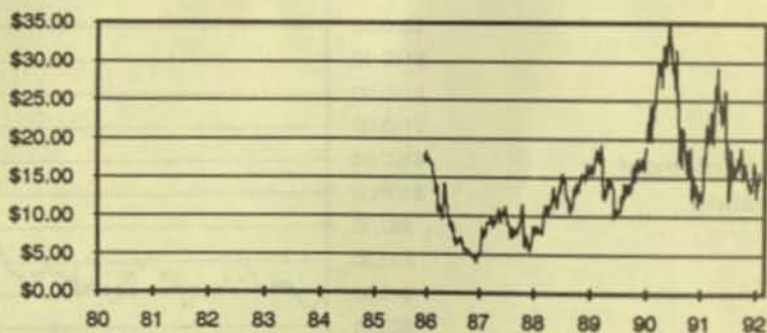
Figures 12, 13, and 14

Company Stock Price Trading Ranges

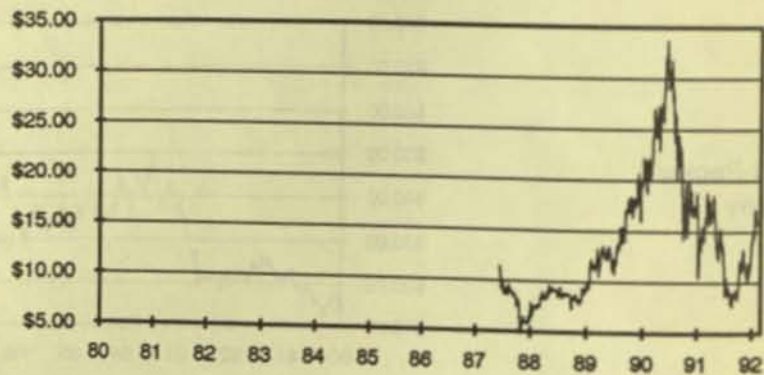
MIPS Computer Systems



Pyramid Technology



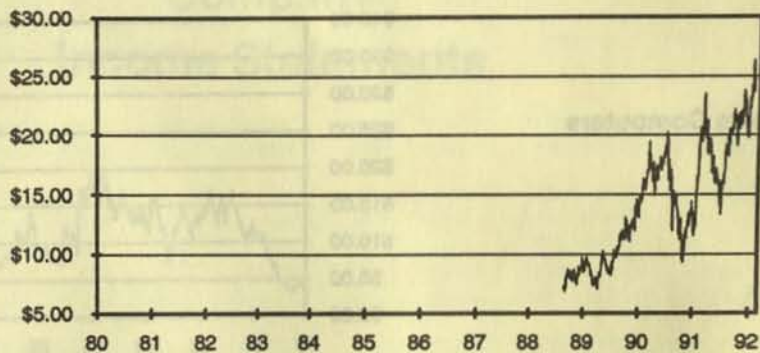
Sequent Computer Systems



Figures 15, 16 and 17

Company Stock Price Trading Ranges

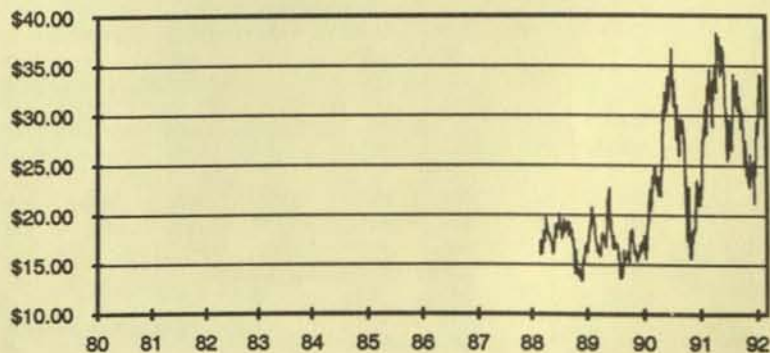
Silicon Graphics



Stratus Computer



Sun Microsystems Company



Figures 18 and 19

Company Stock and S&P 400 Price Trading Ranges

Tandem Computers



S&P Industrials (400)



Company Income Statements

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Table 5

Digital Equipment Corp, Income Statement, 1991-1993E

| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|--------------------|-------------------------------------|---------|---------|----------|-------------|----------|----------|---------|----------------|----------|----------|
| | Sept | Dec | Mar | Jun | Sept | Dec | Mar-E | Jun-E | 1991 | 1992E | 1993E |
| Sales | \$1,866 | \$1,989 | \$2,100 | \$2,343 | \$1,863 | \$1,939 | \$1,890 | \$2,238 | \$8,299 | \$7,930 | \$7,930 |
| Service | 1,228 | 1,363 | 1,420 | 1,602 | 1,430 | 1,540 | 1,575 | 1,782 | 5,612 | 6,307 | 6,938 |
| Total revenues | \$3,093 | \$3,352 | \$3,520 | \$3,945 | \$3,293 | \$3,479 | \$3,465 | \$4,000 | \$13,911 | \$14,238 | \$14,868 |
| Cost of sales | \$878 | \$924 | \$989 | \$1,114 | \$908 | \$1,093 | \$1,058 | \$1,209 | \$3,905 | \$4,267 | \$4,203 |
| Cost of service | 780 | 823 | 860 | 910 | 888 | 939 | 961 | 1,022 | 3,373 | 3,810 | 4,232 |
| Cost of revenues | \$1,658 | \$1,747 | \$1,850 | \$2,024 | \$1,796 | \$2,031 | \$2,019 | \$2,230 | \$7,278 | \$8,077 | \$8,435 |
| SG&A | 1,024 | 1,066 | 1,101 | 1,281 | 1,052 | 1,176 | 1,155 | 1,230 | 4,472 | 4,612 | 4,400 |
| R&D | 402 | 404 | 398 | 446 | 409 | 420 | 420 | 420 | 1,649 | 1,669 | 1,636 |
| Operating profit | \$10 | \$136 | \$172 | \$194 | \$37 | (\$148) | (\$129) | \$120 | \$512 | (\$121) | \$398 |
| Operating margin | 0.3% | 4.0% | 4.9% | 4.9% | 1.1% | -4.2% | -3.7% | 3.0% | 3.7% | -0.8% | 2.7% |
| Net interest | \$25 | \$20 | \$8 | \$16 | \$21 | \$12 | \$16 | \$16 | \$69 | \$64 | \$65 |
| Restruct charge | | | | (1,100) | | | | | (1,100) | | |
| Pretax profit | \$35 | \$156 | \$180 | (\$890) | \$57 | (\$136) | (\$113) | \$136 | (\$519) | (\$56) | \$463 |
| Pretax margin | 1.1% | 4.6% | 5.1% | -22.6% | 1.7% | -3.9% | -3.3% | 3.4% | -3.7% | -0.4% | 3.1% |
| Taxes | \$9 | \$45 | \$63 | (\$18) | \$29 | \$3 | \$5 | \$61 | \$98 | \$97 | \$208 |
| Tax rate | 25.0% | 28.7% | 35.0% | NA | 50.0% | NA | -4.4% | 45.0% | NA | NA | 45.0% |
| Net income | \$26 | \$111 | \$117 | (\$871) | \$29 | (\$138) | (\$118) | \$75 | (\$617) | (\$153) | \$254 |
| EPS | \$0.21 | \$0.92 | \$0.94 | (\$7.08) | \$0.23 | (\$1.11) | (\$0.95) | \$0.60 | (\$5.08) | (\$1.22) | \$2.02 |
| EPS excl charge | | | | \$1.10 | | | | | \$3.17 | | |
| Average shares | 124 | 121 | 124 | 123 | 127 | 124 | 125 | 125 | 123 | 125 | 126 |
| | <u>As a % of Revenues</u> | | | | | | | | | | |
| Sales | 60.3% | 59.3% | 59.7% | 59.4% | 56.6% | 55.7% | 54.5% | 56.0% | 59.7% | 55.7% | 53.3% |
| Service | 39.7 | 40.7 | 40.3 | 40.6 | 43.4 | 44.3 | 45.5 | 44.0 | 40.3 | 44.3 | 46.7 |
| Sales gross margin | 52.9 | 53.5 | 52.9 | 52.5 | 51.3 | 43.7 | 44.0 | 46.0 | 52.9 | 46.2 | 47.0 |
| Srvc gross margin | 36.5 | 39.6 | 39.4 | 43.2 | 37.9 | 39.0 | 39.0 | 42.0 | 39.9 | 39.6 | 39.0 |
| Total gross margin | 46.4 | 47.9 | 47.5 | 48.7 | 45.5 | 41.6 | 41.7 | 44.2 | 47.7 | 43.3 | 43.3 |
| SG&A | 33.1 | 31.8 | 31.3 | 32.5 | 31.9 | 33.8 | 33.3 | 30.8 | 32.1 | 32.4 | 29.6 |
| R&D | 13.0 | 12.0 | 11.3 | 11.3 | 12.4 | 12.1 | 12.1 | 10.5 | 11.9 | 11.7 | 11.0 |
| Net income | 0.8 | 3.3 | 3.3 | (22.1) | 0.9 | (4.0) | (3.4) | 1.9 | (4.4) | (1.1) | 1.7 |
| | <u>Year-Over-Year Growth</u> | | | | | | | | | | |
| Sales | -6% | -1% | 1% | 13% | 0% | -3% | -10% | -4% | 2% | -4% | 0% |
| Service | 8 | 16 | 20 | 23 | 16 | 13 | 11 | 10 | 17 | 12 | 10 |
| Total revenues | (1) | 5 | 8 | 17 | 6 | 4 | (2) | 1 | 7 | 2 | 4 |
| Operating profit | (94) | (21) | 24 | 154 | 262 | (209) | (175) | (38) | (9) | (124) | NM |
| Net income | (83) | (28) | 369 | NM | 9 | (224) | (201) | NM | (930) | NM | NM |
| EPS | (82) | (26) | 372 | NM | 7 | (222) | (200) | NM | (949) | NM | NM |
| | <u>Sequential Qtr-to-Qtr Growth</u> | | | | | | | | | | |
| Sales | -10% | 7% | 6% | 12% | -20% | 4% | -3% | 18% | seems generous | | |
| Service | (6) | 11 | 4 | 13 | (11) | 8 | 2 | 12 | | | |
| Total revenues | (8) | 8 | 5 | 12 | (17) | 6 | 0 | 15 | | | |

Table 6

Hewlett-Packard Company, Income Statement, 1991-1993E

| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|-------------------------------------|-------------|---------|---------|---------|-------------|---------|---------|---------|--------------|--------------|----------|
| | Jan | Apr | July | Oct (a) | Jan | Apr-E | July-E | Oct-E | 1991 | 1992E | 1993E |
| Sales | \$2,575 | \$2,835 | \$2,660 | \$2,949 | \$2,914 | \$3,139 | \$2,968 | \$3,430 | \$11,019 | \$12,449 | \$14,316 |
| Service | 833 | 895 | 864 | 883 | 949 | 1,011 | 978 | 1,025 | 3,475 | 3,962 | 4,596 |
| Revenues | \$3,408 | \$3,730 | \$3,524 | \$3,832 | \$3,863 | \$4,150 | \$3,943 | \$4,455 | \$14,494 | \$16,411 | \$18,912 |
| Cost of sales | \$1,821 | \$1,998 | \$1,911 | \$2,078 | \$2,053 | \$2,220 | \$2,109 | \$2,383 | \$7,808 | \$8,766 | \$10,212 |
| SG&A | 939 | 997 | 951 | 1,011 | 972 | 1,020 | 1,000 | 1,075 | 3,898 | 4,067 | 4,482 |
| R&D | 343 | 368 | 359 | 383 | 363 | 415 | 394 | 446 | 1,453 | 1,618 | 1,891 |
| Operating profit | \$305 | \$367 | \$303 | \$360 | \$475 | \$495 | \$439 | \$551 | \$1,335 | \$1,960 | \$2,326 |
| Operating margin | 8.9% | 9.8% | 8.6% | 9.4% | 12.3% | 11.9% | 11.1% | 12.4% | 9.2% | 11.9% | 12.3% |
| Net interest, other | \$1 | (\$19) | (\$17) | (\$23) | (\$18) | (\$15) | (\$15) | (\$15) | (\$58) | (\$63) | (\$40) |
| Extraordinary item | | | | (\$150) | | | | | (\$150) | | |
| Pretax profit | \$306 | \$348 | \$286 | \$188 | \$457 | \$480 | \$424 | \$536 | \$1,128 | \$1,897 | \$2,286 |
| Pretax margin | 9.0% | 9.3% | 8.1% | 4.9% | 11.8% | 11.6% | 10.8% | 12.0% | 7.8% | 11.6% | 12.1% |
| Tax | \$101 | \$115 | \$94 | \$62 | \$151 | \$158 | \$140 | \$177 | \$372 | \$626 | \$754 |
| Tax rate | 33.0% | 33.0% | 32.9% | 33.1% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% |
| Net income | \$205 | \$233 | \$192 | \$126 | \$306 | \$321 | \$284 | \$359 | \$756 | \$1,271 | \$1,532 |
| EPS | \$0.83 | \$0.93 | \$0.76 | \$0.50 | \$1.21 | \$1.27 | \$1.11 | \$1.40 | \$3.02 | \$4.99 | \$5.98 |
| EPS excl charge | | | | \$0.90 | | | | | \$3.42 | Conservative | |
| Avg. shares | 247 | 250 | 252 | 252 | 253 | 254 | 255 | 256 | 250 | 255 | 256 |
| <u>As a % of Revenues</u> | | | | | | | | | | | |
| Sales | 75.6% | 76.0% | 75.5% | 77.0% | 75.4% | 75.6% | 75.2% | 77.0% | 76.0% | 75.9% | 75.7% |
| Service | 24.4 | 24.0 | 24.5 | 23.0 | 24.6 | 24.4 | 24.8 | 23.0 | 24.0 | 24.1 | 24.3 |
| Gross margin | 46.6 | 46.4 | 45.8 | 45.8 | 46.9 | 46.5 | 46.5 | 46.5 | 46.1 | 46.6 | 46.0 |
| SG&A | 27.6 | 26.7 | 27.0 | 26.4 | 25.2 | 24.6 | 25.4 | 24.1 | 26.9 | 24.8 | 23.7 |
| R&D | 10.1 | 9.9 | 10.2 | 10.0 | 9.4 | 10.0 | 10.0 | 10.0 | 10.0 | 9.9 | 10.0 |
| Net income | 6.0 | 6.2 | 5.4 | 3.3 | 7.9 | 7.7 | 7.2 | 8.1 | 5.2 | 7.7 | 8.1 |
| <u>Year-Over-Year Growth</u> | | | | | | | | | | | |
| Sales | 7% | 11% | 7% | 7% | 13% | 11% | 12% | 16% | 8% | 13% | 15% |
| Service | 21 | 18 | 15 | 8 | 14 | 13 | 13 | 16 | 15 | 14 | 16 |
| Revenues | 10 | 13 | 9 | 7 | 13 | 11 | 12 | 16 | 10 | 13 | 15 |
| SG&A | 7 | 6 | 4 | 4 | 4 | 2 | 5 | 6 | 5 | 4 | 10 |
| R&D | 7 | 9 | 5 | 4 | 6 | 13 | 10 | 16 | 6 | 11 | 17 |
| R&D + SG&A | 7 | 7 | 4 | 4 | 4 | 5 | 6 | 9 | 5 | 6 | 12 |
| Operating profit | 11 | 25 | 10 | 13 | 56 | 35 | 45 | 53 | 15 | 47 | 19 |
| Net income | 18 | 25 | 8 | (38) | 49 | 38 | 48 | 166 | 2 | 68 | 21 |
| EPS | 15 | 19 | 4 | (40) | 46 | 36 | 46 | 182 | (1) | 65 | 20 |
| <u>Sequential Qtr-to-Qtr Growth</u> | | | | | | | | | | | |
| Sales | -7% | 10% | -6% | 11% | -1% | 8% | -5% | 16% | | | |
| Service | 2 | 7 | (3) | 2 | 7 | 7 | (3) | 5 | | | |
| Revenues | (5) | 9 | (6) | 9 | 1 | 7 | (5) | 13 | | | |

(a) Expenses exclude charges associated with voluntary severance program.

Table 7

MIPS Computer Systems, Income Statement, 1991-1993E

| | 1991 | | | | 1992 | | | | Years | | |
|--------------------|-------------------------------------|----------|----------|--------|---------|--------|--------|--------|----------|---------|---------|
| | Mar | Jun | Sept | Dec | Mar-E | Jun-E | Sept-E | Dec-E | 1991 | 1992E | 1993E |
| Product revenue | \$27.8 | \$32.9 | \$29.5 | \$39.5 | \$33.6 | \$39.5 | \$37.0 | \$47.4 | \$129.7 | \$157.5 | \$196.9 |
| Technology revs | 16.2 | 11.6 | 3.2 | 7.8 | 8.0 | 8.0 | 8.0 | 8.0 | 38.8 | 32.0 | 32.0 |
| Total revenues | \$44.0 | \$44.5 | \$32.7 | \$47.3 | \$41.6 | \$47.5 | \$45.0 | \$55.4 | \$168.5 | \$189.5 | \$228.9 |
| Cost of products | \$17.6 | \$20.5 | \$19.6 | \$22.1 | \$19.8 | \$22.1 | \$20.5 | \$25.0 | \$79.8 | \$87.4 | \$102.4 |
| Cost of technology | 3.2 | 2.3 | 0.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 7.8 | 6.4 | 6.4 |
| Cost of revenue | \$20.8 | \$22.9 | \$20.2 | \$23.6 | \$21.4 | \$23.7 | \$22.1 | \$26.6 | \$87.5 | \$93.8 | \$108.8 |
| SG&A | 14.8 | 14.6 | 13.9 | 12.5 | 12.0 | 12.0 | 12.0 | 13.0 | 55.7 | 49.0 | 59.5 |
| R&D | 8.3 | 8.9 | 8.7 | 9.0 | 8.8 | 9.0 | 9.1 | 9.2 | 35.0 | 36.1 | 36.6 |
| Oper profit | \$0.0 | (\$1.8) | (\$10.1) | \$2.2 | (\$0.6) | \$2.7 | \$1.9 | \$6.6 | (\$9.7) | \$10.6 | \$24.0 |
| Oper mgn | 0.1% | -4.1% | -30.9% | 4.7% | -1.5% | 5.8% | 4.1% | 12.0% | -5.7% | 5.6% | 10.5% |
| Other | \$0.9 | \$0.9 | \$0.6 | \$0.6 | \$0.6 | \$0.6 | \$0.5 | \$0.5 | \$3.1 | \$2.2 | \$0.6 |
| Extraordinary item | | | (\$25.5) | | | | | | (\$25.5) | | |
| Pretax profit(a) | \$1.0 | (\$0.9) | (\$35.0) | \$2.8 | \$0.0 | \$3.3 | \$2.4 | \$7.1 | (\$32.1) | \$12.8 | \$24.6 |
| Pretax mgn | 2.3% | -2.1% | -107.0% | 6.0% | 0.0% | 7.0% | 5.2% | 12.9% | -19.1% | 6.8% | 10.7% |
| Tax | \$0.4 | (\$0.3) | \$2.3 | \$0.2 | \$0.0 | \$1.2 | \$0.8 | \$2.5 | \$2.6 | \$4.5 | \$8.6 |
| Tax rate | 37.0% | 36.6% | NA | 8.5% | NA | 35.0% | 35.0% | 35.0% | -7.9% | 35.1% | 35.0% |
| Net income | \$0.6 | (\$0.6) | (\$37.3) | \$2.6 | \$0.0 | \$2.2 | \$1.5 | \$4.6 | (\$34.7) | \$8.3 | \$16.0 |
| EPS(a) | \$0.02 | (\$0.03) | (\$1.55) | \$0.10 | \$0.00 | \$0.08 | \$0.06 | \$0.17 | (\$1.40) | \$0.32 | \$0.59 |
| EPS excl ex-item | | | (\$0.49) | | | | | | (\$0.37) | | |
| Average shares | 25.6 | 23.6 | 24.1 | 26.0 | 26.0 | 26.2 | 26.4 | 26.6 | 24.8 | 26.3 | 27.0 |
| | As a % of Revenues | | | | | | | | | | |
| Product revenue | 63.2% | 73.9% | 90.2% | 83.6% | 80.8% | 83.2% | 82.2% | 85.6% | 77.0% | 83.1% | 68.8% |
| Technology revs | 36.8 | 26.1 | 9.8 | 16.4 | 19.2 | 16.8 | 17.8 | 14.4 | 23.0 | 16.9 | 14.0 |
| Product GM | 36.7% | 37.6% | 33.7% | 44.1% | 41.0% | 43.9% | 44.7% | 47.3% | 38.5% | 44.5% | 48.0% |
| Technology GM | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| Gross margin | 52.6 | 48.7 | 38.2 | 50.0 | 48.5 | 50.0 | 51.0 | 52.0 | 48.1 | 50.5 | 52.5 |
| SG&A | 33.6 | 32.7 | 42.4 | 26.4 | 28.8 | 25.3 | 26.7 | 23.5 | 33.0 | 25.9 | 26.0 |
| R&D | 19.0 | 20.1 | 26.7 | 18.9 | 21.1 | 19.0 | 20.2 | 16.6 | 20.8 | 19.0 | 16.0 |
| Net income | 1.4 | (1.3) | (114.0) | 5.5 | 0.0 | 4.6 | 3.4 | 8.4 | (20.6) | 4.4 | 7.0 |
| | Year-Over-Year Growth | | | | | | | | | | |
| Product sales | 48% | 16% | 17% | 18% | 21% | 20% | 25% | 20% | 23% | 21% | 25% |
| Technology revs | 20 | 3 | (74) | (19) | (51) | (31) | 149 | 3 | (17) | (18) | 0 |
| Total revenues | 36 | 13 | (13) | 10 | (5) | 7 | 38 | 17 | 11 | 12 | 21 |
| | Sequential Qtr-to-Qtr Growth | | | | | | | | | | |
| Product revenue | -17% | 18% | -10% | 34% | -15% | 17% | -6% | 28% | | | |
| Technology revs | 69 | (28) | (72) | 142 | 3 | 0 | 0 | 0 | | | |
| Total revenues | 2 | 1 | (27) | 44 | (12) | 14 | (5) | 23 | | | |

tough to forecast

Table 8

Pyramid Technology, Income Statement, 1991-1993E

| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|--------------------|-------------------------------------|--------|--------|--------|-------------|---------|--------|--------|--------------|----------|---------|
| | Dec | Mar | Jun | Sept | Dec | Mar-E | Jun-E | Sept-E | 1991 | 1992E | 1993E |
| Product sales | \$44.0 | \$44.7 | \$42.9 | \$46.9 | \$36.4 | \$39.5 | \$43.0 | \$49.0 | \$178.6 | \$167.9 | \$193.1 |
| Service | 11.7 | 13.5 | 12.0 | 12.2 | 13.0 | 14.0 | 15.0 | 16.0 | 49.4 | 58.0 | 69.8 |
| Total revenues | \$55.7 | \$58.2 | \$54.9 | \$59.1 | \$49.4 | \$53.5 | \$58.0 | \$65.0 | \$227.9 | \$225.9 | \$262.7 |
| Cost of sales | 18.5 | 19.8 | 20.5 | 23.2 | 18.7 | 19.4 | 20.6 | 23.1 | 82.1 | 81.8 | 89.5 |
| Cost of service | 9.4 | 10.4 | 9.8 | 9.7 | 10.8 | 11.1 | 11.9 | 12.6 | 39.3 | 46.4 | 55.0 |
| Cost of revenues | \$27.8 | \$30.2 | \$30.4 | \$32.9 | \$29.5 | \$30.5 | \$32.5 | \$35.8 | \$121.4 | \$128.2 | \$144.5 |
| SG&A | 16.0 | 16.5 | 17.1 | 16.2 | 17.0 | 16.1 | 16.0 | 16.5 | 65.8 | 65.6 | 70.9 |
| R&D | 5.4 | 5.0 | 7.1 | 6.8 | 7.5 | 7.0 | 6.8 | 7.5 | 24.3 | 28.8 | 28.9 |
| Operating profit | \$6.5 | \$6.4 | \$0.3 | \$3.3 | (\$4.5) | (\$0.1) | \$2.7 | \$5.3 | \$16.5 | \$3.3 | \$18.4 |
| Operating margin | 11.7% | 11.0% | 0.6% | 5.5% | -9.2% | -0.2% | 4.7% | 8.1% | 7.2% | 1.5% | 7.0% |
| Other income | \$0.6 | \$0.3 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$1.2 | \$0.4 | \$0.1 |
| Extraordinary chrg | | | | | \$18.6 | | | | | \$18.6 | |
| Pretax profit | \$7.2 | \$6.8 | \$0.4 | \$3.4 | (\$23.1) | \$0.0 | \$2.8 | \$5.4 | \$17.7 | (\$14.9) | \$18.5 |
| Pretax margin | 12.8% | 11.6% | 0.8% | 5.7% | -46.7% | 0.0% | 4.8% | 8.2% | 7.8% | -6.6% | 7.0% |
| Tax | \$2.5 | \$1.9 | \$0.0 | \$1.2 | (\$4.6) | \$0.0 | \$0.6 | \$1.1 | \$5.7 | (\$3.0) | \$3.7 |
| Tax rate | 35.0% | 28.8% | 0.0% | 36.0% | NM | 20.0% | 20.0% | 20.0% | 32.0% | 20.1% | 20.0% |
| Net income | \$4.6 | \$4.8 | \$0.4 | \$2.2 | (\$18.5) | \$0.0 | \$2.3 | \$4.3 | \$12.0 | (\$11.9) | \$14.8 |
| EPS | \$0.40 | \$0.41 | \$0.03 | \$0.18 | (\$1.56) | \$0.00 | \$0.18 | \$0.33 | \$1.01 | (\$0.95) | \$1.14 |
| EPS excl charge | | | | | (\$0.37) | | | | | \$0.17 | |
| Average shares | 11.5 | 11.8 | 12.2 | 12.0 | 11.8 | 12.5 | 12.7 | 13.0 | 11.9 | 12.5 | 13.0 |
| | <u>As a % of Revenues</u> | | | | | | | | | | |
| Product sales | 78.9% | 76.9% | 78.2% | 79.4% | 73.7% | 73.8% | 74.1% | 75.4% | 78.3% | 74.3% | 73.5% |
| Service | 21.1 | 23.1 | 21.8 | 20.6 | 26.3 | 26.2 | 25.9 | 24.6 | 21.7 | 25.7 | 26.5 |
| Prod gross margin | 58.0 | 55.6 | 52.1 | 50.6 | 48.7 | 50.8 | 52.0 | 52.8 | 54.0 | 51.3 | 53.7 |
| Serv gross margin | 20.4 | 23.0 | 17.9 | 20.3 | 16.7 | 21.0 | 21.0 | 21.0 | 20.4 | 20.0 | 21.0 |
| Gross margins | 50.1 | 48.1 | 44.6 | 44.3 | 40.3 | 43.0 | 44.0 | 45.0 | 46.8 | 43.2 | 45.0 |
| SG&A | 28.7 | 28.4 | 31.1 | 27.3 | 34.4 | 30.1 | 27.8 | 25.4 | 28.9 | 29.0 | 27.0 |
| R&D | 9.7 | 8.7 | 12.9 | 11.4 | 15.1 | 13.1 | 11.7 | 11.5 | 10.7 | 12.7 | 11.0 |
| Net income | 8.3 | 8.3 | 0.8 | 3.7 | (37.3) | 0.0 | 3.9 | 6.6 | 5.3 | (5.3) | 5.6 |
| | <u>Year Over Year Growth</u> | | | | | | | | | | |
| Product sales | 50% | 35% | 6% | 3% | -17% | -12% | 0% | 4% | 20% | -6% | 15% |
| Service | 104 | 86 | 45 | 20 | 11 | 4 | 25 | 31 | 57 | 17 | 20 |
| Total revenues | 59 | 44 | 13 | 6 | (11) | (8) | 6 | 10 | 27 | (1) | 16 |
| Operating profit | 46 | 20 | (94) | (51) | (170) | (101) | 719 | 61 | (25) | (80) | 451 |
| Net income | 49 | 35 | (91) | (59) | (497) | (100) | 431 | 98 | (28) | (199) | NM |
| EPS | 16 | 8 | (92) | (61) | (486) | (100) | 410 | 82 | (37) | (194) | NM |
| | <u>Sequential Qtr-to-Qtr Growth</u> | | | | | | | | | | |
| Revenues | 0% | 4% | -6% | 8% | -10% | 8% | 8% | 12% | | | |
| SG&A | (1) | 3 | 3 | (5) | 5 | (5) | (1) | 3 | | | |
| R&D | (2) | (6) | 40 | (4) | 10 | (6) | (3) | 10 | | | |

Tough target to meet

Table 9

Sequent Computer Systems, Income Statement, 1991-1993E

| | 1991 | | | | 1992 | | | | Years | | |
|-------------------------------------|----------|----------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| | Mar | Jun | Sept | Dec | Mar-E | Jun-E | Sept-E | Dec-E | 1991 | 1992E | 1993E |
| Product sales | \$40.7 | \$41.9 | \$44.2 | \$51.5 | \$50.5 | \$56.0 | \$54.5 | \$62.0 | \$178.3 | \$223.0 | \$278.8 |
| Service | 7.2 | 8.2 | 9.6 | 10.0 | 10.5 | 11.0 | 11.5 | 13.0 | 35.0 | 46.0 | 59.8 |
| Total revenues | \$47.9 | \$50.1 | \$53.8 | \$61.5 | \$61.0 | \$67.0 | \$66.0 | \$75.0 | \$213.3 | \$269.0 | \$338.6 |
| Cost of Sales-E | \$19.6 | \$21.6 | \$23.7 | \$25.5 | \$24.4 | \$25.8 | \$24.3 | \$26.9 | \$90.4 | \$101.4 | \$119.9 |
| Cost of Service-E | 5.4 | 6.0 | 7.0 | 7.0 | 7.4 | 7.7 | 8.1 | 9.1 | 25.4 | 32.2 | 41.9 |
| Cost of Revenues | \$25.0 | \$27.6 | \$30.7 | \$32.5 | \$31.7 | \$33.5 | \$32.3 | \$36.0 | \$115.8 | \$133.6 | \$161.7 |
| SG&A | 25.2 | 27.0 | 25.2 | 22.2 | 22.2 | 24.2 | 24.5 | 25.5 | 99.5 | 96.4 | 115.1 |
| R&D | 7.0 | 7.3 | 6.2 | 5.3 | 5.5 | 5.5 | 5.8 | 6.3 | 25.8 | 23.1 | 28.8 |
| Operating profit | (\$9.3) | (\$11.8) | (\$8.3) | \$1.5 | \$1.6 | \$3.8 | \$3.4 | \$7.2 | (\$27.9) | \$15.9 | \$32.9 |
| Operating margin | -19.4% | -23.4% | -15.5% | 2.5% | 2.6% | 5.7% | 5.1% | 9.6% | -13.1% | 5.9% | 9.7% |
| Net Interest | (\$0.5) | (\$0.5) | (\$0.7) | (\$0.9) | (\$1.0) | (\$1.0) | (\$1.0) | (\$1.0) | (\$2.6) | (\$4.0) | (\$5.0) |
| Extraordinary Item | | (7.6) | (14.6) | | | | | | (22.2) | | |
| Pretax profit | (\$9.8) | (\$19.9) | (\$23.6) | \$0.6 | \$0.6 | \$2.8 | \$2.4 | \$6.2 | (\$52.4) | \$11.9 | \$27.9 |
| Pretax margin | -20.4% | -39.8% | -43.9% | 1.0% | 1.0% | 4.2% | 3.6% | 8.3% | -24.6% | 4.4% | 8.3% |
| Tax | (\$2.8) | (\$0.2) | (\$0.5) | (\$0.4) | \$0.1 | \$0.3 | \$0.2 | \$0.6 | (\$3.7) | \$1.2 | \$2.8 |
| Tax rate | 28.9% | 0.9% | 1.9% | NA | 10.0% | 10.0% | 10.0% | 10.0% | 7.1% | 10.0% | 10.0% |
| Net income | (\$7.0) | (\$19.7) | (\$23.2) | \$1.0 | \$0.5 | \$2.5 | \$2.1 | \$5.6 | (\$48.7) | \$10.7 | \$25.1 |
| EPS | (\$0.30) | (\$0.86) | (\$0.99) | \$0.04 | \$0.02 | \$0.11 | \$0.09 | \$0.23 | (\$2.10) | \$0.45 | \$1.01 |
| EPS excl charge | | (\$0.52) | (\$0.36) | | | | | | (\$1.14) | | |
| Avg shares | 22.9 | 23.1 | 23.3 | 24.4 | 23.5 | 23.7 | 23.9 | 24.1 | 23.2 | 24.0 | 25.0 |
| As a Percent of Revenues | | | | | | | | | | | |
| Product sales | 85.0% | 83.6% | 82.1% | 83.7% | 82.8% | 83.6% | 82.6% | 82.7% | 83.6% | 82.9% | 82.3% |
| Service | 15.0 | 16.4 | 17.9 | 16.3 | 17.2 | 16.4 | 17.4 | 17.3 | 16.4 | 17.1 | 17.7 |
| GM Sales | 51.8 | 48.4 | 46.4 | 50.5 | 51.7 | 53.9 | 55.4 | 56.6 | 49.3 | 54.5 | 57.0 |
| GM Service | 25.0 | 27.0 | 27.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 27.4 | 30.0 | 30.0 |
| Gross Margin | 47.8 | 44.9 | 43.0 | 47.1 | 48.0 | 50.0 | 51.0 | 52.0 | 45.7 | 50.3 | 52.2 |
| SG&A | 52.5 | 53.9 | 46.8 | 36.1 | 36.4 | 36.1 | 37.1 | 34.0 | 46.7 | 35.8 | 34.0 |
| R&D | 14.7 | 14.5 | 11.6 | 8.6 | 9.0 | 8.2 | 8.8 | 8.4 | 12.1 | 8.6 | 8.5 |
| Year-Over-Year Growth | | | | | | | | | | | |
| Product sales | -14% | -23% | -29% | -24% | 24% | 34% | 23% | 20% | -23% | 25% | 25% |
| Service | 112 | 116 | 113 | 89 | 46 | 34 | 20 | 30 | 106 | 31 | 30 |
| Revenues | (8) | (14) | (19) | (16) | 27 | 34 | 23 | 22 | (14) | 26 | 26 |
| SG&A | 38 | 24 | 2 | (26) | (12) | (10) | (3) | 15 | 4 | (3) | 19 |
| R&D | 33 | 18 | (11) | (26) | (22) | (24) | (7) | 20 | 0 | (10) | 25 |
| Operating profit | (238) | (254) | (207) | (36) | NM | NM | NM | 370 | (213) | NM | 107 |
| Pretax profit | (246) | (344) | (376) | (77) | NM | NM | NM | 886 | (300) | NM | 134 |
| Net income | (251) | (445) | (489) | (60) | NM | NM | NM | 442 | (358) | NM | 134 |
| EPS | (240) | (456) | (504) | (60) | NM | NM | NM | 448 | (359) | NM | 125 |
| Sequential Qtr-to-Qtr Growth | | | | | | | | | | | |
| Revenues | -35% | 5% | 7% | 14% | -1% | 10% | -1% | 14% | | | |
| SG&A | (18) | 7 | (7) | (12) | 0 | 9 | 1 | 4 | | | |
| R&D | (4) | 3 | (14) | (16) | 4 | 0 | 5 | 9 | | | |

Table 10

Silicon Graphics, Income Statement, 1991-1993E

High risk

| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|--------------------|-------------------------------------|---------|---------|---------|-------------|---------|---------|---------|---------------------|---------|---------|
| | Sept | Dec | Mar | Jun | Sept | Dec | Mar-E | Jun-E | 1991 | 1992E | 1993E |
| Net revenues | \$115.8 | \$136.0 | \$133.1 | \$165.1 | \$151.7 | \$188.0 | \$195.0 | \$218.0 | \$549.9 | \$752.8 | \$978.6 |
| Cost of sales | \$48.9 | \$62.1 | \$63.5 | \$78.8 | \$71.0 | \$90.3 | \$93.6 | \$104.6 | \$253.3 | \$359.5 | \$469.7 |
| SG&A | 39.2 | 44.6 | 49.7 | 54.3 | 50.3 | 56.7 | 60.0 | 63.0 | 187.8 | 230.0 | 293.6 |
| R&D | 14.3 | 15.7 | 16.1 | 19.2 | 18.8 | 22.8 | 23.4 | 26.2 | 65.3 | 91.2 | 117.4 |
| Operating profit | \$13.4 | \$13.6 | \$3.8 | \$12.8 | \$11.6 | \$18.3 | \$18.0 | \$24.2 | \$43.6 | \$72.1 | \$97.9 |
| Operating margin | 11.6% | 10.0% | 2.8% | 7.7% | 7.7% | 9.7% | 9.2% | 11.1% | 7.9% | 9.6% | 10.0% |
| Net interest | \$0.9 | \$1.0 | \$0.8 | \$1.5 | \$2.0 | \$2.3 | \$1.0 | \$1.0 | \$4.1 | \$6.3 | \$2.0 |
| Pretax profit | \$14.3 | \$14.6 | \$4.5 | \$14.2 | \$13.6 | \$20.6 | \$19.0 | \$25.2 | \$47.7 | \$78.4 | \$99.9 |
| Pretax margin | 12.4% | 10.8% | 3.4% | 8.6% | 9.0% | 11.0% | 9.7% | 11.6% | 8.7% | 10.4% | 10.2% |
| Tax | \$4.7 | \$4.2 | \$1.4 | \$4.4 | \$4.2 | \$6.4 | \$5.9 | \$7.8 | \$14.8 | \$24.3 | \$31.0 |
| Tax rate | 33.0% | 29.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% |
| Net income | \$9.6 | \$10.4 | \$3.1 | \$9.8 | \$9.4 | \$14.2 | \$13.1 | \$17.4 | \$32.9 | \$54.1 | \$68.9 |
| Pfrd stock div | | | | | \$1.7 | \$1.7 | | | | \$3.4 | |
| Fully diluted EPS | \$0.22 | \$0.24 | \$0.07 | \$0.19 | \$0.15 | \$0.24 | \$0.25 | \$0.33 | \$0.73 | \$0.98 | \$1.28 |
| Fully diluted shrs | 45.1 | 44.0 | 42.8 | 48.7 | 50.7 | 51.6 | 52.4 | 53.0 | 46.1 | 51.9 | 54.0 |
| | <u>As a % of Revenues</u> | | | | | | | | | | |
| Gross margin | 57.8% | 54.3% | 52.3% | 52.3% | 53.2% | 52.0% | 52.0% | 52.0% | 53.9% | 52.2% | 52.0% |
| SG&A | 33.8 | 32.8 | 37.4 | 32.9 | 33.1 | 30.2 | 30.8 | 28.9 | 34.2 | 30.6 | 30.0 |
| R&D | 12.4 | 11.5 | 12.1 | 11.6 | 12.4 | 12.1 | 12.0 | 12.0 | 11.9 | 12.1 | 12.0 |
| Net interest | 0.8 | 0.7 | 0.6 | 0.9 | 1.3 | 1.2 | 0.5 | 0.5 | 0.8 | 0.8 | 0.2 |
| Net income | 8.3 | 7.6 | 2.4 | 6.0 | 6.2 | 7.6 | 6.7 | 8.0 | 6.0 | 7.2 | 7.0 |
| | <u>Year-Over-Year Growth</u> | | | | | | | | | | |
| Total revenues | 34% | 32% | 21% | 37% | 31% | 38% | 47% | 32% | 31% | 37% | 30% |
| SG&A | 47 | 37 | 37 | 28 | 28 | 27 | 21 | 16 | 36 | 22 | 28 |
| R&D | 43 | 51 | 32 | 47 | 31 | 45 | 46 | 37 | 43 | 40 | 29 |
| Operating profit | 87 | 25 | (72) | (18) | (13) | 34 | 376 | 89 | (7) | 65 | 36 |
| Pretax profit | 81 | 38 | (65) | (15) | (5) | 41 | 319 | 77 | (1) | 64 | 27 |
| Net income | 84 | 44 | (64) | (12) | (2) | 37 | 319 | 77 | 2 | 64 | 27 |
| EPS | 53 | 25 | (69) | (14) | (31) | 0 | 285 | 73 | (12) | 35 | 31 |
| | <u>Sequential Qtr-to-Qtr Growth</u> | | | | | | | | | | |
| Revenues | -4% | 17% | -2% | 24% | -8% | 24% | 4% | 12% | <i>conservative</i> | | |
| SG&A | (8) | 14 | 12 | 9 | (8) | 13 | 6 | 5 | | | |
| R&D | 10 | 9 | 2 | 19 | (2) | 21 | 3 | 12 | | | |

Table 11

Stratus Computer, Income Statement, 1991-1993E

| | 1991 | | | | 1992 | | | | Years | | |
|------------------|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Mar | Jun | Sept | Dec | Mar-E | Jun-E | Sept-E | Dec-E | 1991 | 1992E | 1993E |
| Product sales | \$82.1 | \$88.1 | \$91.0 | \$106.5 | \$88.3 | \$96.0 | \$101.7 | \$119.4 | \$367.7 | \$405.5 | \$466.3 |
| Service | 18.9 | 19.0 | 21.6 | 21.5 | 21.7 | 22.0 | 25.3 | 25.6 | 80.9 | 94.5 | 113.4 |
| Revenues | \$101.0 | \$107.1 | \$112.5 | \$128.0 | \$110.0 | \$118.0 | \$127.0 | \$145.0 | \$448.6 | \$500.0 | \$579.7 |
| Cost of product | \$30.6 | \$32.1 | \$33.2 | \$38.9 | \$31.4 | \$34.5 | \$36.0 | \$43.1 | \$134.7 | \$145.0 | \$165.1 |
| Cost of service | 11.2 | 11.6 | 11.4 | 12.4 | 13.7 | 13.9 | 15.9 | 16.1 | 46.6 | 59.6 | 71.5 |
| Cost of sales | \$41.8 | \$43.7 | \$44.6 | \$51.3 | \$45.1 | \$48.4 | \$51.9 | \$59.2 | \$181.3 | \$204.6 | \$236.5 |
| SG&A | 31.8 | 33.2 | 33.8 | 36.8 | 34.0 | 36.0 | 36.5 | 40.0 | 135.6 | 146.5 | 168.1 |
| R&D | 16.7 | 17.3 | 17.4 | 18.3 | 19.0 | 19.0 | 19.5 | 20.0 | 69.7 | 77.5 | 87.0 |
| Oper profit | \$10.6 | \$13.0 | \$16.8 | \$21.6 | \$11.9 | \$14.8 | \$19.1 | \$25.8 | \$62.1 | \$71.4 | \$88.1 |
| Operating margin | 10.5% | 12.1% | 14.9% | 16.9% | 10.8% | 12.4% | 15.0% | 17.8% | 13.8% | 14.3% | 15.2% |
| Other | \$0.1 | \$0.6 | \$1.7 | \$0.9 | \$0.9 | \$0.9 | \$0.9 | \$0.9 | \$3.3 | \$3.6 | \$0.9 |
| Pretax profit | \$10.7 | \$13.6 | \$18.5 | \$22.5 | \$12.8 | \$15.5 | \$20.0 | \$26.7 | \$65.4 | \$75.0 | \$89.0 |
| Pretax margin | 10.6% | 12.7% | 16.4% | 17.6% | 11.6% | 13.2% | 15.7% | 18.4% | 14.6% | 15.0% | 15.4% |
| Tax | \$3.0 | \$3.1 | \$4.6 | \$5.0 | \$3.1 | \$3.7 | \$4.8 | \$6.4 | \$15.7 | \$18.0 | \$21.4 |
| Tax rate | 28.0% | 22.6% | 25.0% | 22.1% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% |
| Net income | \$7.7 | \$10.5 | \$13.9 | \$17.6 | \$9.7 | \$11.8 | \$15.2 | \$20.3 | \$49.7 | \$57.0 | \$67.7 |
| EPS | \$0.35 | \$0.47 | \$0.61 | \$0.79 | \$0.42 | \$0.51 | \$0.65 | \$0.85 | \$2.22 | \$2.43 | \$2.76 |
| Average shares | 21.9 | 22.2 | 22.6 | 23.0 | 23.0 | 23.3 | 23.5 | 24.0 | 22.4 | 23.5 | 24.5 |
| | As a % of Revenues | | | | | | | | | | |
| Prod Gross mrgn | 62.7% | 63.6% | 63.5% | 63.5% | 64.4% | 64.1% | 64.6% | 63.9% | 63.4% | 64.2% | 64.6% |
| Serv gross mrgn | 40.7 | 38.8 | 47.2 | 42.3 | 37.0 | 37.0 | 37.0 | 37.0 | 42.4 | 37.0 | 37.0 |
| Gross margin | 58.6% | 59.2% | 60.4% | 60.0% | 59.0% | 59.0% | 59.1% | 59.2% | 59.6% | 59.1% | 59.2% |
| SG&A | 31.5 | 31.0 | 30.1 | 28.7 | 30.9 | 30.5 | 28.7 | 27.6 | 30.2 | 29.3 | 29.0 |
| R&D | 16.6 | 16.1 | 15.4 | 14.3 | 17.3 | 16.1 | 15.4 | 13.8 | 15.5 | 15.5 | 15.0 |
| Net income | 7.7 | 9.8 | 12.3 | 13.7 | 8.8 | 10.0 | 11.9 | 14.0 | 11.1 | 11.4 | 11.7 |
| | Year-Over-Year Growth | | | | | | | | | | |
| Product sales | 14% | 11% | 3% | 6% | 8% | 9% | 12% | 12% | 8% | 10% | 15% |
| Service | 25 | 28 | 36 | 20 | 15 | 16 | 17 | 19 | 27 | 17 | 20 |
| Total revenues | 16 | 14 | 8 | 8 | 9 | 10 | 13 | 13 | 11 | 11 | 16 |
| Operating profit | 12 | 32 | 33 | 13 | 12 | 12 | 13 | 19 | 22 | 15 | 23 |
| Net income | 16 | 48 | 43 | 30 | 26 | 12 | 9 | 16 | 35 | 15 | 19 |
| EPS | 10 | 40 | 32 | 24 | 20 | 7 | 5 | 7 | 25 | 10 | 14 |
| | Sequential Qtr-to-Qtr Growth | | | | | | | | | | |
| Revenues | -15% | 6% | 5% | 14% | -14% | 7% | 8% | 14% | | | |
| SG&A | (13) | 4 | 2 | 9 | (8) | 6 | 1 | 10 | | | |
| R&D | 9 | 3 | 1 | 6 | 4 | 0 | 3 | 3 | | | |

Consistently strong

Table 12

Sun Microsystems, Income Statement, 1991-1993E

High risk

| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|--------------------|-------------------------------------|--------|--------|--------|-------------|--------|--------|---------|--------------|---------|---------|
| | Sept | Dec | Mar | Jun | Sept | Dec | Mar-E | Jun-E | 1991 | 1992E | 1993E |
| Net Revenues | \$677 | \$753 | \$848 | \$942 | \$755 | \$909 | \$975 | \$1,100 | \$3,221 | \$3,739 | \$4,487 |
| Cost of Sales | \$367 | \$410 | \$469 | \$512 | \$409 | \$503 | \$536 | \$605 | \$1,758 | \$2,053 | \$2,468 |
| SG&A | 182 | 193 | 200 | 238 | 220 | 240 | 255 | 270 | 812 | 985 | 1,153 |
| R&D | 85 | 90 | 90 | 92 | 84 | 92 | 100 | 115 | 357 | 390 | 449 |
| Operating Profit | \$43 | \$61 | \$90 | \$101 | \$42 | \$75 | \$84 | \$110 | \$295 | \$311 | \$417 |
| Operating Margin | 6.3% | 8.1% | 10.6% | 10.7% | 5.6% | 8.2% | 8.6% | 10.0% | 9.2% | 8.3% | 9.3% |
| Net Interest | (\$4) | (\$3) | (\$2) | (\$2) | (\$1) | (\$3) | (\$1) | \$0 | (\$11) | (\$5) | (\$4) |
| Pretax Profit | \$39 | \$58 | \$88 | \$99 | \$41 | \$72 | \$83 | \$110 | \$284 | \$305 | \$413 |
| Pretax Margin | 5.7% | 7.7% | 10.3% | 10.5% | 5.4% | 7.9% | 8.5% | 10.0% | 8.8% | 8.2% | 9.2% |
| Tax | \$13 | \$19 | \$29 | \$33 | \$14 | \$24 | \$28 | \$37 | \$94 | \$104 | \$141 |
| Tax Rate | 33.0% | 33.0% | 33.0% | 33.0% | 34.0% | 34.0% | 34.0% | 34.0% | 33.0% | 34.0% | 34.0% |
| Net Income | \$26 | \$39 | \$59 | \$66 | \$27 | \$47 | \$55 | \$73 | \$190 | \$201 | \$273 |
| EPS-Fully Diluted | \$0.26 | \$0.39 | \$0.56 | \$0.63 | \$0.27 | \$0.47 | \$0.54 | \$0.71 | \$1.85 | \$1.99 | \$2.65 |
| Ave Shrs-Fully Dil | 100 | 101 | 105 | 106 | 101 | 100 | 101 | 102 | 103 | 101 | 103 |
| | <u>As a Percent of Sales</u> | | | | | | | | | | |
| Gross Margin | 45.8% | 45.6% | 44.7% | 45.7% | 45.8% | 44.7% | 45.0% | 45.0% | 45.4% | 45.1% | 45.0% |
| SG&A | 26.9 | 25.6 | 23.5 | 25.2 | 29.2 | 26.3 | 26.2 | 24.5 | 25.2 | 26.3 | 25.7 |
| R&D | 12.6 | 11.9 | 10.6 | 9.8 | 11.1 | 10.1 | 10.3 | 10.5 | 11.1 | 10.4 | 10.0 |
| Net Income | 3.8 | 5.2 | 6.9 | 7.0 | 3.5 | 5.2 | 5.6 | 6.6 | 5.9 | 5.4 | 6.1 |
| | <u>Year-Over-Year Growth</u> | | | | | | | | | | |
| Total Revenues | 26% | 27% | 34% | 35% | 11% | 21% | 15% | 17% | 31% | 16% | 20% |
| SG&A | 39 | 45 | 30 | 39 | 21 | 24 | 28 | 14 | 38 | 21 | 17 |
| R&D | 27 | 22 | 14 | 11 | (1) | 2 | 11 | 25 | 18 | 9 | 15 |
| Operating Profit | 272 | 73 | 53 | 41 | (2) | 22 | (7) | 9 | 66 | 5 | 34 |
| Net Income | 403 | 94 | 60 | 35 | 3 | 21 | (7) | 9 | 71 | 6 | 35 |
| EPS | 293 | 68 | 37 | 23 | 2 | 22 | (3) | 13 | 52 | 8 | 33 |
| | <u>Sequential Qtr-to-Qtr Growth</u> | | | | | | | | | | |
| Revenues | -3% | 11% | 13% | 11% | -20% | 20% | 7% | 13% | | | |
| SG&A | 6 | 6 | 4 | 19 | (7) | 9 | 6 | 6 | | | |
| R&D | 3 | 6 | 0 | 2 | (9) | 9 | 9 | 15 | | | |

Good

Should easily make if new products ship

Table 13

Tandem Computers, Income Statement, 1991-1993E

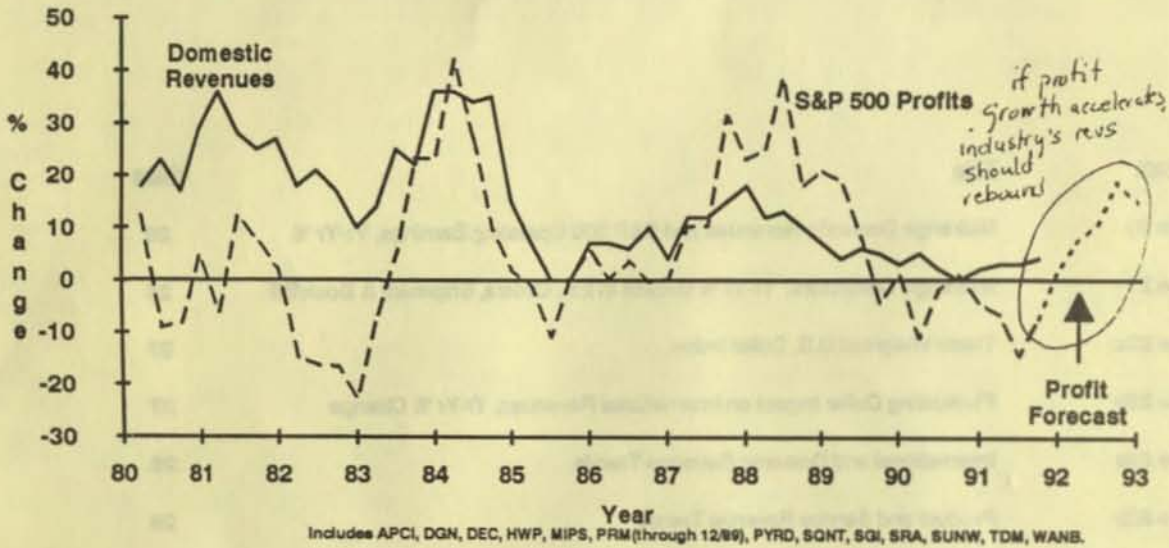
| | Fiscal 1991 | | | | Fiscal 1992 | | | | Fiscal Years | | |
|-------------------------------------|-------------|--------|--------|--------|-------------|------------------|--------|--------|--------------|----------|---------|
| | Dec | Mar | Jun | Sept | Dec | Mar-E | Jun-E | Sept-E | 1991 | 1992E | 1993E |
| Sales | \$347 | \$394 | \$393 | \$417 | \$370 | \$404 | \$414 | \$441 | \$1,551 | \$1,629 | \$1,728 |
| Service | 97 | 95 | 87 | 93 | 85 | 92 | 93 | 95 | 371 | 365 | 365 |
| Total Revenues | \$444 | \$489 | \$480 | \$509 | \$454 | \$496 | \$507 | \$536 | \$1,922 | \$1,993 | \$2,093 |
| Cost of Sales | \$104 | \$130 | \$125 | \$143 | \$124 | \$134 | \$138 | \$148 | \$502 | \$544 | \$624 |
| Cost of Service | 66 | 63 | 60 | 67 | 61 | 64 | 65 | 67 | 256 | 257 | 255 |
| Cost of Revenues | \$170 | \$192 | \$185 | \$210 | \$185 | \$198 | \$203 | \$214 | \$758 | \$801 | \$879 |
| SG&A | 197 | 205 | 214 | 223 | 213 | 210 | 214 | 220 | 839 | 857 | 850 |
| R&D | 64 | 62 | 68 | 73 | 72 | 73 | 73 | 73 | 267 | 291 | 290 |
| Operating Profit | \$13 | \$30 | \$13 | \$3 | (\$15) | \$15 | \$17 | \$29 | \$59 | \$45 | \$74 |
| Operating Margin | 2.9% | 6.1% | 2.8% | 0.6% | -3.4% | 2.9% | 3.4% | 5.3% | 3.1% | 2.3% | 3.5% |
| Other Income | (\$2) | (\$1) | \$0 | \$2 | \$1 | \$2 | \$2 | \$2 | (\$1) | \$8 | \$2 |
| Extraordinary Item | | | | | (\$98) | <i>generous?</i> | | | | (\$98) | |
| Pretax Profit | \$11 | \$28 | \$14 | \$5 | (\$112) | \$17 | \$20 | \$31 | \$58 | (\$45) | \$76 |
| Pretax Margin | 2.5% | 5.8% | 2.9% | 1.0% | -24.7% | 3.4% | 3.9% | 5.8% | 3.0% | -2.2% | 3.6% |
| Tax | \$4 | \$10 | \$6 | \$2 | (\$18) | \$6 | \$7 | \$11 | \$22 | \$6 | \$27 |
| Tax Rate | 36.5% | 36.5% | 42.5% | 36.4% | NM | 34.1% | 34.1% | 34.1% | 37.9% | -12.4% | 35.0% |
| Net Income | \$7 | \$18 | \$8 | \$3 | (\$95) | \$11 | \$13 | \$20 | \$36 | (\$50) | \$49 |
| EPS | \$0.07 | \$0.17 | \$0.07 | \$0.03 | (\$0.88) | \$0.10 | \$0.12 | \$0.18 | \$0.34 | (\$0.46) | \$0.44 |
| EPS excl charge | | | | | (\$0.13) | | | | | \$0.28 | |
| Average Shares | 106 | 107 | 108 | 108 | 108 | 109 | 110 | 111 | 107 | 109 | 111 |
| As a % of Revenues | | | | | | | | | | | |
| Sales | 78.2% | 80.5% | 81.9% | 81.8% | 81.3% | 81.5% | 81.7% | 82.3% | 80.7% | 81.7% | 82.6% |
| Service | 21.8 | 19.5 | 18.1 | 18.2 | 18.7 | 18.5 | 18.3 | 17.7 | 19.3 | 18.3 | 17.4 |
| Sales Gross Margin | 70.0 | 67.1 | 68.2 | 65.8 | 66.3 | 66.8 | 66.7 | 66.5 | 67.7 | 66.6 | 63.9 |
| Serv Gross Margin | 31.7 | 34.1 | 30.6 | 27.3 | 28.1 | 30.0 | 30.0 | 30.0 | 31.0 | 29.5 | 30.0 |
| Total Gross Margins | 61.6 | 60.7 | 61.4 | 58.8 | 59.2 | 60.0 | 60.0 | 60.0 | 60.6 | 59.8 | 58.0 |
| SG&A | 44.3 | 41.9 | 44.5 | 43.8 | 46.8 | 42.3 | 42.2 | 41.0 | 43.6 | 43.0 | 40.6 |
| R&D | 14.4 | 12.7 | 14.1 | 14.4 | 15.8 | 14.7 | 14.4 | 13.6 | 13.9 | 14.6 | 13.9 |
| Net Income | 1.6 | 3.7 | 1.6 | 0.6 | (20.9) | 2.3 | 2.5 | 3.8 | 1.9 | (2.5) | 2.4 |
| Year-Over-Year Growth | | | | | | | | | | | |
| Sales | -4% | 7% | 2% | -1% | 6% | 3% | 5% | 6% | 1% | 5% | 6% |
| Service | 30 | 17 | 2 | 8 | (12) | (3) | 7 | 3 | 14 | (2) | 0 |
| Total Revenues | 2 | 8 | 2 | 1 | 2 | 1 | 6 | 5 | 3 | 4 | 5 |
| Operating Profit | (73) | (31) | (73) | (93) | (221) | (51) | 28 | 791 | (69) | (24) | 65 |
| EPS | (77) | 7 | (75) | (90) | (1,429) | 7 | 62 | 535 | (70) | (237) | (197) |
| Sequential Qtr-to-Qtr Growth | | | | | | | | | | | |
| Sales | -17% | 14% | 0% | 6% | -11% | 9% | 2% | 7% | | | |
| Service | 12 | (1) | (9) | 7 | (8) | 9 | 1 | 2 | | | |
| Revenues | (12) | 10 | (2) | 6 | (11) | 9 | 2 | 6 | | | |
| SG&A | (5) | 4 | 4 | 4 | (5) | (1) | 2 | 3 | | | |
| R&D | (7) | (3) | 9 | 8 | (2) | 2 | 0 | 0 | | | |

Demand & Profit Trends

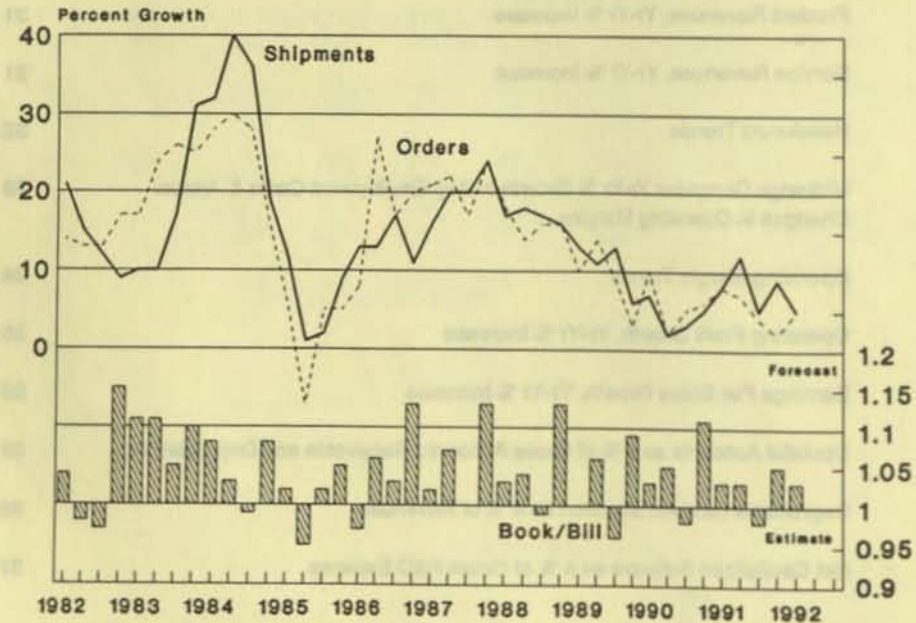
| <u>Diagram</u> | <u>Title</u> | <u>Page</u> |
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Midrange Domestic Revenues and S&P 500 Operating Earnings, Yr.-Yr. Percent Change

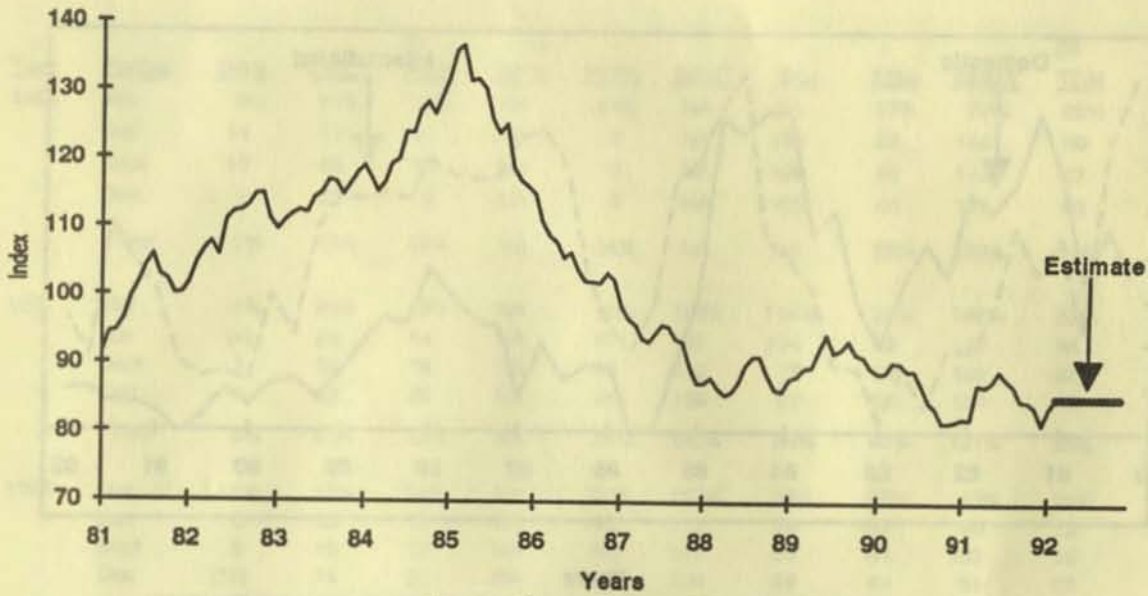


Midrange Computers: Year-to-Year Growth in Estimated Orders, Shipments and Book/Bill



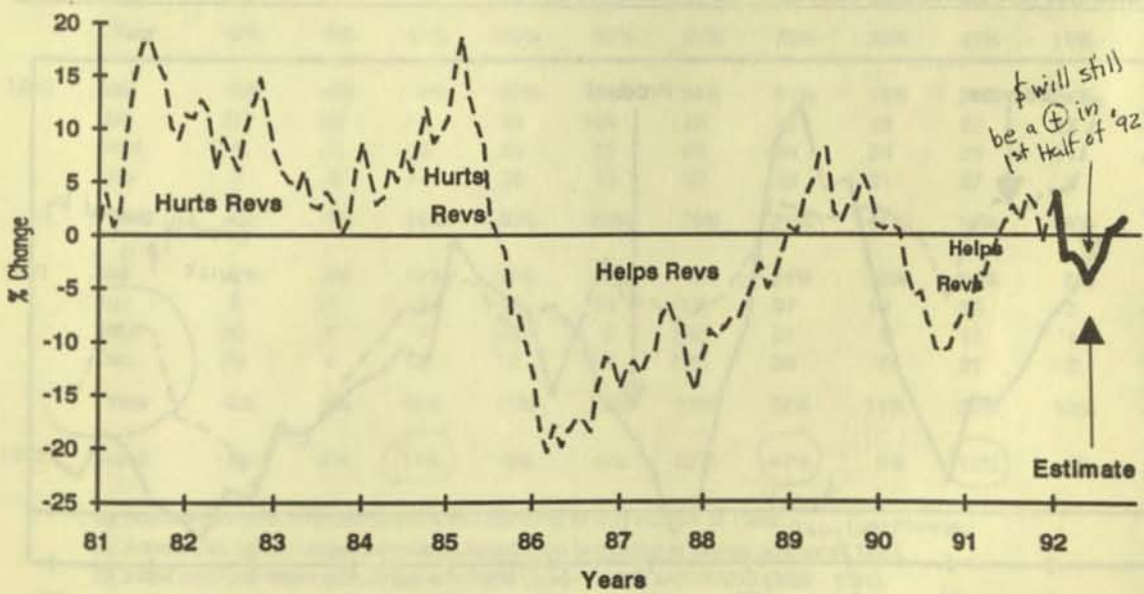
Figures 22a and 22b

Trade Weighted U.S. Dollar Index



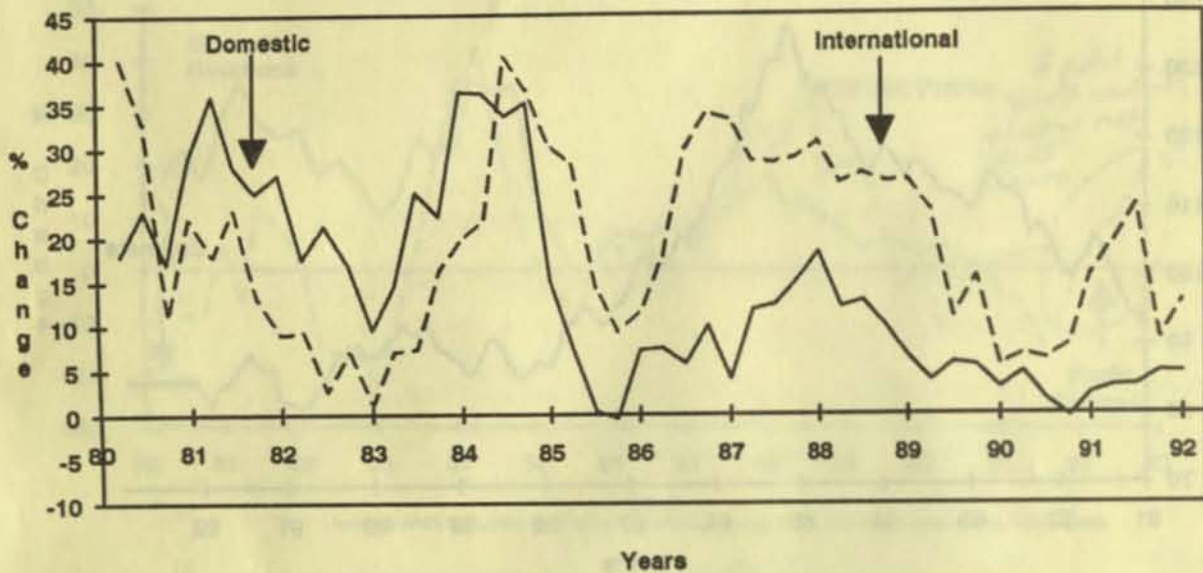
Source: Morgan Guaranty Trust Co., Month End Data

Fluctuating Dollar Impact on International Revenues, Year-to-Year Percent Change



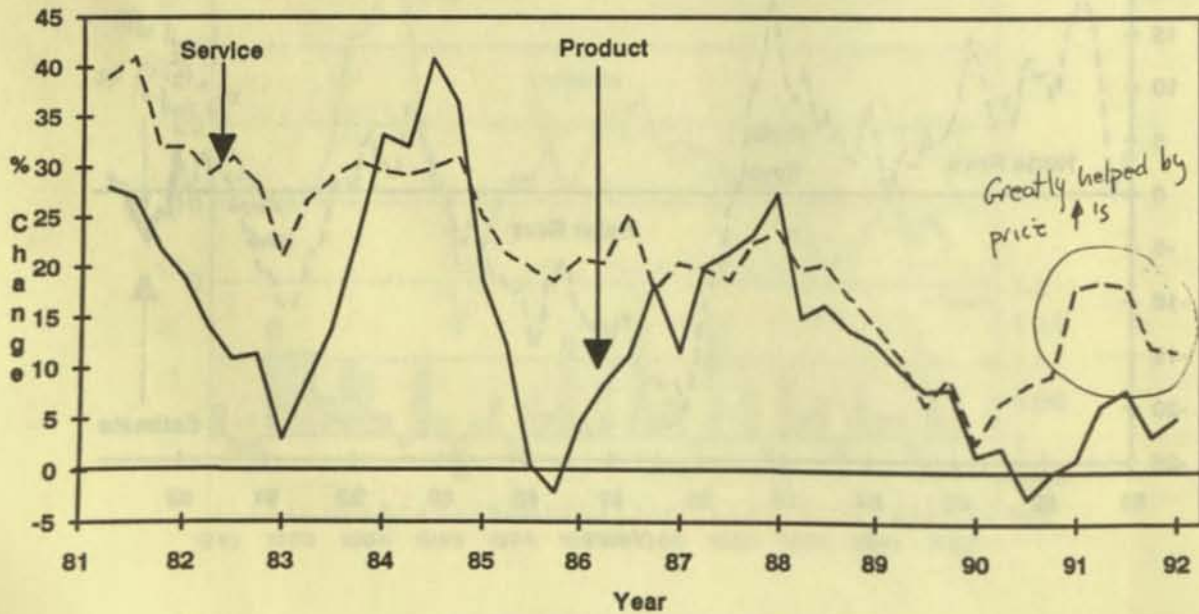
Figures 23a and 23b

International and Domestic Revenues, March 1980 - December 1991



Includes APCI, DEC, DGN, HWP, MIPS, PRM (through 12/89), PYRD, SQNT, SGI, SRA, SUNW, TDM, WANB

Product and Service Revenues, March 1981 - December 1991



Includes APCI, DGN, DEC, HWP, SQNT, SRA, TDM, WANB.

Table 14

Total Revenues, 1986 - 1992E, Year-to-Year Percent Increase

| Year | Period | (a) | | | | | | | | | | Avg \$ Wld(c) |
|------|--------|------|-----|-----|------|------|------|------|-----|------|-----|------------------|
| | | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SFA | SUNW | TDM | |
| 1986 | Mar | 0% | 14% | 6% | NA | 44% | NA | NA | 77% | 70% | 20% | 12% |
| | Jun | 14 | 17 | 11 | NA | 8 | NA | 106 | 62 | 106 | 39 | 16 |
| | Sept | 10 | 26 | 15 | NA | 6 | NA | 108 | 52 | 172 | 27 | 20 |
| | Dec | 7 | 22 | 9 | NA | 5 | NA | 105 | 40 | 173 | 40 | 16 |
| | Year | 7% | 20% | 10% | NA | 14% | NA | NA | 55% | 132% | 32% | 16% |
| 1987 | Mar | -1% | 25% | 13% | NA | 14% | 198% | 116% | 39% | 146% | 37% | 19% |
| | Jun | (4) | 23 | 14 | NA | 37 | 167 | 104 | 42 | 142 | 31 | 20 |
| | Sept | 1 | 24 | 18 | NA | 43 | 112 | 77 | 52 | 109 | 32 | 21 |
| | Dec | 9 | 22 | 26 | NA | 46 | 106 | 93 | 56 | 104 | 19 | 24 |
| | Year | 3% | 23% | 12% | NA | 35% | 143% | 95% | 48% | 121% | 29% | 21% |
| 1988 | Mar | 11% | 17% | 24% | NA | 50% | 117% | 86% | 45% | 83% | 21% | 19% |
| | Jun | 5 | 25 | 19 | NA | 48 | 112 | 59 | 47 | 96 | 13 | 20 |
| | Sept | 3 | 16 | 19 | NA | 47 | 111 | 53 | 41 | 103 | 16 | 18 |
| | Dec | (10) | 14 | 21 | NA | 40 | 100 | 86 | 44 | 91 | 23 | 16 |
| | Year | 2% | 18% | 21% | NA | 46% | 109% | 71% | 44% | 94% | 18% | 18% |
| 1989 | Mar | -2% | 11% | 15% | 273% | 30% | 83% | 63% | 41% | 92% | 17% | 14% |
| | Jun | (7) | 5 | 18 | 218 | 20 | 82 | 84 | 32 | 18 | 24 | 9 |
| | Sept | 5 | 6 | 18 | 144 | 32 | 97 | 95 | 22 | 39 | 19 | 11 |
| | Dec | (6) | 0 | 9 | 102 | 43 | 98 | 56 | 24 | 33 | 11 | 4 |
| | Year | -3% | 5% | 15% | 159% | 32% | 91% | 73% | 29% | 41% | 18% | 9% |
| 1990 | Mar | -8% | 4% | 8% | 57% | 64% | 94% | 61% | 14% | 27% | 24% | 5% |
| | Jun | (1) | (4) | 8 | 75 | 100 | 86 | 41 | 13 | 62 | 12 | 4 |
| | Sept | (14) | (1) | 6 | 38 | 82 | 65 | 34 | 24 | 26 | 11 | 5 |
| | Dec | 7 | 5 | 10 | 36 | 59 | 53 | 32 | 21 | 27 | 2 | 8 |
| | Year | -5% | 1% | 10% | 50% | 50% | 75% | 71% | 41% | 18% | 34% | 12% |
| 1991 | Mar | 2% | 8% | 13% | 37% | 44% | -6% | 21% | 16% | 34% | 8% | 10% |
| | Jun | 0 | 17 | 9 | 12 | 13 | (14) | 37 | 14 | 35 | 2 | 12 |
| | Sept | (4) | 6 | 7 | (13) | 6 | (19) | 31 | 8 | 11 | 1 | 6 |
| | Dec | (5) | 4 | 13 | 10 | (11) | (16) | 38 | 8 | 21 | 2 | 9 |
| | Year | -2% | 9% | 10% | 11% | 11% | -14% | 32% | 11% | 25% | 10% | 9% |
| 1992 | Mar-E | -7% | -2% | 11% | -5% | -8% | 27% | 47% | 9% | 15% | 1% | 6% |

(a) Adjusted to reflect Apollo acquisition beginning in July quarter of 1989.

(b) Adjusted to reflect Ungermann-Bass acquisition beginning in March quarter of 1988.

(c) Index includes listed companies and PRM (3/85 - 12/90) and WANB (3/82 - 6/91).

Great.
Easy Comparison

Tables 15a and 15b

U.S. Revenues, 1989 - 1991 Year-to-Year Percent Increase

| Year | Period | (a) | | | | | | | | | | Avg \$ Wtd(c) |
|------|--------|------|------|-----|------|------|------|-----|------|------|------|------------------|
| | | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SRA | SUNW | IDM | |
| 1989 | Mar | -10% | -6% | 10% | NA | 41% | 83% | 44% | -15% | 72% | 11% | 4% |
| | Jun | (13) | (2) | 18 | NA | 2 | 144 | 66 | 27 | 16 | 31 | 6 |
| | Sept | 7 | (1) | 15 | NA | (1) | 108 | 99 | (4) | 23 | 25 | 5 |
| | Dec | (7) | (1) | 9 | NA | 33 | 66 | 45 | 9 | 21 | 21 | 3 |
| | Year | -6% | -3% | 13% | NA | 18% | 95% | 61% | 4% | 30% | 22% | 10% |
| 1990 | Mar | -6% | 4% | 9% | NA | 43% | 139% | 53% | 36% | 11% | 21% | 5% |
| | Jun | 0 | (6) | 7 | NA | 169 | 120 | 33 | 5 | 40 | 4 | 2 |
| | Sept | (19) | (3) | 1 | NA | 110 | 57 | 20 | 4 | 14 | 0 | 0 |
| | Dec | (4) | 0 | 2 | NA | 58 | 58 | 2 | 0 | 17 | (15) | 2 |
| | Year | -8% | -1% | 6% | NA | 87% | 84% | 24% | 9% | 20% | -1% | 2% |
| 1991 | Mar | 2% | -6% | 4% | 48% | 68% | -33% | 0% | 4% | 34% | 13% | 3% |
| | Jun | 1 | (1) | 1 | 16 | 14 | (32) | 14 | 23 | 32 | (3) | 3 |
| | Sept | 4 | (6) | 11 | 11 | (12) | (28) | 20 | 59 | 14 | 7 | 5 |
| | Dec | 11 | (14) | 16 | (4) | (44) | (31) | 38 | 7 | 23 | 27 | 5 |
| | Year | 5% | -7% | 8% | 13% | -3% | -31% | 18% | 22% | 25% | 10% | 4% |

WOW!
largely DEM-related

International Revenues, 1989 - 1991 Year-to-Year Percent Increase

| Year | Period | (a) | | | | | | | | | | Avg \$ Wtd(c) | |
|------|--------|------|-----|-----|------|------|------|------|------|------|-----|------------------|-----|
| | | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SRA | SUNW | IDM | | |
| 1989 | Mar | 6% | 28% | 19% | NA | 13% | 83% | 105% | 205% | 120% | 7% | 23% | |
| | Jun | (2) | 11 | 19 | NA | 38 | 29 | 126 | 19 | 21 | 17 | 11 | |
| | Sept | 2 | 13 | 21 | NA | 113 | 69 | 88 | 45 | 64 | 13 | 15 | |
| | Dec | (5) | 1 | 9 | NA | 64 | 173 | 85 | 84 | 49 | 3 | 5 | |
| | Year | 1% | 12% | 17% | NA | 52% | 85% | 99% | 75% | 58% | 10% | 13% | |
| 1990 | Mar | -10% | 5% | 7% | NA | 87% | 31% | 73% | 18% | 46% | 39% | 7% | |
| | Jun | (2) | (2) | 9 | NA | 49 | 32 | 54 | 118 | 93 | 21 | 6 | |
| | Sept | (8) | 0 | 10 | NA | 38 | 86 | 63 | 77 | 40 | 23 | 8 | |
| | Dec | 18 | 9 | 16 | NA | 37 | 46 | 76 | 12 | 37 | 18 | 16 | |
| | Year | -1% | 3% | 13% | NA | 51% | 48% | 67% | 48% | 51% | 25% | 9% | |
| 1991 | Mar | 1% | 18% | 15% | 20% | 48% | 6% | 64% | 50% | 21% | 34% | 5% | 19% |
| | Jun | (2) | 31 | 24 | 15 | 16 | (5) | 34 | 71 | 15 | 37 | 6 | 23 |
| | Sept | (12) | 16 | 11 | 4 | 25 | 29 | 3 | 48 | 3 | 9 | (5) | 8 |
| | Dec | (18) | 17 | (1) | 12 | 68 | 39 | 8 | 33 | 36 | 18 | (15) | 12 |
| | Year | -8% | 21% | 13% | 37% | 16% | 22% | 49% | 18% | 25% | -3% | 16% | |

DEC: excluding acquisitions
Pick Up!

(a) Adjusted to reflect Apollo acquisition in July quarter of 1989.

(b) Adjusted to reflect Ungermann-Bass acquisition in March quarter of 1988.

(c) PRM removed 12/89.

Tables 16a and 16b

Product Revenues, Year-to-Year Percent Increase, 1989 - 1991

| Year | Period | (a) | | | | | | (b) | Average(c) |
|------|--------|--------|-------|------|----------|--------|------|------|----------------------|
| | | DGN | DEC | HWP | PYRD | SQNT | SRA | TDM | \$ Weighted |
| 1989 | Mar | 0 % | 9 % | 15 % | 25 % | NA % | 37 % | 6 % | 10 % |
| | Jun | (8) | 3 | 21 | 19 | NA | 26 | 27 | 8 |
| | Sept | 7 | 5 | 18 | 33 | NA | 18 | 19 | 8 |
| | Dec | (5) | (2) | 10 | 42 | NA | 20 | 11 | 2 |
| | Year | (1) % | 4 % | 16 % | 31 % | NA % | 24 % | 16 % | 7 % |
| 1990 | Mar | (12) % | 4 % | 6 % | 64 % | 93 % | 10 % | 25 % | 2 % |
| | Jun | (1) | (8) | 4 | 103 | 90 | 13 | 10 | (2) |
| | Sept | (21) | (6) | 3 | 76 | 65 | 25 | 10 | 0 |
| | Dec | 7 | (1) | 5 | 50 | 43 | 20 | (4) | 1 |
| | Year | (8) % | (3) % | 6 % | 71 % | 67 % | 18 % | 10 % | 0 % |
| 1991 | Mar | 1 % | 1 % | 11 % | 35 % | (14) % | 14 % | 6 % | 6 % |
| | Jun | 1 | 13 | 7 | 6 | (23) | 11 | 2 | 8 |
| | Sept | (3) | 0 | 7 | 3 | (29) | 3 | (1) | 3 |
| | Dec | (7) | (3) | 13 | (17) wow | (24) | 6 | 7 | 5 |
| | Year | (2) % | 3 % | 9 % | 5 % | (23) % | 8 % | 3 % | 6 % rebound from 190 |

Service Revenues, Year-to-Year Percent Increase, 1989 - 1991

| Year | Period | (a) | | | | | | (b) | Average(c) |
|------|--------|-------|------|------|------|-------|------|----------|-------------|
| | | DGN | DEC | HWP | PYRD | SQNT | SRA | TDM | \$ Weighted |
| 1989 | Mar | (5) % | 14 % | 14 % | 54 % | NA % | 66 % | 22 % | 11 % |
| | Jun | (6) | 8 | 11 | 26 | NA | 84 | 11 | 7 |
| | Sept | (1) | 9 | 19 | 31 | NA | 47 | 16 | 9 |
| | Dec | (7) | 4 | 7 | 46 | NA | 53 | 10 | 3 |
| | Year | (5) % | 9 % | 13 % | 38 % | NA % | 61 % | 14 % | 7 % |
| 1990 | Mar | 0 % | 4 % | 16 % | 67 % | 113 % | 40 % | 22 % | 7 % |
| | Jun | (1) | 5 | 24 | 89 | 52 | 11 | 21 | 9 |
| | Sept | 2 | 8 | 18 | 117 | 67 | 20 | 16 | 10 |
| | Dec | 8 | 16 | 29 | 105 | 71 | 24 | 31 | 18 |
| | Year | 2 % | 8 % | 23 % | 96 % | 72 % | 23 % | 23 % | 11 % |
| 1991 | Mar | 3 % | 20 % | 18 % | 88 % | 112 % | 25 % | 16 % | 19 % |
| | Jun | (3) | 23 | 15 | 45 | 116 | 28 | 2 | 18 |
| | Sept | (7) | 16 | 8 | 20 | 113 | 36 | 8 | 12 |
| | Dec | (3) | 13 | 14 | 11 | 89 | 21 | (12) wow | 12 |
| | Year | (2) % | 18 % | 13 % | 36 % | 106 % | 27 % | 3 % | 15 % |

(a) Adjusted to reflect Apollo acquisition in July quarter of 1989.

(b) Adjusted to reflect Ungermann-Bass acquisition in March quarter of 1988.

(c) Dollar weighted average includes DGN, DEC, HWP, PRM (through Sept. 90), PYRD, SQNT, SRA, TDM, and WANB through 12/90.

Table 17

Headcount Trends, 1988 - 1991E(a)

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------------|--------------------------|---------|--------|--------|---------|---------------------|-------|-------|-------|-------|--------|--------|
| | DGN | DEC | HWP | TDM | Total | MIPS | PYRD | SONT | SGI | SRA | SUNW | Total |
| 1988 Mar | 15,395 | 118,600 | 83,000 | 8,347 | 225,342 | NA | 453 | 389 | 955 | 1,293 | 6,165 | 9,255 |
| Jun | 15,565 | 121,475 | 85,000 | 8,457 | 230,497 | NA | 494 | 475 | 1,056 | 1,452 | 7,090 | 10,567 |
| Sept | 15,420 | 123,125 | 87,000 | 8,624 | 234,169 | NA | 531 | 509 | 1,133 | 1,606 | 7,511 | 11,290 |
| Dec | 14,810 | 124,375 | 87,000 | 8,745 | 234,930 | NA | 580 | 572 | 1,224 | 1,711 | 8,253 | 12,340 |
| 1989 Mar | 14,895 | 125,400 | 89,000 | 9,019 | 238,314 | 364 | 614 | 630 | 1,356 | 1,850 | 9,346 | 14,160 |
| Jun | 14,220 | 125,700 | 95,000 | 9,382 | 244,302 | 455 | 651 | 744 | 1,483 | 1,986 | 10,208 | 15,527 |
| Sept | 13,740 | 125,500 | 95,000 | 9,548 | 243,788 | 548 | 723 | 921 | 1,547 | 2,080 | 10,307 | 16,126 |
| Dec | 13,015 | 125,900 | 94,000 | 9,790 | 242,705 | 603 | 894 | 1,072 | 1,708 | 2,150 | 10,560 | 16,987 |
| 1990 Mar | 12,470 | 125,800 | 93,000 | 10,232 | 241,502 | 642 | 1,022 | 1,209 | 1,921 | 2,150 | 10,918 | 17,862 |
| Jun | 11,600 | 124,000 | 92,000 | 10,671 | 238,271 | 716 | 1,085 | 1,420 | 2,099 | 2,200 | 11,490 | 19,010 |
| Sept | 10,650 | 123,500 | 92,000 | 10,936 | 237,086 | 761 | 1,126 | 1,564 | 2,198 | 2,300 | 12,136 | 20,085 |
| Dec | 9,435 | 121,100 | 91,500 | 10,894 | 232,929 | 777 | 1,174 | 1,691 | 2,292 | 2,381 | 12,208 | 20,523 |
| 1991 Mar | 9,195 | 122,700 | 91,500 | 10,862 | 234,257 | 771 | 1,170 | 1,684 | 2,449 | 2,421 | 12,233 | 20,728 |
| Jun | 8,615 | 121,000 | 91,300 | 11,404 | 232,319 | 780 | 1,179 | 1,705 | 2,568 | 2,381 | 12,480 | 21,093 |
| Sept | 8,520 | 115,300 | 89,000 | 11,167 | 223,987 | 691 | 1,193 | 1,656 | 2,618 | 2,428 | 12,444 | 21,030 |
| Dec | 8,130 | 119,500 | 89,700 | 11,190 | 228,520 | 694 | 1,250 | 1,352 | 2,756 | 2,492 | 12,371 | 20,915 |
| 1992 Mar-E | 8,075 | 118,000 | 89,600 | 11,100 | 226,775 | 650 | 1,225 | 1,370 | 2,780 | 2,500 | 12,400 | 20,925 |

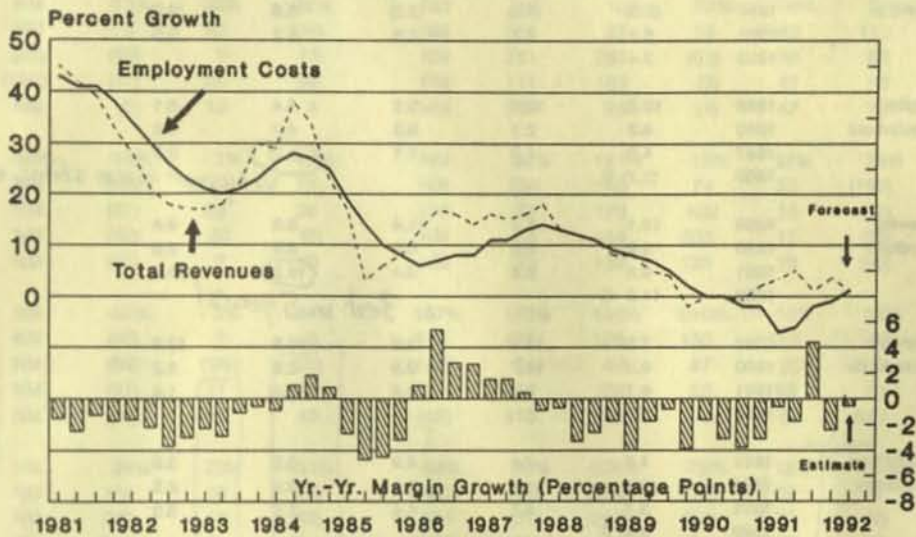
| Sequential Employment Growth | | | | | | | | | | | | |
|------------------------------|------|-----|-----|-----|-----|------|-----|------|-----|-----|-----|-----|
| 1988 Mar | -2% | 2% | 1% | 16% | 2% | NA | 6% | 26% | 22% | 6% | 13% | 13% |
| Jun | 1 | 2 | 2 | 1 | 2 | NA | 9 | 22 | 11 | 12 | 15 | 14 |
| Sept | (1) | 1 | 2 | 2 | 2 | NA | 7 | 7 | 7 | 11 | 6 | 7 |
| Dec | (4) | 1 | 0 | 1 | 0 | NA | 9 | 12 | 8 | 7 | 10 | 9 |
| 1989 Mar | 1% | 1% | 2% | 3% | 1% | NA | 6% | 10% | 11% | 8% | 13% | 15% |
| Jun | (5) | 0 | 7 | 4 | 3 | 25 | 6 | 18 | 9 | 7 | 9 | 10 |
| Sept | (3) | 0 | 0 | 2 | 0 | 20 | 11 | 24 | 4 | 5 | 1 | 4 |
| Dec | (5) | 0 | (1) | 3 | 0 | 10 | 24 | 16 | 10 | 3 | 2 | 5 |
| 1990 Mar | -4% | 0% | -1% | 5% | 0% | 6% | 14% | 13% | 12% | 0% | 3% | 5% |
| Jun | (7) | (1) | (1) | 4 | (1) | 12 | 6 | 17 | 9 | 2 | 5 | 6 |
| Sept | (8) | 0 | 0 | 2 | 0 | 6 | 4 | 10 | 5 | 5 | 6 | 6 |
| Dec | (11) | (2) | (1) | 0 | (2) | 2 | 4 | 8 | 4 | 4 | 1 | 2 |
| 1991 Mar | -3% | 1% | 0% | 0% | 1% | -1% | 0% | 0% | 7% | 2% | 0% | 1% |
| Jun | (6) | (1) | 0 | 5 | (1) | 1 | 1 | 1 | 5 | (2) | 2 | 2 |
| Sept | (1) | (5) | (3) | (2) | (4) | (11) | 1 | (3) | 2 | 2 | 0 | 0 |
| Dec | (5) | (4) | 1 | 0 | 2 | 0 | 5 | (18) | 5 | 3 | (1) | (1) |
| 1992 Mar-E | -1% | -1% | 0% | -1% | -1% | -6% | -2% | 1% | 1% | 0% | 0% | 0% |

| Mar-E Year-Over-Year Growth | | | | | | | | | | | | |
|-----------------------------|------|-----|-----|-----|------|-----|------|-----|-----|-----|--|--|
| Employment | -14% | -1% | -2% | 3% | -11% | 6% | -20% | 20% | 5% | 1% | | |
| Revenues | (7) | (2) | 11 | 1 | -5 | (8) | 27 | 47 | 9 | 15 | | |
| | | (-) | (+) | (-) | (-) | (-) | (+) | (+) | (+) | (+) | | |

(a) Based on quarter-end data.

Figure 24

Midrange Computer Year-to-Year Percent Growth in Average Employment Costs and Total Revenue and Annual Changes in Operating Margins



Operating Margin Changes include DGN, DEC, HWP, PRM, TDM, WANB when profitable and data available

Table 18

Operating Margin Trends, 1989 - 1992E

| Company | Year | Period Ending | | | | Year | |
|----------------------------------|------------------|---------------|--------|--------|--------|--------|-----|
| | | Mar | Jun | Sept | Dec | | |
| Data General | 1989 | 0.3 | (9.4) | (0.6) | (6.3) | (3.7) | |
| | 1990 | (2.3) | (6.2) | (5.3) | 5.0 | (2.2) | |
| | 1991 | 6.8 | 8.7 | 6.6 | 1.7 | 6.0 | |
| | 1992 | 2.4 E | | | | | |
| Digital Equipment | 1989 | 10.2 | 10.9 | 5.6 | 5.4 | 8.1 | |
| | 1990 | 4.2 | 2.3 | 0.3 | 4.0 | 2.8 | |
| | 1991 | 4.9 | 4.9 | 1.1 | (4.2) | 3.7 | |
| | 1992 | (3.7) E | | | | | |
| Traditional Minicomputer Vendors | Hewlett Packard | 1989 | 10.1 | 8.6 | 11.4 | 8.8 | 9.8 |
| | 1990 | 8.9 | 8.5 | 8.9 | 8.9 | 8.8 | |
| | 1991 | 9.8 | 8.6 | 9.4 | (12.3) | 10.1 | |
| | 1992 | 11.9 E | | | | | |
| Tandem Computers | 1989 | 7.2 | 11.4 | 13.2 | 10.8 | 10.8 | |
| | 1990 | 9.5 | 10.7 | 9.5 | 2.9 | 8.2 | |
| | 1991 | 6.1 | 2.8 | 0.6 | (3.4) | 1.6 | |
| | 1992 | 2.9 E | | | | | |
| Traditional Midrange | 1989 | 4.4 | 2.4 | 4.9 | 3.5 | 3.9 | |
| | 1990 | 2.1 | 1.8 | 3.1 | 3.9 | 2.5 | |
| | 1991 | 3.7 | 6.3 | 4.4 | 1.6 | 5.3 | |
| | 1992 | 3.4 E | | | | | |
| MIPS Computer Systems | 1989 | 5.5 | 7.2 | 7.9 | 8.7 | 7.5 | |
| | 1990 | 9.0 | 9.0 | (2.7) | (3.4) | 2.6 | |
| | 1991 | 0.1 | (4.1) | NM | 4.7 | (5.7) | |
| | 1992 | (1.5) E | | | | | |
| Pyramid Technology | 1989 | 10.2 | 4.4 | 11.4 | 12.7 | 10.1 | |
| | 1990 | 13.2 | 11.6 | 12.0 | 11.7 | 12.1 | |
| | 1991 | 11.0 | 0.6 | 5.5 | (9.2) | 2.5 | |
| | 1992 | (0.2) E | | | | | |
| Sequent Computer | 1989 | 11.0 | 11.8 | 12.9 | 12.6 | 12.2 | |
| | 1990 | 13.3 | 13.1 | 11.7 | 3.4 | 9.9 | |
| | 1991 | (19.4) | (23.4) | (15.5) | (2.5) | (13.1) | |
| | 1992 | 2.6 E | | | | | |
| Micro-Based Vendors | Silicon Graphics | 1989 | 5.6 | 7.7 | 8.3 | 10.5 | 8.3 |
| | 1990 | 12.1 | 13.0 | 11.6 | 10.0 | 11.6 | |
| | 1991 | 2.8 | 7.7 | 7.7 | 9.7 | 7.3 | |
| | 1992 | 7.9 E | | | | | |
| Stratus Computer | 1989 | 15.3 | 16.3 | 15.3 | 15.8 | 15.7 | |
| | 1990 | 10.9 | 10.4 | 12.1 | 16.1 | 12.6 | |
| | 1991 | 10.5 | 12.1 | 14.9 | (16.9) | (13.8) | |
| | 1992 | 10.8 E | | | | | |
| Sun Microsystems | 1989 | 8.6 | (8.1) | 2.1 | 5.9 | 2.6 | |
| | 1990 | 9.3 | 10.2 | 6.3 | 8.1 | 8.5 | |
| | 1991 | 10.6 | 10.7 | 5.6 | 8.2 | 9.2 | |
| | 1992 | 8.6 E | | | | | |
| Micro-Based Vendor Average | 1989 | 9.4 | 6.6 | 9.7 | 11.0 | 9.4 | |
| | 1990 | 11.3 | 11.2 | 8.5 | 7.7 | 9.6 | |
| | 1991 | 2.6 | 0.6 | 3.6 | 5.5 | 2.3 | |
| | 1992 | 4.7 E | | | | | |

Very poor given strong seasonal qtr.

Best in 5 years!

consistent

Great

(a) Wang included through 3/91.

Tables 19 and 20

Operating Profit Growth, Year-to-Year Percent Increase, 1989 - 1991E

| Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | |
|--------------------------|-------|-------|------|-------|---------------------|-------|-------|------|------|-------|
| | DGN | DEC | HWP | TDM | MIPS | PYRD | SQNT | SGI | SRA | SUNW |
| 1988 Mar | NM | -13% | 23% | 22% | NM | NM | 10% | 70% | 50% | 26% |
| Jun | NM | 3 | 23 | (34) | NM | 326 | 32 | 15 | 62 | 112 |
| Sept | (32) | (19) | 3 | (7) | NM | 251 | 250 | (81) | 39 | 63 |
| Dec | (199) | (11) | 20 | 55 | NM | 111 | 185 | (3) | 41 | 99 |
| Year | NM | (9) | 16 | 4 | NM | 250 | 99 | (4) | 47 | 76 |
| 1989 Mar | -94% | -16% | 1% | -40% | NM | 32% | 191% | -18% | 27% | 78% |
| Jun | NM | (25) | 3 | 76 | NM | (54) | 145 | 74 | 33 | (182) |
| Sept | NM | (37) | 23 | 36 | NM | 31 | 173 | NM | 10 | (67) |
| Dec | NM | (52) | (2) | (5) | NM | 54 | 144 | 208 | 11 | (23) |
| Year | NM | (31) | 7 | 10 | NM | 18 | 159 | 125 | 19 | (63) |
| 1990 Mar | NM | -57% | 2% | 64% | 157% | 113% | 135% | 246% | -19% | 38% |
| Jun | NM | (80) | 7 | 5 | 118 | 424 | 106 | 138 | (28) | NM |
| Sept | NM | (94) | (18) | (20) | (147) | 91 | 49 | 87 | (2) | 272 |
| Dec | NM | (21) | 11 | (73) | (152) | 46 | (59) | 25 | 23 | 73 |
| Year | NM | (66) | 15 | 15 | (48) | 110 | 38 | 96 | (5) | 330 |
| 1991 Mar | NM | 24% | 25% | -31% | -98% | 20% | -238% | -72% | 12% | 53% |
| Jun | NM | 154 | 10 | (73) | (152) | (94) | (254) | (18) | 32 | 41 |
| Sept | NM | 262 | 13 | (93) | NM | (51) | (207) | (13) | 33 | (2) |
| Dec | -68% | (209) | 56 | (221) | (252) | (170) | (38) | 34 | 13 | 22 |
| Year | NM | (29) | 26 | (80) | (341) | (77) | (213) | (17) | 22 | 31 |
| 1992 Mar-E | -67% | -175% | 35% | -51% | NM | -101% | NM | 376% | 12% | -7% |

→ GREAT RECORD IN TOUGH ENVIRONMENT → ONLY 3 W/UP QTRS

Earnings Per Share Growth, Year-to-Year Percent Increase, 1989 - 1991E

| Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | |
|--------------------------|-------|-------|------|-------|---------------------|-------|-------|------|------|-------|
| | DGN | DEC | HWP | TDM | MIPS | PYRD | SQNT | SGI | SRA | SUNW |
| 1988 Mar | NM | 2% | 30% | 4% | NM | 257% | 4% | 107% | 58% | 28% |
| Jun | NM | 8 | 40 | (32) | NM | 227 | 24 | 50 | 71 | 122 |
| Sept | NM | (16) | 21 | 3 | NM | 215 | 134 | (71) | 48 | 48 |
| Dec | (291) | (11) | 16 | 33 | NM | 82 | 113 | (25) | 37 | 94 |
| Year | NM | (3) | 27 | 2 | NM | 128 | 64 | 1 | 49 | 66 |
| 1989 Mar | -52% | -12% | 6% | -30% | NM | 47% | 102% | -28% | 28% | 98% |
| Jun | NM | (18) | (1) | 74 | NM | (37) | 95 | 34 | 31 | (173) |
| Sept | NM | (30) | 1 | 22 | NM | 42 | 121 | 380 | 8 | (75) |
| Dec | NM | (43) | (13) | (9) | 133 | 26 | 100 | 152 | 10 | (37) |
| Year | NM | (29) | (2) | 10 | NM | 20 | 109 | 74 | 18 | (61) |
| 1990 Mar | NM | -90% | -10% | 47% | 107% | 54% | 85% | 164% | -15% | 9% |
| Jun | NM | (184) | (8) | (3) | 88 | 238 | 63 | 86 | (22) | NM |
| Sept | NM | (82) | (20) | (21) | (100) | 47 | 25 | 53 | 15 | 293 |
| Dec | NM | (26) | 15 | (77) | (121) | 16 | (53) | 25 | 28 | 68 |
| Year | NM | (47) | (7) | (20) | (23) | 61 | 16 | 65 | 4 | 282 |
| 1991 Mar | NM | 372% | 19% | 7% | -82% | 8% | -240% | -69% | 10% | 37% |
| Jun | NM | NM | 4 | (75) | (116) | (92) | (456) | (14) | 40 | 23 |
| Sept | NM | 7 | (40) | (90) | NM | (61) | (504) | (31) | 32 | 2 |
| Dec | -70% | (222) | 46 | NM | NM | (486) | (60) | 0 | 24 | 22 |
| Year | NM | NM | 10 | (167) | NM | (156) | (359) | (16) | 25 | 27 |
| 1992 Mar-E | -74% | -200% | 36% | -38% | NM | -100% | NM | 285% | 20% | -3% |

Tables 21 and 22

Doubtful Accounts as a Percent of Gross Accounts Receivable and Depreciation, 1988 - 1991 (a)

| | Traditional Mini Vendors(b) | | | | Micro-Based Vendors | | | | | | |
|----------|-----------------------------|------|-----|-----|---------------------|------|------|-----|-----|------|-----|
| | DGN | DEC | TDM | Avg | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | - | 3.0% | - | - | - | - | - | - | - | - | - |
| Jun | - | 2.9 | - | - | - | - | - | 3.7 | - | 6.0 | - |
| Sept | 7.8 | 3.1 | 2.6 | - | - | 4.5 | - | - | - | - | - |
| Dec | - | 3.3 | - | 4.8 | - | - | 3.3 | - | 3.5 | - | 4.2 |
| 1989 Mar | - | 2.9% | - | - | 2.7% | - | - | - | - | - | - |
| Jun | - | 2.4 | - | - | 2.7 | - | - | 2.6 | - | 7.3 | - |
| Sept | 7.5 | 2.3 | 2.7 | - | 2.7 | 3.1 | - | - | - | - | - |
| Dec | - | 2.4 | - | 4.8 | 2.7 | - | 2.5 | - | 1.5 | - | 3.3 |
| 1990 Mar | - | 2.6% | - | - | 1.8% | - | - | - | - | - | - |
| Jun | - | 2.5 | - | - | 1.3 | - | - | 2.4 | - | 9.5 | - |
| Sept | 6.9 | 2.7 | 2.6 | - | 1.8 | 2.1 | - | - | - | - | - |
| Dec | - | 2.7 | - | 4.0 | 2.0 | - | 2.5 | - | 2.7 | - | 3.5 |
| 1991 Mar | - | 2.8% | - | - | 2.2% | - | - | - | - | - | - |
| Jun | - | 2.5 | - | - | 1.7 | - | - | 2.7 | - | 10.3 | - |
| Sept | 7.5 | 2.8 | 2.9 | - | 1.9 | 2.7 | - | - | - | - | - |
| Dec | - | 3.2 | - | 4.5 | 4.4 | - | 1.9 | - | 4.2 | - | 4.4 |

Hurt margins

(a) Allowance for Doubtful Accounts / (Accounts Receivable + Allowance for Doubtful Accounts).

Fiscal yearend data only for DGN, PYRD, SQNT, SGI, SRA, SUNW, TDM.

(b) WANB included through 12/90.

Depreciation and Amortization as a Percent of Revenues, 1988 - 1991 (a)

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|----------|--------------------------|------|--------|------|---------|---------------------|------|-------|------|------|------|------|
| | DGN | DEC | HWP(a) | TDM | Avg (b) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | - | 5.0% | - | 6.5% | 6.6% | - | 6.2% | 6.5% | 4.2% | 4.9% | 5.1% | 5.4% |
| Jun | - | 4.4 | - | 6.9 | 6.7 | - | 5.4 | 4.1 | 4.9 | 3.8 | 4.4 | 4.5 |
| Sept | 7.2 | 5.0 | 3.8 | 6.6 | 7.2 | - | 5.9 | 3.5 | 5.9 | 4.5 | 5.1 | 5.0 |
| Dec | - | 5.1 | - | 6.9 | 6.3 | - | 3.4 | 9.3 | 4.3 | 4.5 | 6.2 | 5.5 |
| 1989 Mar | - | 5.7% | 3.2 | 7.8% | 6.8% | 6.3% | 4.4% | 7.4% | 5.2% | 4.6% | 5.7% | 5.6% |
| Jun | - | 5.0 | 4.5 | 6.5 | 6.4 | 6.5 | 5.6 | 8.3 | 7.2 | 4.6 | 5.3 | 6.2 |
| Sept | 8.4 | 5.8 | 4.3 | 6.6 | 7.3 | 6.2 | 10.2 | 6.1 | 5.7 | 5.7 | 4.8 | 6.4 |
| Dec | 7.1 | 6.0 | 4.4 | 6.7 | 7.2 | 4.4 | 6.4 | 5.4 | 5.0 | 3.0 | 8.1 | 5.4 |
| 1990 Mar | 7.5% | 6.2% | 4.0% | 6.9% | 7.1% | 6.3% | 7.0% | 6.8% | 5.0% | 5.8% | 8.0% | 6.5% |
| Jun | 7.8 | 6.8 | 4.4 | 7.1 | 7.1 | 6.8 | 7.2 | 6.5 | 5.6 | 3.5 | 5.9 | 5.9 |
| Sept | 8.5 | 6.0 | 4.3 | 6.9 | 6.4 | 8.2 | 13.0 | 7.3 | 5.6 | 8.7 | 8.3 | 8.5 |
| Dec | 7.7 | 6.0 | 4.0 | 7.8 | 7.0 | 7.4 | 7.0 | 7.2 | 5.7 | 4.5 | 7.8 | 6.6 |
| 1991 Mar | 7.5% | 6.0% | 4.4 | 7.9% | 7.2% | 10.0% | 9.3% | 13.8% | 6.1% | 7.9% | 4.7% | 8.6% |
| Jun | 7.4 | 5.8 | 4.6 | 8.4 | 6.7 | 10.7 | 10.6 | 14.1 | 5.4 | 8.5 | 5.8 | 9.2 |
| Sept | 6.7 | 6.1 | 4.3 | 9.6 | 6.9 | 12.7 | 6.9 | 13.6 | 6.0 | 7.4 | 7.4 | 9.0 |
| Dec | 8.7 | 5.8 | 3.8 | 9.7 | 7.8 | 9.2 | 15.3 | 11.5 | 5.5 | 2.7 | 6.2 | 8.4 |

far too much capacity!

Helped Eps growth very much

(a) Fiscal year data for HWP.

(b) WANB included in Mini Average through 3/91.

Table 23

Net Capitalized Software as a Percent of Gross R&D Expense, 1987-1991

| | DGN (b) | DEC (b) | IBM | PYRD | SQNT | SFA (b) | IDM (b) |
|----------|---------|---------|-----|------|------|---------|---------|
| 1987 Mar | - | - | 5 % | - | 25 % | - | - |
| Jun | - | 3 % | 4 | - | 35 | - | - |
| Sept | 4 % | - | 8 | - | 15 | - | 5 % |
| Dec | - | - | (3) | - | 25 | 4 % | - |
| 1988 Mar | - | - | 5 % | - | 17 % | - | - |
| Jun | - | 2 % | 9 | - | 29 | - | - |
| Sept | 8 % | - | 8 | - | 24 | - | 2 % |
| Dec | - | - | 5 | - | 25 | 11 % | - |
| 1989 Mar | - | - | 4 % | - | 26 % | - | - |
| Jun | - | 2 % | 6 | - | 15 | - | - |
| Sept | - % | - | 8 | 10 % | 16 | - | 6 % |
| Dec | 12 | - | 8 | 29 | 20 | 6 % | - |
| 1990 Mar | 10 % | - | 9 % | 27 % | 19 % | - | - |
| Jun | 10 | 1 % | 10 | 41 | 22 | - | - |
| Sept | 16 | - | 9 | 39 | 26 | - | 2 % |
| Dec | 23 | - | 14 | 38 | 25 | 8 % | - |
| 1991 Mar | 22 % | - | 7 % | 39 % | 32 % | - | - |
| Jun | 24 | 1 % | 9 | 17 | 36 | - | - |
| Sept | 19 | - | 6 | 15 | 38 | - | 6 % |
| Dec | 12 | - | NA | 14 | 39 | - | - |

(a) Net software capitalized / (R+D Expense + Net Software Capitalization)
 (b) Data for fiscal years only.

* Comparability among companies is very limited due to variability in methods for reporting the capitalization of software.

Capitalized software costs are "immaterial" for Hewlett-Packard.
 Information unavailable for Sun Microsystems.

32 %
 36
 38
 39
 should trend down - (3) %
 Related to new products

Table 1: Summary of the 1997-1998 Outlook for U.S. Equities

| Category | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Real GDP Growth | 4.5% | 4.0% | 3.5% | 3.0% | 2.5% | 2.0% | 1.5% | 1.0% | 0.5% | 0.0% | 0.5% | 1.0% | 1.5% | 2.0% |
| Unemployment Rate | 4.5% | 5.0% | 5.5% | 6.0% | 6.5% | 7.0% | 7.5% | 8.0% | 8.5% | 9.0% | 9.5% | 10.0% | 10.5% | 11.0% |
| Inflation (CPI) | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Federal Reserve Rate | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% |
| 10-Year Treasury Yield | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| Equity Market Valuation (P/E Ratio) | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Equity Market Returns (Total Return) | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Corporate Earnings Growth | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Dividend Payout Ratio | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% |
| Equity Market Volatility (VIX Index) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |

Table 2: Summary of the 1997-1998 Outlook for U.S. Fixed Income

| Category | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Real GDP Growth | 4.5% | 4.0% | 3.5% | 3.0% | 2.5% | 2.0% | 1.5% | 1.0% | 0.5% | 0.0% | 0.5% | 1.0% | 1.5% | 2.0% |
| Unemployment Rate | 4.5% | 5.0% | 5.5% | 6.0% | 6.5% | 7.0% | 7.5% | 8.0% | 8.5% | 9.0% | 9.5% | 10.0% | 10.5% | 11.0% |
| Inflation (CPI) | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Federal Reserve Rate | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% |
| 10-Year Treasury Yield | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| Equity Market Valuation (P/E Ratio) | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| Equity Market Returns (Total Return) | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Corporate Earnings Growth | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Dividend Payout Ratio | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% | 40.0% |
| Equity Market Volatility (VIX Index) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |

Source: Goldman Sachs Research & Analytics. All data are estimates and subject to change.

Balance Sheet, Cash Flow, & Efficiency

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Table 24

Receivable Turnover, Days, 1988 - 1991

| Company | Year | Period Ending | | | | |
|----------------------------------|------------------|---------------|-----|--------------|-------------------------|-----|
| | | Mar | Jun | Sept | Dec | |
| Data | 1988 | 80 | 76 | 76 | 82 | |
| General | 1989 | 82 | 87 | 80 | 86 | |
| | 1990 | 79 | 83 | 85 | 92 | |
| | 1991 | 84 | 80 | 84 | 93 | |
| | | | | | <i>Bad Trend</i> | |
| Digital Equipment | 1988 | 80 | 70 | 79 | 77 | |
| | 1989 | 79 | 76 | 86 | 85 | |
| | 1990 | 83 | 95 | 97 | 91 | |
| | 1991 | 85 | 76 | 87 | 87 | |
| Traditional Minicomputer Vendors | Hewlett Packard | 1988 | 62 | 62 | 62 | 70 |
| | 1989 | 67 | 68 | 67 | 71 | |
| | 1990 | 68 | 72 | 73 | 74 | |
| | 1991 | 69 | 69 | 70 | 71 | |
| | | | | | <i>Good</i> | |
| Tandem Computers | 1988 | 89 | 84 | 83 | 86 | |
| | 1989 | 85 | 83 | 83 | 92 | |
| | 1990 | 83 | 91 | 88 | 100 | |
| | 1991 | 84 | 91 | 88 | 94 | |
| Traditional Midrange Average (a) | 1988 | 76 | 70 | 73 | 76 | |
| | 1989 | 76 | 76 | 78 | 81 | |
| | 1990 | 77 | 83 | 83 | 85 | |
| | 1991 | 79 | 79 | 82 | 86 | |
| MIPS Computer | 1989 | 75 | NA | 67 | 78 | |
| | 1990 | 73 | 91 | 107 | 84 | |
| | 1991 | 99 | 97 | 114 | 76 | |
| | | | | | <i>Big improvement!</i> | |
| Pyramid Technology | 1988 | 67 | 76 | 88 | 93 | |
| | 1989 | 92 | 106 | 84 | 79 | |
| | 1990 | 67 | 70 | 80 | 83 | |
| | 1991 | 84 | 78 | 81 | 77 | |
| Sequent Computer | 1988 | 99 | 84 | 84 | 90 | |
| | 1989 | 85 | 84 | 75 | 73 | |
| | 1990 | 79 | 84 | 90 | 101 | |
| | 1991 | 121 | 108 | 102 | 101 | |
| | | | | <i>Beter</i> | | |
| Micro-Based Vendors | Silicon Graphics | 1988 | 83 | 87 | 97 | 100 |
| | 1989 | 95 | 88 | 95 | 90 | |
| | 1990 | 86 | 96 | 95 | 92 | |
| | 1991 | 97 | 90 | 93 | 87 | |
| Stratus Computer | 1988 | 91 | 91 | 91 | 85 | |
| | 1989 | 87 | 93 | 104 | 105 | |
| | 1990 | 107 | 100 | 99 | 93 | |
| | 1991 | 87 | 86 | 95 | 94 | |
| Sun Micro-Systems | 1988 | 64 | 53 | 71 | 69 | |
| | 1989 | 67 | 71 | 85 | 77 | |
| | 1990 | 70 | 67 | 80 | 71 | |
| | 1991 | 70 | 49 | 60 | 53 | |
| | | | | <i>Best</i> | | |
| Micro-Based Vendor Average | 1988 | 81 | 78 | 86 | 87 | |
| | 1989 | 83 | 88 | 85 | 83 | |
| | 1990 | 80 | 85 | 92 | 87 | |
| | 1991 | 83 | 85 | 91 | 81 | |

(a) WANB included through 3/91.

Table 25

Inventory Turnover, 1988 - 1991

| | Company | Year | Period Ending | | | |
|--|-----------------------|------|---------------|------|------|------|
| | | | Mar | Jun | Sept | Dec |
| Traditional Minicomputer Vendors | Data | 1988 | 3.79 | 3.90 | 3.84 | 3.55 |
| | General | 1988 | 3.59 | 3.22 | 3.35 | 3.20 |
| | | 1990 | 3.24 | 3.34 | 3.75 | 4.13 |
| | | 1991 | 4.26 | 4.54 | 4.83 | 4.65 |
| | Digital Equipment | 1988 | 3.22 | 3.47 | 3.48 | 3.54 |
| | | 1989 | 3.51 | 3.81 | 3.80 | 3.81 |
| | | 1990 | 4.03 | 4.42 | 4.10 | 3.90 |
| | | 1991 | 3.84 | 4.56 | 4.38 | 4.29 |
| | Hewlett Packard | 1988 | 3.30 | 3.15 | 3.20 | 3.12 |
| | | 1989 | 3.12 | 2.88 | 3.13 | 3.16 |
| | | 1990 | 3.27 | 3.22 | 3.34 | 3.46 |
| | | 1991 | 3.52 | 3.34 | 3.44 | 3.34 |
| | Tandem Computers | 1988 | 2.92 | 3.10 | 3.77 | 4.04 |
| | | 1989 | 3.96 | 4.24 | 4.21 | 4.15 |
| | | 1990 | 3.95 | 3.59 | 3.55 | 3.40 |
| | | 1991 | 4.10 | 4.38 | 4.89 | 5.08 |
| Traditional Midrange Average (a) | 1988 | 3.07 | 3.20 | 3.31 | 3.25 | |
| | 1989 | 3.26 | 3.35 | 3.48 | 3.51 | |
| | 1990 | 3.52 | 3.61 | 3.69 | 3.78 | |
| | 1991 | 3.96 | 4.21 | 4.38 | 4.34 | |
| Micro-Based Vendors | MIPS Computer | 1989 | 1.84 | NA | 2.63 | 2.34 |
| | | 1990 | 1.97 | 2.11 | 1.77 | 2.07 |
| | | 1991 | 2.33 | 2.11 | 1.77 | 3.54 |
| | Pyramid Technology | 1988 | 3.13 | 3.14 | 3.33 | 2.71 |
| | | 1989 | 2.52 | 3.03 | 3.45 | 2.81 |
| | | 1990 | 2.70 | 2.87 | 2.98 | 2.40 |
| | | 1991 | 2.87 | 3.16 | 3.53 | 3.19 |
| | Sequent Computer | 1988 | 2.13 | 1.95 | 1.72 | 1.71 |
| | | 1989 | 1.88 | 2.21 | 2.40 | 2.21 |
| | | 1990 | 1.92 | 2.00 | 2.56 | 2.85 |
| | | 1991 | 2.38 | 2.56 | 3.21 | 3.20 |
| | Silicon Graphics | 1988 | 2.00 | 1.58 | 1.51 | 1.86 |
| | | 1989 | 1.85 | 2.71 | 3.23 | 3.43 |
| | | 1990 | 2.99 | 2.87 | 2.88 | 3.13 |
| | | 1991 | 2.67 | 2.77 | 3.01 | 3.53 |
| | Stratus Computer | 1988 | 2.49 | 2.69 | 2.41 | 2.30 |
| | 1989 | 2.30 | 2.43 | 2.59 | 2.94 | |
| | 1990 | 2.65 | 2.61 | 2.53 | 2.39 | |
| | 1991 | 2.67 | 3.07 | 2.81 | 2.79 | |
| Sun Micro- Systems | 1988 | 3.91 | 3.84 | 4.24 | 3.37 | |
| | 1989 | 3.67 | 3.27 | 3.22 | 3.98 | |
| | 1990 | 5.03 | 6.83 | 6.36 | 6.30 | |
| | 1991 | 6.67 | 7.85 | 5.52 | 7.20 | |
| Micro-Based Vendor Average | 1988 | 2.73 | 2.64 | 2.64 | 2.39 | |
| | 1989 | 2.34 | 2.73 | 2.92 | 2.95 | |
| | 1990 | 2.88 | 3.22 | 3.18 | 3.19 | |
| | 1991 | 3.27 | 3.59 | 3.31 | 3.91 | |

(a) WANB included through 3/91.

Tables 26 and 27

Asset Turnover, 1988 - 1991 *

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|----------|--------------------------|------|------|------|---------|---------------------|------|------|------|------|------|------|
| | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | 1.23 | 1.19 | 1.20 | 1.11 | 1.17 | NA | 1.05 | 0.89 | 1.19 | 1.44 | 1.47 | 1.21 |
| Jun | 1.25 | 1.21 | 1.26 | 1.09 | 1.18 | NA | 1.11 | 1.00 | 1.10 | 1.46 | 1.61 | 1.26 |
| Sept | 1.25 | 1.21 | 1.35 | 1.09 | 1.20 | NA | 1.16 | 1.13 | 1.03 | 1.48 | 1.73 | 1.31 |
| Dec | 1.23 | 1.22 | 1.39 | 1.12 | 1.21 | NA | 1.19 | 1.21 | 1.05 | 1.50 | 1.82 | 1.35 |
| 1989 Mar | 1.24 | 1.23 | 1.40 | 1.13 | 1.21 | NA | 1.21 | 1.26 | 1.05 | 1.52 | 1.87 | 1.38 |
| Jun | 1.23 | 1.23 | 1.38 | 1.15 | 1.21 | NA | 1.22 | 1.21 | 1.12 | 1.51 | 1.74 | 1.36 |
| Sept | 1.25 | 1.23 | 1.35 | 1.14 | 1.20 | NA | 1.26 | 1.21 | 1.17 | 1.47 | 1.63 | 1.35 |
| Dec | 1.25 | 1.20 | 1.32 | 1.11 | 1.18 | NA | 1.31 | 1.23 | 1.24 | 1.44 | 1.59 | 1.36 |
| 1990 Mar | 1.25 | 1.18 | 1.28 | 1.11 | 1.18 | NA | 1.21 | 1.23 | 1.30 | 1.39 | 1.54 | 1.33 |
| Jun | 1.27 | 1.14 | 1.25 | 1.08 | 1.17 | NA | 1.17 | 1.19 | 1.34 | 1.36 | 1.57 | 1.33 |
| Sept | 1.27 | 1.12 | 1.23 | 1.07 | 1.17 | 0.76 | 1.13 | 1.16 | 1.36 | 1.37 | 1.51 | 1.21 |
| Dec | 1.32 | 1.13 | 1.24 | 1.04 | 1.18 | 0.79 | 1.09 | 1.14 | 1.35 | 1.39 | 1.45 | 1.28 |
| 1991 Mar | 1.36 | 1.14 | 1.25 | 1.04 | 1.20 | 0.84 | 1.12 | 1.02 | 1.28 | 1.39 | 1.42 | 1.18 |
| Jun | 1.36 | 1.18 | 1.25 | 1.03 | 1.21 | 0.86 | 1.10 | 0.98 | 1.18 | 1.37 | 1.44 | 1.16 |
| Sept | 1.33 | 1.19 | 1.26 | 1.02 | 1.20 | 0.87 | 1.08 | 0.92 | 1.10 | 1.34 | 1.44 | 1.13 |
| Dec | 1.28 | 1.19 | 1.26 | 1.02 | 1.19 | 0.92 | 1.04 | 0.88 | 1.05 | 1.31 | 1.44 | 1.14 |

* Trailing four-quarter revenue divided by average total assets.

(a) WANB included through 3/91.

Noncash Asset Turnover, 1988-1991 *

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|----------|--------------------------|------|------|------|---------|---------------------|------|------|------|------|------|------|
| | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | 1.40 | 1.57 | 1.62 | 1.46 | 1.44 | NA | 1.78 | 1.45 | 1.91 | 1.82 | 2.10 | 1.81 |
| Jun | 1.42 | 1.58 | 1.62 | 1.33 | 1.42 | NA | 1.83 | 1.45 | 1.67 | 1.85 | 2.12 | 1.78 |
| Sept | 1.43 | 1.55 | 1.62 | 1.24 | 1.40 | NA | 1.85 | 1.48 | 1.48 | 1.83 | 2.09 | 1.75 |
| Dec | 1.41 | 1.53 | 1.60 | 1.21 | 1.38 | NA | 1.81 | 1.41 | 1.43 | 1.82 | 2.04 | 1.70 |
| 1989 Mar | 1.41 | 1.50 | 1.56 | 1.22 | 1.36 | NA | 1.73 | 1.37 | 1.39 | 1.79 | 2.02 | 1.66 |
| Jun | 1.39 | 1.47 | 1.51 | 1.24 | 1.35 | NA | 1.65 | 1.36 | 1.48 | 1.75 | 1.82 | 1.61 |
| Sept | 1.42 | 1.46 | 1.46 | 1.24 | 1.34 | NA | 1.64 | 1.40 | 1.59 | 1.68 | 1.71 | 1.60 |
| Dec | 1.41 | 1.43 | 1.43 | 1.19 | 1.32 | NA | 1.61 | 1.49 | 1.69 | 1.63 | 1.66 | 1.62 |
| 1990 Mar | 1.41 | 1.42 | 1.40 | 1.18 | 1.31 | NA | 1.60 | 1.49 | 1.78 | 1.58 | 1.67 | 1.62 |
| Jun | 1.42 | 1.38 | 1.38 | 1.14 | 1.29 | NA | 1.59 | 1.47 | 1.78 | 1.57 | 1.79 | 1.64 |
| Sept | 1.40 | 1.35 | 1.36 | 1.10 | 1.29 | 1.40 | 1.53 | 1.43 | 1.75 | 1.58 | 1.82 | 1.58 |
| Dec | 1.44 | 1.34 | 1.35 | 1.07 | 1.30 | 1.32 | 1.44 | 1.38 | 1.74 | 1.61 | 1.86 | 1.61 |
| 1991 Mar | 1.48 | 1.34 | 1.36 | 1.08 | 1.32 | 1.27 | 1.37 | 1.26 | 1.69 | 1.63 | 1.90 | 1.52 |
| Jun | 1.56 | 1.38 | 1.36 | 1.07 | 1.34 | 1.24 | 1.30 | 1.16 | 1.61 | 1.66 | 2.02 | 1.50 |
| Sept | 1.61 | 1.40 | 1.37 | 1.07 | 1.36 | 1.23 | 1.25 | 1.08 | 1.55 | 1.67 | 2.07 | 1.48 |
| Dec | 1.64 | 1.41 | 1.38 | 1.07 | 1.38 | 1.31 | 1.19 | 1.03 | 1.53 | 1.70 | 2.18 | 1.49 |

* Trailing four-quarter revenue divided by average (total assets less cash and equivalents).

(a) WANB included through 3/91.

Poor

Bad Trends

Great!

Tables 28 and 29

Return on Assets, 1988 - 1991 *

| Year | Period | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------|--------|--------------------------|-----|-----|-----|---------|---------------------|------|------|-----|-----|------|-----|
| | | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 | Mar | -5% | 14% | 10% | 10% | 6% | NA | 9% | 8% | 11% | 15% | 9% | 10% |
| | Jun | 1 | 14 | 11 | 8 | 7 | NA | 11 | 8 | 9 | 16 | 10 | 11 |
| | Sept | (2) | 13 | 11 | 8 | 6 | NA | 13 | 9 | 6 | 16 | 10 | 11 |
| | Dec | (5) | 12 | 11 | 8 | 5 | NA | 13 | 10 | 6 | 17 | 11 | 11 |
| 1989 | Mar | -5% | 11% | 11% | 7% | 4% | NA | 12% | 11% | 5% | 17% | 12% | 11% |
| | Jun | (8) | 10 | 10 | 8 | 1 | NA | 10 | 12 | 5 | 16 | 6 | 10 |
| | Sept | (11) | 10 | 9 | 8 | (1) | NA | 10 | 13 | 6 | 16 | 4 | 10 |
| | Dec | (11) | 8 | 9 | 8 | (1) | NA | 10 | 14 | 7 | 15 | 3 | 10 |
| 1990 | Mar | -13% | 6% | 8% | 8% | -3% | NA | 10% | 13% | 9% | 14% | 3% | 10% |
| | Jun | (14) | 1 | 8 | 8 | (2) | NA | 11 | 12 | 10 | 12 | 7 | 11 |
| | Sept | (15) | 0 | 7 | 7 | (2) | 5 | 11 | 11 | 11 | 12 | 8 | 10 |
| | Dec | (11) | (1) | 7 | 5 | (2) | 4 | 10 | 9 | 11 | 13 | 8 | 9 |
| 1991 | Mar | -9% | 0% | 7% | 5% | -1% | 2% | 10% | 3% | 9% | 13% | 8% | 8% |
| | Jun | (2) | (5) | 7 | 3 | 1 | 0 | 7 | (7) | 7 | 13 | 8 | 5 |
| | Sept | 9 | (5) | 7 | 2 | 3 | (20) | 6 | (19) | 6 | 14 | 8 | (1) |
| | Dec | 8 | (7) | 7 | (3) | 1 | (19) | (5) | (20) | 6 | 14 | 9 | (3) |

* Trailing four quarter net income divided by average assets.

(a) WANB included through 3/91.

Return on Equity, 1988 - 1991 *

| Year | Period | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------|--------|--------------------------|------|-----|-----|---------|---------------------|------|------|-----|-----|------|-----|
| | | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 | Mar | -9% | 19% | 15% | 14% | 10% | NA | 11% | 9% | 22% | 22% | 19% | 17% |
| | Jun | 1 | 19 | 16 | 12 | 11 | NA | 13 | 10 | 16 | 23 | 22 | 17 |
| | Sept | (3) | 17 | 17 | 12 | 10 | NA | 16 | 12 | 11 | 23 | 22 | 17 |
| | Dec | (8) | 16 | 18 | 12 | 7 | NA | 16 | 14 | 9 | 24 | 23 | 17 |
| 1989 | Mar | -9% | 15% | 18% | 11% | 5% | NA | 15% | 15% | 7% | 23% | 23% | 17% |
| | Jun | (14) | 14 | 17 | 12 | (1) | NA | 13 | 15 | 8 | 23 | 12 | 14 |
| | Sept | (20) | 13 | 16 | 13 | (4) | NA | 13 | 17 | 10 | 22 | 8 | 14 |
| | Dec | (21) | 11 | 15 | 12 | (5) | NA | 13 | 17 | 14 | 21 | 6 | 14 |
| 1990 | Mar | -26% | 8% | 14% | 13% | -10% | NA | 12% | 17% | 17% | 19% | 6% | 14% |
| | Jun | (27) | 1 | 14 | 12 | (6) | NA | 14 | 16 | 18 | 17 | 14 | 16 |
| | Sept | (29) | (1) | 12 | 11 | (7) | 7 | 13 | 14 | 18 | 17 | 15 | 14 |
| | Dec | (24) | (1) | 12 | 8 | (9) | 5 | 12 | 11 | 17 | 18 | 15 | 13 |
| 1991 | Mar | -18% | 0% | 13% | 7% | -5% | 3% | 13% | 4% | 13% | 17% | 15% | 11% |
| | Jun | (5) | (8) | 12 | 5 | 1 | 0 | 9 | (10) | 10 | 18 | 16 | 7 |
| | Sept | 19 | (8) | 11 | 3 | 6 | (26) | 7 | (27) | 8 | 18 | 15 | (1) |
| | Dec | 16 | (11) | 12 | (5) | 3 | (25) | (7) | (30) | 8 | 18 | 16 | (3) |

* Trailing four quarter net income divided by average equity.

(a) WANB included through 3/91.

Tables 30 and 31

Revenue per Employee, 1988-1991 *

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|----------|--------------------------|-------|-------|-------|---------|---------------------|-------|-------|-------|-------|-------|-------|
| | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | \$85 | \$94 | \$110 | \$157 | \$109 | NA | \$156 | \$153 | \$179 | \$163 | \$169 | \$164 |
| Jun | 87 | 97 | 113 | 158 | 111 | NA | 162 | 149 | 175 | 171 | 179 | 167 |
| Sept | 88 | 99 | 117 | 161 | 113 | NA | 168 | 152 | 171 | 173 | 190 | 171 |
| Dec | 87 | 101 | 120 | 167 | 115 | NA | 169 | 156 | 182 | 175 | 201 | 177 |
| 1989 Mar | \$87 | \$102 | \$123 | \$170 | \$116 | NA | \$167 | \$161 | \$189 | \$174 | \$211 | \$180 |
| Jun | 88 | 102 | 125 | 174 | 118 | NA | 162 | 166 | 203 | 172 | 200 | 181 |
| Sept | 91 | 103 | 130 | 178 | 121 | NA | 162 | 170 | 218 | 169 | 201 | 184 |
| Dec | 93 | 103 | 132 | 178 | 122 | NA | 159 | 173 | 225 | 169 | 204 | 186 |
| 1990 Mar | \$95 | \$104 | \$136 | \$181 | \$125 | \$202 | \$158 | \$173 | \$231 | \$168 | \$209 | \$190 |
| Jun | 100 | 103 | 139 | 181 | 126 | 208 | 166 | 171 | 231 | 169 | 228 | 195 |
| Sept | 102 | 103 | 143 | 180 | 128 | 207 | 174 | 170 | 227 | 174 | 231 | 197 |
| Dec | 112 | 106 | 147 | 176 | 131 | 210 | 182 | 169 | 227 | 179 | 236 | 201 |
| 1991 Mar | \$122 | \$109 | \$152 | \$176 | \$135 | \$216 | \$192 | \$155 | \$224 | \$180 | \$248 | \$202 |
| Jun | 131 | 114 | 156 | 174 | 144 | 208 | 193 | 142 | 231 | 182 | 263 | 203 |
| Sept | 137 | 118 | 160 | 173 | 147 | 207 | 193 | 132 | 236 | 183 | 267 | 203 |
| Dec | 141 | 119 | 165 | 173 | 150 | 228 | 185 | 132 | 246 | 183 | 279 | 209 |

Good improvement → still poor
 * Trailing four-quarter revenue divided by average employees.
 (a) WANB included through 3/91.

Great

Revenue per Net Property, Plant and Equipment, 1988-1991 *

| | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|----------|--------------------------|------|------|------|---------|---------------------|------|------|------|------|------|------|
| | DGN | DEC | HWP | TDM | Avg (a) | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 Mar | 3.39 | 3.82 | 3.91 | 2.95 | 3.61 | NA | 6.36 | 4.96 | 6.21 | 6.53 | 5.92 | 5.99 |
| Jun | 3.44 | 3.71 | 3.92 | 3.12 | 3.62 | NA | 6.36 | 5.54 | 6.00 | 6.58 | 6.10 | 6.11 |
| Sept | 3.66 | 3.65 | 3.91 | 3.14 | 3.68 | NA | 6.74 | 6.13 | 6.12 | 6.24 | 6.05 | 6.26 |
| Dec | 3.76 | 3.63 | 4.05 | 3.36 | 3.74 | NA | 6.74 | 5.29 | 6.35 | 6.35 | 6.36 | 6.22 |
| 1989 Mar | 3.94 | 3.57 | 4.11 | 3.48 | 3.81 | NA | 7.07 | 5.15 | 6.33 | 6.43 | 6.73 | 6.34 |
| Jun | 4.15 | 3.49 | 4.10 | 3.60 | 3.87 | NA | 6.52 | 4.94 | 7.12 | 6.05 | 6.00 | 6.13 |
| Sept | 4.51 | 3.50 | 4.11 | 3.65 | 4.05 | NA | 6.06 | 5.22 | 7.94 | 5.58 | 6.17 | 6.20 |
| Dec | 4.47 | 3.47 | 4.19 | 2.91 | 3.90 | NA | 5.29 | 5.11 | 8.43 | 5.08 | 5.89 | 5.96 |
| 1990 Mar | 4.46 | 3.45 | 4.24 | 2.93 | 3.89 | 4.87 | 5.02 | 4.28 | 8.98 | 6.28 | 6.44 | 5.98 |
| Jun | 4.61 | 3.35 | 4.24 | 2.93 | 3.92 | 4.57 | 5.04 | 4.11 | 8.38 | 6.22 | 7.05 | 5.89 |
| Sept | 4.52 | 3.36 | 4.13 | 2.91 | 3.94 | 4.46 | 5.50 | 4.06 | 8.44 | 6.26 | 7.16 | 5.98 |
| Dec | 4.81 | 3.43 | 4.23 | 2.92 | 4.03 | 4.46 | 5.54 | 3.90 | 8.27 | 6.31 | 7.53 | 6.00 |
| 1991 Mar | 5.29 | 3.48 | 4.33 | 3.08 | 4.19 | 4.85 | 5.41 | 3.65 | 8.04 | 6.50 | 8.53 | 6.16 |
| Jun | 6.15 | 3.68 | 4.38 | 3.14 | 4.34 | 4.57 | 5.06 | 3.47 | 7.26 | 6.61 | 9.17 | 6.02 |
| Sept | 6.01 | 3.81 | 4.33 | 3.01 | 4.29 | 4.46 | 4.72 | 3.37 | 7.50 | 6.78 | 9.56 | 6.07 |
| Dec | 6.02 | 3.87 | 4.43 | 3.11 | 4.36 | 5.88 | 4.56 | 3.33 | 7.56 | 6.81 | 9.95 | 6.35 |

one of the lowest. No real improvement in years despite big outsourcing push.
 * Trailing four-quarter revenue divided by net PP&E.
 (a) WANB included through 3/91.

low

Wow

Tables 32 and 33

Cash Less Total Debt, 1988-1991 *

| Year | Period | Traditional Mini Vendors | | | | Micro-Based Vendors | | | | | |
|------|--------|--------------------------|---------|-----------|---------|---------------------|------|-------|-------|------|---------|
| | | DGN | DEC | HWP | TDM | MIPS | PYRD | SQNT | SGI | SRA | SUNW |
| 1988 | Mar | \$26 | \$1,946 | \$1,138 | \$4 | NA | \$26 | \$13 | (\$8) | \$25 | (\$53) |
| | Jun | 41 | 1,885 | 601 | (45) | NA | 25 | 11 | 41 | 22 | (33) |
| | Sept | 41 | 1,823 | 1 | (24) | NA | 24 | 8 | 22 | 17 | (116) |
| | Dec | 18 | 1,393 | (436) | (11) | NA | 20 | (4) | 7 | 15 | (137) |
| 1989 | Mar | \$4 | \$1,294 | (\$293) | \$5 | \$30 | \$20 | (\$9) | \$0 | \$12 | (\$165) |
| | Jun | 0 | 1,489 | (1,047) | 12 | NA | 15 | 24 | 5 | 1 | (215) |
| | Sept | (9) | 1,692 | (796) (a) | 32 | 22 | 17 | 24 | 10 | (3) | (354) |
| | Dec | (19) | 1,837 | (895) | (120) | 92 | 10 | 25 | (41) | (2) | (388) |
| 1990 | Mar | (\$20) | \$2,019 | (\$741) | (\$94) | \$100 | \$59 | \$3 | \$9 | \$18 | (\$251) |
| | Jun | (26) | 1,846 | (770) | (144) | 84 | 50 | 46 | 47 | 16 | 14 |
| | Sept | (45) | 1,435 | (708) | (124) | 67 | 41 | 36 | 52 | 17 | 63 |
| | Dec | (68) | 1,406 | (409) | (183) | 59 | 28 | 21 | 51 | 23 | 110 |
| 1991 | Mar | (\$48) | \$1,397 | \$34 | (\$114) | \$49 | \$19 | \$11 | \$49 | \$42 | \$236 |
| | Jun | 51 | 1,751 | (171) | (68) | 56 | 28 | (5) | 166 | 63 | 360 |
| | Sept | 71 | 1,889 | 211 | (26) | 51 | 28 | (9) | 186 | 72 | 314 |
| | Dec | 82 | 1,567 | 272 | (19) | 54 | 21 | (14) | 208 | 91 | 395 |

should ↓ as severance payments made
 (a) This & future quarters include Puerto Rico bonds classified as long-term assets and treated here as cash.

Cash Less Total Debt/Equity, 1988-1991 *

| Year | Period | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------|--------|--------------------------|-----|----------|------|------|---------------------|------|------|------|-----|------|-----------|
| | | DGN | DEC | HWP | TDM | Avg | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Micro Avg |
| 1988 | Mar | 4% | 28% | 23% | 1% | 4% | NA | 47% | 28% | -13% | 22% | -18% | 13% |
| | Jun | 6 | 25 | 13 | (5) | 1 | NA | 44 | 24 | 29 | 19 | (9) | 21 |
| | Sept | 7 | 24 | 0 | (3) | (1) | NA | 40 | 16 | 15 | 14 | (29) | 11 |
| | Dec | 3 | 18 | (9) | (1) | (6) | NA | 32 | (7) | 5 | 11 | (29) | 2 |
| 1989 | Mar | 1% | 17% | -6% | 1% | -6% | 62% | 31% | -16% | 0% | 8% | -27% | 10% |
| | Jun | 0 | 19 | (20) | 1 | (12) | NA | 23 | 24 | 3 | 1 | (37) | 3 |
| | Sept | (2) | 21 | (15) (a) | 3 | (12) | 47 | 25 | 23 | 6 | (1) | (52) | 8 |
| | Dec | (4) | 22 | (16) | (12) | (14) | 72 | 14 | 23 | (33) | (1) | (55) | 3 |
| 1990 | Mar | -4% | 24% | -13% | -9% | -11% | 68% | 45% | 3% | 5% | 9% | -33% | 16% |
| | Jun | (5) | 23 | (13) | (12) | (23) | 56 | 34 | 25 | 19 | 8 | 2 | 24 |
| | Sept | (11) | 18 | (11) | (10) | (23) | 45 | 26 | 19 | 21 | 8 | 5 | 21 |
| | Dec | (16) | 17 | (6) | (15) | (22) | 39 | 17 | 11 | 19 | 10 | 9 | 18 |
| 1991 | Mar | -11% | 17% | 0% | -9% | -20% | 32% | 11% | 6% | 18% | 17% | 18% | 17% |
| | Jun | 11 | 23 | (2) | (5) | 7 | 36 | 16 | (3) | 33 | 24 | 30 | 23 |
| | Sept | 14 | 25 | 3 | (2) | 10 | 42 | 16 | (6) | 36 | 26 | 25 | 23 |
| | Dec | 18 | 21 | 4 | (2) | 10 | 42 | 13 | (9) | 39 | 26 | 30 | 24 |

* Excludes SQNT, SGI before 1987 and PRM after 1987, and WANB after 3/91.

(a) This & future quarters include Puerto Rico bonds classified as long-term assets and treated here as cash.

Tables 34 and 35

Estimated Production 1988-1991, Year-to-Year Percent Increase *

| Year | Period | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------|--------|--------------------------|------|-----|-----|-----|---------------------|------|------|-----|------|------|-----|
| | | DGN | DEC | HWP | TDM | Avg | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 | Mar | 0% | 11% | 32% | 39% | 21% | NA | 47% | 91% | 79% | 57% | 65% | 68% |
| | Jun | 5 | 21 | 29 | 28 | 21 | NA | 67 | 147 | 143 | 50 | 94 | 100 |
| | Sept | 3 | 15 | 26 | 42 | 22 | NA | 8 | 150 | 75 | 55 | 111 | 80 |
| | Dec | (13) | 21 | 32 | 17 | 14 | NA | 55 | 120 | 88 | 54 | 127 | 89 |
| | Year | (2) | 19 | 30 | 31 | 20 | NA | 41 | 128 | 93 | 54 | 102 | 84 |
| 1989 | Mar | 6% | 21% | 18% | 19% | 16% | NA | 12% | 60% | 61% | 56% | 97% | 57% |
| | Jun | 10 | (9) | 37 | 34 | 18 | NA | 29 | 50 | 25 | 19 | 57 | 36 |
| | Sept | (7) | 7 | 31 | 39 | 17 | NA | 35 | 37 | 52 | 3 | 63 | 38 |
| | Dec | (9) | 4 | 15 | 12 | 6 | NA | 44 | 87 | 57 | 26 | 16 | 46 |
| | Year | 1 | 5 | 25 | 19 | 13 | NA | 31 | 59 | 48 | 23 | 52 | 43 |
| 1990 | Mar | 4% | 1% | 23% | 22% | 12% | NA | 95% | 116% | 52% | 21% | 5% | 58% |
| | Jun | (11) | 8 | (1) | 12 | 2 | NA | 101 | 91 | 37 | 35 | 14 | 56 |
| | Sept | (3) | 5 | 7 | 17 | 6 | NA | 80 | 46 | 14 | 44 | 7 | 38 |
| | Dec | (4) | 8 | 11 | 4 | 5 | NA | 87 | 45 | 11 | 35 | 29 | 41 |
| | Year | (4) | 6 | 10 | 13 | 6 | NA | 91 | 67 | 26 | 34 | 14 | 46 |
| 1991 | Mar | -13% | 12% | 12% | 1% | 3% | 48% | 22% | 34% | 38% | -17% | 52% | 30% |
| | Jun | (16) | (1) | 16 | 5 | 1 | 11 | 51 | 7 | 36 | (10) | 38 | 22 |
| | Sept | (11) | 8 | 10 | 6 | 3 | (16) | 3 | (2) | 26 | 6 | 26 | 7 |
| | Dec | 14 | (18) | NA | 7 | 13 | 7 | (9) | (5) | 52 | (1) | 11 | 9 |
| | Year | (7) | 9 | NA | 5 | 3 | 8 | 13 | 11 | 39 | (5) | 30 | 16 |

* Year-over-year change in quarterly cost of sales plus quarterly growth in finished goods and work in process inventories.

Capital Spending on Property, Plant and Equipment 1988-1991, Year-to-Year Percent Increase

| Year | Period | Traditional Mini Vendors | | | | | Micro-Based Vendors | | | | | | |
|------|--------|--------------------------|------|------|------|------|---------------------|------|------|------|------|------|------|
| | | DGN | DEC | HWP | TDM | Avg | MIPS | PYRD | SQNT | SGI | SRA | SUNW | Avg |
| 1988 | Mar | -27% | 155% | 26% | 18% | 42% | NA | 31% | 176% | 158% | 47% | 90% | 100% |
| | Jun | (38) | 45 | 75 | (15) | 20 | NA | 63 | 64 | 54 | 81 | 11 | 55 |
| | Sept | (13) | 12 | 5 | (10) | 22 | NA | 46 | 16 | 37 | 163 | 259 | 104 |
| | Dec | 18 | (21) | 58 | (72) | (2) | NA | (27) | 176 | 39 | 37 | 42 | 53 |
| | Year | (21) | 32 | 34 | (35) | 10 | NA | 16 | 123 | 65 | 75 | 70 | 70 |
| 1989 | Mar | -6% | -31% | 50% | 6% | 1% | NA | -20% | 46% | 11% | 31% | 38% | 21% |
| | Jun | (13) | (26) | 13 | 42 | 1 | NA | 36 | 424 | (30) | 111 | 64 | 121 |
| | Sept | (22) | (23) | 20 | (7) | (19) | NA | 104 | 271 | 16 | 18 | (23) | 77 |
| | Dec | (27) | (19) | 34 | 564 | 95 | NA | 256 | 29 | (5) | 121 | 76 | 95 |
| | Year | (16) | (25) | 29 | 115 | 13 | NA | 96 | 102 | (2) | 68 | 36 | 60 |
| 1990 | Mar | -17% | -18% | 20% | 68% | -8% | 112% | 494% | 224% | -18% | 25% | -27% | 135% |
| | Jun | (3) | (5) | (6) | 11 | (1) | 73 | 46 | 121 | 177 | (26) | (3) | 65 |
| | Sept | 48 | (26) | (1) | 8 | (10) | 52 | 37 | 80 | 56 | (29) | 50 | 41 |
| | Dec | (7) | (21) | (9) | (79) | (29) | 69 | (12) | 73 | 70 | (25) | (31) | 24 |
| | Year | (1) | (16) | 0 | (35) | (13) | 76 | 59 | 127 | 56 | (18) | (8) | 49 |
| 1991 | Mar | -13% | -27% | -11% | -61% | -28% | -47% | -66% | -35% | 43% | 2% | -47% | -25% |
| | Jun | (25) | (37) | (12) | (13) | (22) | (69) | 158 | (44) | 65 | 12 | (8) | 19 |
| | Sept | 41 | (21) | (3) | 7 | 6 | (61) | (18) | (36) | 5 | 31 | (38) | (20) |

Table 36

Total Operating Cash Flow, 1988-1991(a)

| Company | Year | Period Ending | | | | | Year |
|----------------------------------|------------------|---------------|-------|-------|---------|---------------------------------|--------------------|
| | | Mar | Jun | Sept | Dec | | |
| Data General | 1988 | 21 | 11 | (13) | (33) | (14) | |
| | 1989 | (23) | (6) | (18) | (15) | (61) | |
| | 1990 | (7) | (10) | (27) | (25) | (70) | |
| | 1991 | 23 | 104 | 11 | 4 | (141) <i>Great</i> | |
| Digital Equipment | 1988 | 229 | (14) | (84) | 64 | 195 | |
| | 1989 | 87 | 85 | 184 | 180 | 535 | |
| | 1990 | 159 | (239) | (191) | (153) | (424) | |
| | 1991 | (26) | 215 | 114 | (264) | 39 <i>Acquisition - related</i> | |
| Traditional Minicomputer Vendors | Hewlett Packard | 1988 | 149 | (43) | 129 | (341) | (106) |
| | | 1989 | 68 | (781) | 173 (b) | (114) | (654) |
| | Tandem Computers | 1990 | 74 | (40) | (10) | 273 | 297 |
| | | 1991 | 343 | (222) | 375 | 54 | (550) <i>Big +</i> |
| MIPS Computer | 1988 | NA | (53) | 13 | 2 | (39) | |
| | 1989 | 18 | (1) | 23 | (173) | (133) | |
| | 1990 | (6) | (76) | 6 | (67) | (143) | |
| | 1991 | 77 | 40 | 39 | (2) | 154 | |
| Pyramid Technology | 1989 | (8) | NA | (6) | (9) | NA | |
| | 1990 | (7) | (15) | (17) | (10) | (49) | |
| | 1991 | (10) | 3 | (6) | 0 | (13) | |
| | Sequent Computer | 1988 | 2 | (1) | (2) | (4) | (4) |
| 1989 | | 0 | (4) | 1 | (8) | (11) | |
| 1990 | | (6) | (20) | (11) | (13) | (50) | |
| 1991 | | (10) | 6 | (4) | (7) | (15) | |
| Micro-Based Vendors | Silicon Graphics | 1988 | (4) | (2) | (4) | (11) | (21) |
| | | 1989 | (4) | (6) | (1) | (1) | (12) |
| | | 1990 | (24) | (16) | (11) | (18) | (69) |
| | | 1991 | (9) | (19) | (6) | (6) | (40) |
| Stratus Computer | 1988 | (12) | (26) | (19) | (16) | (73) | |
| | 1989 | (8) | 2 | 3 | (1) | (5) | |
| | 1990 | 7 | (21) | 3 | (4) | (15) | |
| | 1991 | (7) | (54) | (2) | 9 | (54) | |
| Sun Micro-Systems | 1988 | (2) | (4) | (7) | (4) | (16) | |
| | 1989 | (4) | (15) | (5) | (4) | (27) | |
| | 1990 | 14 | (5) | 0 | 2 | 11 | |
| | 1991 | 15 | 15 | 3 | 1 | 34 | |
| Sun Micro-Systems | 1988 | (52) | (24) | (94) | (66) | (237) | |
| | 1989 | (122) | (56) | (228) | (38) | (444) | |
| | 1990 | 115 | 152 | (167) | 42 | (142) | |
| | 1991 | 82 | 293 | (79) | 74 | (370) <i>Big +</i> | |

(a) Total cash flow from operations & investment activities. Excludes only external sources of capital & dividend

(b) This & future quarters include Puerto Rico bonds and other financial assets classified as long-term assets & treated here as cash.

Appendix

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Appendix A

Relative Price-to-Earnings Data; ** Trailing 4Q Earnings, Month End Prices

| | | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SRA | SUNW | TDM | Mini Avg(a) | IBM |
|------|-----|------|------|------|------|------|------|------|------|------|------|----------------|------|
| 1988 | Jan | NM | 0.94 | 1.68 | NA | 1.83 | 2.63 | 1.78 | 1.63 | 1.83 | 1.38 | 1.65 | 0.94 |
| | Feb | NM | 0.90 | 1.55 | NA | 1.92 | 2.58 | 1.67 | 1.99 | 1.70 | 1.41 | 1.65 | 0.94 |
| | Mar | NM | 0.78 | 1.58 | NA | 2.28 | 2.95 | 2.00 | 1.92 | 1.91 | 1.25 | 1.71 | 0.88 |
| | Apr | NM | 0.82 | 1.68 | NA | 2.19 | 3.12 | 1.94 | 1.98 | 1.86 | 1.34 | 1.72 | 0.95 |
| | May | NM | 0.82 | 1.46 | NA | 1.90 | 3.27 | 2.16 | 2.01 | 1.80 | 1.32 | 1.69 | 0.95 |
| | Jun | NM | 0.87 | 1.38 | NA | 2.43 | 2.90 | 2.12 | 1.98 | 1.91 | 1.43 | 1.71 | 1.03 |
| | Jul | NM | 0.84 | 1.35 | NA | 1.73 | 2.95 | 1.43 | 1.60 | 1.61 | 1.20 | 1.51 | 1.14 |
| | Aug | NM | 0.77 | 1.20 | NA | 1.63 | 3.15 | 1.38 | 1.63 | 1.77 | 1.18 | 1.50 | 1.06 |
| | Sep | NM | 0.75 | 1.24 | NA | 1.91 | 2.90 | 1.58 | 1.70 | 1.56 | 1.23 | 1.52 | 1.05 |
| | Oct | NM | 0.80 | 1.27 | NA | 1.67 | 2.34 | 1.80 | 1.35 | 1.17 | 1.24 | 1.40 | 1.12 |
| | Nov | NM | 0.80 | 1.18 | NA | 1.68 | 2.39 | 1.78 | 1.48 | 1.15 | 1.42 | 1.45 | 1.10 |
| | Dec | NM | 0.82 | 1.27 | NA | 1.84 | 2.64 | 2.14 | 1.65 | 1.35 | 1.41 | 1.58 | 1.11 |
| 1989 | Jan | NM | 1.00 | 1.35 | NA | 1.57 | 2.80 | 2.32 | 1.61 | 1.31 | 1.48 | 1.68 | 1.11 |
| | Feb | NM | 0.97 | 1.29 | NA | 1.60 | 2.65 | 2.15 | 1.68 | 1.26 | 1.47 | 1.63 | 1.06 |
| | Mar | NM | 0.84 | 1.17 | NA | 1.20 | 2.78 | 1.90 | 1.54 | 1.13 | 1.31 | 1.48 | 0.94 |
| | Apr | NM | 0.84 | 1.29 | NA | 1.18 | 2.53 | 2.17 | 1.53 | 1.02 | 1.36 | 1.49 | 0.97 |
| | May | NM | 0.78 | 1.17 | NA | 1.09 | 2.61 | 2.45 | 1.65 | 1.27 | 1.43 | 1.55 | 0.90 |
| | Jun | NM | 0.79 | 1.14 | NA | 0.86 | 2.15 | 2.19 | 1.42 | 0.99 | 1.33 | 1.36 | 0.93 |
| | Jul | NM | 0.81 | 1.10 | NA | 0.99 | 2.04 | 2.01 | 1.31 | 1.37 | 1.36 | 1.38 | 0.83 |
| | Aug | NM | 0.84 | 1.06 | NA | 1.10 | 2.18 | 2.22 | 1.42 | 1.46 | 1.44 | 1.46 | 0.83 |
| | Sep | NM | 0.77 | 1.02 | NA | 1.21 | 2.72 | 2.51 | 1.09 | 1.44 | 1.48 | 1.53 | 0.78 |
| | Oct | NM | 0.86 | 1.00 | NA | 1.32 | 2.16 | 2.02 | 1.01 | 2.17 | 1.49 | 1.50 | 0.78 |
| | Nov | NM | 0.78 | 0.93 | NA | 1.25 | 2.41 | 1.98 | 0.94 | 2.09 | 1.44 | 1.48 | 0.74 |
| | Dec | NM | 0.73 | 0.95 | NA | 1.40 | 2.45 | 2.29 | 0.98 | 2.17 | 1.39 | 1.54 | 0.70 |
| 1990 | Jan | NM | 0.84 | 0.95 | 1.76 | 1.52 | 2.05 | 1.91 | 0.92 | 3.36 | 1.83 | 1.67 | 1.14 |
| | Feb | NM | 0.82 | 0.94 | 1.77 | 1.87 | 2.24 | 2.07 | 1.04 | 3.85 | 1.78 | 1.83 | 1.19 |
| | Mar | NM | 0.78 | 0.96 | 1.62 | 1.98 | 2.59 | 2.20 | 0.93 | 3.77 | 1.75 | 1.87 | 1.18 |
| | Apr | NM | 0.92 | 0.90 | 1.12 | 1.80 | 2.28 | 1.62 | 0.89 | 3.87 | 1.47 | 1.72 | 1.16 |
| | May | NM | 0.94 | 0.93 | 1.14 | 1.81 | 2.59 | 1.68 | 1.09 | 4.36 | 1.49 | 1.86 | 1.16 |
| | Jun | NM | 0.87 | 0.92 | 0.98 | 1.55 | 2.48 | 1.73 | 1.05 | 4.89 | 1.28 | 1.85 | 1.14 |
| | Jul | NM | 1.06 | 0.84 | 0.81 | 1.08 | 1.96 | 1.38 | 0.97 | 1.68 | 1.02 | 1.25 | 1.06 |
| | Aug | NM | 1.02 | 0.76 | 0.68 | 0.94 | 1.94 | 1.31 | 0.79 | 1.69 | 0.92 | 1.17 | 1.07 |
| | Sep | NM | 0.87 | 0.77 | 0.54 | 0.81 | 1.37 | 1.22 | 0.75 | 1.36 | 0.68 | 0.98 | 1.18 |
| | Oct | NM | 1.28 | 0.61 | 0.35 | 0.64 | 1.30 | 0.90 | 0.84 | 1.22 | 0.63 | 0.93 | 1.11 |
| | Nov | NM | 1.32 | 0.70 | 0.41 | 0.60 | 1.26 | 1.11 | 1.03 | 1.10 | 0.79 | 0.99 | 1.13 |
| | Dec | NM | 1.38 | 0.74 | 0.36 | 0.56 | 1.36 | 1.15 | 1.01 | 1.11 | 0.73 | 1.00 | 1.11 |
| 1991 | Jan | NM | 1.29 | 0.85 | 0.54 | 0.73 | 1.20 | 1.24 | 1.04 | 1.24 | 1.00 | 1.07 | 0.81 |
| | Feb | NM | 1.23 | 0.92 | 0.56 | 0.76 | 1.19 | 1.38 | 1.00 | 1.31 | 0.92 | 1.09 | 0.76 |
| | Mar | NM | 1.13 | 0.96 | 0.65 | 0.88 | 1.34 | 1.36 | 1.19 | 1.27 | 0.92 | 1.13 | 0.66 |
| | Apr | NM | 1.23 | 0.95 | 0.64 | 0.87 | 3.02 | 1.36 | 1.04 | 1.27 | 1.08 | 1.35 | 0.63 |
| | May | NM | 1.21 | 0.92 | 0.56 | 0.83 | 2.77 | 1.24 | 1.04 | 1.22 | 1.18 | 1.30 | 0.62 |
| | Jun | NM | 1.09 | 0.91 | 0.56 | 0.43 | 2.17 | 1.11 | 0.97 | 0.97 | 1.00 | 1.08 | 0.60 |
| | Jul | NM | 0.94 | 0.86 | NM | 0.63 | NM | 1.37 | 0.99 | 0.88 | 1.07 | 0.96 | 0.73 |
| | Aug | NM | 0.85 | 0.83 | NM | 0.69 | NM | 1.47 | 1.08 | 0.91 | 1.11 | 0.99 | 0.69 |
| | Sep | NM | 0.77 | 0.79 | NM | 0.65 | NM | 1.56 | 1.05 | 0.87 | 1.16 | 0.96 | 0.75 |
| | Oct | 0.35 | 0.80 | 0.75 | NM | 0.79 | NM | 1.56 | 1.00 | 0.67 | 1.75 | 0.96 | 0.86 |
| | Nov | 0.30 | 0.84 | 0.83 | NM | 0.71 | NM | 1.69 | 1.11 | 0.68 | 1.52 | 0.96 | 0.84 |
| | Dec | 0.31 | 0.66 | 0.79 | NM | 0.58 | NM | 1.51 | 1.12 | 0.72 | 1.56 | 0.91 | 0.73 |
| 1992 | Jan | 0.24 | 1.21 | 0.79 | NM | NM | NM | 1.51 | 0.97 | 0.72 | NM | 0.91 | 1.11 |
| | Feb | 0.25 | 1.47 | 0.97 | NM | NM | NM | 1.71 | 1.08 | 0.80 | NM | 1.05 | 1.06 |

** Relative to the S&P 400.

(a) PRM removed from average 1/89.

Appendix B

Relative Price-to-Revenue Data; ** Trailing 4Q Earnings, Month End Prices

| | | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SRA | SUNW | TDM | Mini Avg(a) | IBM |
|------|-----|------|------|------|------|------|------|------|------|------|------|----------------|------|
| 1988 | Jan | 0.89 | 2.37 | 2.71 | NA | 1.73 | 4.86 | 2.80 | 3.50 | 2.57 | 2.68 | 2.44 | 1.88 |
| | Feb | 0.85 | 2.28 | 2.58 | NA | 1.81 | 4.73 | 2.64 | 4.26 | 2.38 | 2.74 | 2.46 | 1.87 |
| | Mar | 0.71 | 1.96 | 2.62 | NA | 2.15 | 5.43 | 3.16 | 4.11 | 2.68 | 2.41 | 2.52 | 1.76 |
| | Apr | 0.75 | 1.88 | 2.65 | NA | 2.45 | 4.81 | 3.06 | 4.14 | 2.34 | 2.32 | 2.43 | 1.80 |
| | May | 0.73 | 1.88 | 2.30 | NA | 2.13 | 5.04 | 3.42 | 4.20 | 2.25 | 2.29 | 2.40 | 1.80 |
| | Jun | 0.76 | 1.99 | 2.18 | NA | 2.72 | 4.47 | 3.35 | 4.14 | 2.40 | 2.48 | 2.41 | 1.95 |
| | Jul | 0.61 | 1.76 | 2.03 | NA | 2.21 | 3.89 | 2.51 | 3.30 | 2.03 | 1.70 | 1.98 | 1.84 |
| | Aug | 0.60 | 1.61 | 1.81 | NA | 2.09 | 4.15 | 2.41 | 3.36 | 2.23 | 1.67 | 1.96 | 1.80 |
| | Sep | 0.62 | 1.57 | 1.88 | NA | 2.45 | 3.83 | 2.77 | 3.49 | 1.97 | 1.74 | 2.01 | 1.79 |
| | Oct | 0.56 | 1.54 | 1.87 | NA | 2.39 | 3.04 | 2.33 | 2.71 | 1.36 | 1.61 | 1.72 | 1.86 |
| | Nov | 0.54 | 1.53 | 1.70 | NA | 2.39 | 3.10 | 2.30 | 2.97 | 1.33 | 1.85 | 1.77 | 1.83 |
| | Dec | 0.56 | 1.57 | 1.84 | NA | 2.62 | 3.44 | 2.77 | 3.32 | 1.57 | 1.83 | 1.94 | 1.85 |
| 1989 | Jan | 0.54 | 1.72 | 1.92 | NA | 2.42 | 3.70 | 2.31 | 3.19 | 1.52 | 1.92 | 1.91 | 1.81 |
| | Feb | 0.57 | 1.67 | 1.81 | NA | 2.46 | 3.51 | 2.13 | 3.32 | 1.47 | 1.91 | 1.88 | 1.74 |
| | Mar | 0.46 | 1.45 | 1.65 | NA | 1.81 | 3.68 | 1.88 | 3.01 | 1.31 | 1.70 | 1.69 | 1.53 |
| | Apr | 0.55 | 1.33 | 1.79 | NA | 1.81 | 3.36 | 1.79 | 2.95 | 1.20 | 1.61 | 1.64 | 1.55 |
| | May | 0.57 | 1.24 | 1.61 | NA | 1.71 | 3.47 | 2.02 | 3.20 | 1.49 | 1.68 | 1.68 | 1.44 |
| | Jun | 0.53 | 1.25 | 1.56 | NA | 1.39 | 2.86 | 1.80 | 2.75 | 1.17 | 1.58 | 1.50 | 1.49 |
| | Jul | 0.50 | 1.21 | 1.54 | NA | 1.41 | 3.25 | 1.61 | 2.61 | 0.87 | 1.77 | 1.46 | 1.41 |
| | Aug | 0.44 | 1.26 | 1.41 | NA | 1.56 | 3.48 | 1.77 | 2.83 | 0.92 | 1.86 | 1.53 | 1.41 |
| | Sep | 0.44 | 1.15 | 1.37 | NA | 1.72 | 4.35 | 2.00 | 2.16 | 0.91 | 1.93 | 1.64 | 1.33 |
| | Oct | 0.44 | 1.24 | 1.37 | NA | 2.00 | 4.00 | 2.09 | 2.04 | 1.09 | 2.10 | 1.68 | 1.27 |
| | Nov | 0.42 | 1.13 | 1.22 | NA | 1.90 | 4.45 | 2.04 | 1.89 | 1.05 | 2.02 | 1.65 | 1.22 |
| | Dec | 0.37 | 1.05 | 1.24 | NA | 2.12 | 4.53 | 2.37 | 1.96 | 1.09 | 1.95 | 1.71 | 1.15 |
| 1990 | Jan | 0.32 | 1.10 | 1.28 | 6.84 | 2.37 | 4.05 | 2.56 | 1.82 | 1.25 | 2.57 | 2.23 | 1.30 |
| | Feb | 0.28 | 1.07 | 1.19 | 6.89 | 2.91 | 4.43 | 2.77 | 2.06 | 1.44 | 2.50 | 2.36 | 1.36 |
| | Mar | 0.29 | 1.02 | 1.22 | 6.30 | 3.09 | 5.10 | 2.94 | 1.84 | 1.41 | 2.46 | 2.38 | 1.35 |
| | Apr | 0.32 | 1.14 | 1.21 | 6.01 | 3.09 | 4.59 | 2.58 | 1.76 | 1.53 | 2.24 | 2.26 | 1.40 |
| | May | 0.38 | 1.17 | 1.18 | 6.11 | 3.11 | 5.22 | 2.67 | 2.16 | 1.72 | 2.26 | 2.39 | 1.41 |
| | Jun | 0.36 | 1.07 | 1.17 | 5.25 | 2.67 | 4.99 | 2.76 | 2.07 | 1.93 | 1.94 | 2.23 | 1.39 |
| | Jul | 0.24 | 0.94 | 1.09 | 4.83 | 2.51 | 4.34 | 2.51 | 1.82 | 1.68 | 1.54 | 1.99 | 1.31 |
| | Aug | 0.22 | 0.90 | 0.96 | 4.02 | 2.20 | 4.28 | 2.38 | 1.48 | 1.69 | 1.39 | 1.81 | 1.32 |
| | Sep | 0.20 | 0.77 | 0.97 | 3.20 | 1.88 | 3.03 | 2.22 | 1.41 | 1.36 | 1.02 | 1.49 | 1.46 |
| | Oct | 0.17 | 0.74 | 0.79 | 2.20 | 1.42 | 2.82 | 1.61 | 1.59 | 1.00 | 0.87 | 1.23 | 1.48 |
| | Nov | 0.17 | 0.76 | 0.85 | 2.56 | 1.34 | 2.74 | 2.00 | 1.94 | 1.24 | 1.09 | 1.36 | 1.50 |
| | Dec | 0.17 | 0.80 | 0.89 | 2.25 | 1.25 | 2.95 | 2.06 | 1.91 | 1.25 | 1.01 | 1.35 | 1.48 |
| 1991 | Jan | 0.33 | 0.98 | 1.06 | 2.91 | 1.55 | 2.08 | 2.24 | 2.11 | 1.54 | 1.14 | 1.48 | 1.55 |
| | Feb | 0.29 | 0.93 | 1.17 | 3.08 | 1.60 | 2.08 | 2.50 | 2.05 | 1.63 | 1.05 | 1.52 | 1.47 |
| | Mar | 0.44 | 0.86 | 1.23 | 3.53 | 1.87 | 2.33 | 2.46 | 2.42 | 1.57 | 1.06 | 1.65 | 1.27 |
| | Apr | 0.58 | 0.86 | 1.28 | 3.88 | 1.83 | 2.01 | 2.04 | 2.27 | 1.78 | 1.16 | 1.64 | 1.18 |
| | May | 0.56 | 0.85 | 1.28 | 3.40 | 1.73 | 1.85 | 1.86 | 2.28 | 1.71 | 1.28 | 1.56 | 1.17 |
| | Jun | 0.53 | 0.76 | 1.25 | 3.36 | 0.90 | 1.45 | 1.66 | 2.13 | 1.36 | 1.07 | 1.35 | 1.12 |
| | Jul | 0.62 | 0.80 | 1.28 | 2.43 | 1.10 | 1.19 | 2.21 | 2.46 | 1.34 | 0.90 | 1.43 | 1.15 |
| | Aug | 0.69 | 0.73 | 1.22 | 1.93 | 1.20 | 1.11 | 2.36 | 2.67 | 1.38 | 0.93 | 1.42 | 1.08 |
| | Sep | 0.71 | 0.67 | 1.17 | 2.24 | 1.14 | 1.15 | 2.52 | 2.60 | 1.33 | 0.98 | 1.45 | 1.19 |
| | Oct | 0.78 | 0.74 | 1.17 | 1.93 | 1.11 | 1.81 | 2.51 | 2.81 | 1.00 | 0.88 | 1.48 | 1.13 |
| | Nov | 0.66 | 0.78 | 1.15 | 1.80 | 1.00 | 1.46 | 2.72 | 3.14 | 1.01 | 0.77 | 1.45 | 1.11 |
| | Dec | 0.68 | 0.62 | 1.23 | 1.75 | 0.81 | 1.76 | 2.43 | 3.17 | 1.08 | 0.78 | 1.43 | 0.96 |
| 1992 | Jan | 0.42 | 0.55 | 1.29 | 2.37 | 0.99 | 2.35 | 2.55 | 3.05 | 1.11 | 0.92 | 1.56 | 1.00 |
| | Feb | 0.43 | 0.67 | 1.54 | 1.92 | 1.04 | 2.33 | 2.88 | 3.38 | 1.24 | 0.95 | 1.64 | 0.95 |

** Relative to the S&P 400.

(a) PRM included in average through 8/89, WANB through 6/91.

Appendix C

Relative Price-to-Book Data: ** Trailing Book Value, Month End Prices

| | DGN | DEC | HWP | MIPS | PYRD | SQNT | SGI | SRA | SUNW | TDM | Avg(B) | BM |
|------|-----|------|------|------|-------|------|------|------|------|------|--------|------|
| 1988 | Jan | 1.06 | 1.33 | NA | 0.60 | 1.25 | 1.70 | 1.92 | 2.13 | 1.15 | 1.21 | 0.81 |
| | Feb | 0.54 | 1.03 | NA | 0.63 | 1.22 | 1.60 | 2.33 | 1.97 | 1.17 | 1.23 | 0.80 |
| | Mar | 0.46 | 0.88 | 1.41 | NA | 0.74 | 1.40 | 1.92 | 2.25 | 1.03 | 1.25 | 0.76 |
| | Apr | 0.47 | 0.87 | 1.42 | NA | 0.89 | 1.45 | 2.02 | 2.26 | 1.01 | 1.26 | 0.80 |
| | May | 0.48 | 0.87 | 1.29 | NA | 0.77 | 1.52 | 2.25 | 1.97 | 0.99 | 1.25 | 0.80 |
| | Jun | 0.48 | 0.92 | 1.22 | NA | 0.99 | 1.35 | 2.21 | 2.30 | 1.08 | 1.26 | 0.87 |
| | Jul | 0.38 | 0.80 | 1.13 | NA | 0.84 | 1.35 | 0.82 | 1.84 | 1.72 | 0.98 | 0.87 |
| | Aug | 0.37 | 0.73 | 1.12 | NA | 0.79 | 1.44 | 0.78 | 1.87 | 1.89 | 0.74 | 0.89 |
| | Sep | 0.39 | 0.71 | 1.16 | NA | 0.93 | 1.33 | 0.90 | 1.96 | 1.66 | 0.78 | 1.00 |
| | Oct | 0.37 | 0.70 | 1.15 | NA | 0.95 | 1.20 | 0.82 | 1.51 | 1.25 | 0.73 | 0.88 |
| | Nov | 0.36 | 0.69 | 1.09 | NA | 0.95 | 1.23 | 0.81 | 1.65 | 1.22 | 0.84 | 0.92 |
| | Dec | 0.37 | 0.71 | 1.18 | NA | 1.04 | 1.36 | 0.98 | 1.85 | 1.45 | 0.83 | 1.00 |
| | Jan | 0.35 | 0.81 | 1.21 | NA | 0.97 | 1.51 | 0.92 | 1.76 | 1.35 | 0.88 | 1.01 |
| | Feb | 0.36 | 0.79 | 1.16 | NA | 0.99 | 1.43 | 0.85 | 1.83 | 1.30 | 0.88 | 0.99 |
| | Mar | 0.29 | 0.68 | 1.06 | NA | 0.73 | 1.50 | 0.75 | 1.67 | 1.16 | 0.78 | 0.88 |
| | Apr | 0.33 | 0.62 | 1.13 | NA | 0.73 | 1.51 | 0.76 | 1.63 | 0.96 | 0.74 | 0.88 |
| | May | 0.35 | 0.58 | 0.99 | NA | 0.69 | 1.55 | 0.86 | 1.77 | 1.19 | 0.77 | 0.89 |
| | Jun | 0.32 | 0.59 | 0.96 | NA | 0.56 | 1.28 | 0.77 | 1.52 | 0.93 | 0.72 | 0.81 |
| | Jul | 0.30 | 0.53 | 0.93 | NA | 0.57 | 0.94 | 0.75 | 1.39 | 0.73 | 0.80 | 0.64 |
| | Aug | 0.27 | 0.55 | 0.86 | NA | 0.63 | 1.01 | 0.83 | 1.50 | 0.77 | 0.85 | 0.76 |
| | Sep | 0.27 | 0.51 | 0.83 | NA | 0.70 | 1.26 | 0.93 | 1.15 | 0.76 | 0.87 | 0.76 |
| | Oct | 0.30 | 0.53 | 0.81 | NA | 0.81 | 1.27 | 1.06 | 1.05 | 0.83 | 0.94 | 0.79 |
| | Nov | 0.29 | 0.48 | 0.72 | NA | 0.77 | 1.41 | 1.03 | 0.97 | 0.80 | 0.90 | 0.77 |
| | Dec | 0.25 | 0.45 | 0.74 | NA | 0.86 | 1.44 | 1.19 | 1.01 | 0.83 | 0.87 | 0.79 |
| | Jan | 0.22 | 0.46 | 0.75 | 4.07 | 0.99 | 1.41 | 1.92 | 0.90 | 0.98 | 1.11 | 1.19 |
| | Feb | 0.19 | 0.44 | 0.70 | 10.00 | 1.22 | 1.55 | 2.08 | 1.02 | 1.12 | 1.08 | 1.25 |
| | Mar | 0.20 | 0.42 | 0.72 | 9.61 | 1.30 | 1.78 | 2.21 | 0.91 | 1.10 | 1.06 | 1.25 |
| | Apr | 0.22 | 0.47 | 0.70 | 3.41 | 0.81 | 1.77 | 1.52 | 0.86 | 1.16 | 0.96 | 0.91 |
| | May | 0.25 | 0.48 | 0.68 | 3.76 | 0.81 | 2.02 | 1.57 | 1.06 | 1.31 | 0.96 | 0.97 |
| | Jun | 0.24 | 0.44 | 0.67 | 3.74 | 0.70 | 1.93 | 1.62 | 1.01 | 1.47 | 0.83 | 0.93 |
| | Jul | 0.16 | 0.39 | 0.62 | 4.92 | 0.70 | 1.23 | 1.14 | 0.86 | 1.18 | 0.64 | 0.78 |
| | Aug | 0.15 | 0.38 | 0.54 | 4.15 | 0.61 | 1.22 | 1.08 | 0.70 | 1.18 | 0.57 | 0.72 |
| | Sep | 0.13 | 0.32 | 0.55 | 4.23 | 0.52 | 0.86 | 1.01 | 0.67 | 0.95 | 0.42 | 0.61 |
| | Oct | 0.13 | 0.31 | 0.44 | 3.61 | 0.43 | 0.86 | 0.73 | 0.74 | 0.58 | 0.35 | 0.51 |
| | Nov | 0.13 | 0.32 | 0.46 | 3.57 | 0.40 | 0.84 | 0.91 | 0.90 | 0.71 | 0.44 | 0.56 |
| | Dec | 0.13 | 0.33 | 0.48 | 3.44 | 0.38 | 0.90 | 0.93 | 0.89 | 0.72 | 0.41 | 0.56 |
| | Jan | 0.25 | 0.40 | 0.56 | 4.45 | 0.49 | 0.67 | 1.02 | 0.94 | 0.89 | 0.44 | 0.62 |
| | Feb | 0.33 | 0.35 | 0.61 | 2.49 | 0.51 | 0.67 | 1.14 | 0.91 | 0.94 | 0.41 | 0.60 |
| | Mar | 0.32 | 0.32 | 0.64 | 2.90 | 0.59 | 0.75 | 1.12 | 1.07 | 0.91 | 0.41 | 0.65 |
| | Apr | 0.41 | 0.32 | 0.66 | 2.68 | 0.61 | 0.66 | 0.93 | 0.98 | 1.01 | 0.45 | 0.64 |
| | May | 0.40 | 0.32 | 0.65 | 2.24 | 0.58 | 0.61 | 0.85 | 0.99 | 0.97 | 0.50 | 0.61 |
| | Jun | 0.38 | 0.28 | 0.64 | 2.50 | 0.30 | 0.48 | 0.76 | 0.92 | 0.77 | 0.42 | 0.54 |
| | Jul | 0.41 | 0.32 | 0.65 | 2.50 | 0.37 | 0.42 | 0.62 | 1.03 | 0.90 | 0.35 | 0.62 |
| | Aug | 0.46 | 0.29 | 0.61 | 1.96 | 0.40 | 0.38 | 0.66 | 1.12 | 0.83 | 0.36 | 0.55 |
| | Sep | 0.48 | 0.26 | 0.59 | 2.12 | 0.38 | 0.41 | 0.71 | 1.09 | 0.88 | 0.38 | 0.53 |
| | Oct | 0.49 | 0.29 | 0.60 | 1.94 | 0.37 | 0.71 | 0.73 | 1.13 | 0.66 | 0.35 | 0.56 |
| | Nov | 0.42 | 0.31 | 0.59 | 1.98 | 0.33 | 0.57 | 0.79 | 1.26 | 0.67 | 0.30 | 0.55 |
| | Dec | 0.43 | 0.24 | 0.62 | 2.10 | 0.27 | 0.69 | 0.71 | 1.28 | 0.71 | 0.31 | 0.55 |
| | Jan | 0.26 | 0.22 | 0.66 | 2.09 | 0.36 | 0.86 | 0.78 | 1.12 | 0.74 | 0.39 | 0.57 |
| | Feb | 0.26 | 0.27 | 0.78 | 1.66 | 0.38 | 0.86 | 1.24 | 0.83 | 0.41 | 0.61 | 0.43 |

** Relative to the S&P 400.

(a) FPM included in average through 8/89, WANB through 6/91.

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