COMPUTER USAGE COMPANY

NOTICE OF

ANNUAL MEETING OF STOCKHOLDERS

AND

PROXY STATEMENT

NOTICE is hereby given that the Annual Meeting of Stockholders of COMPUTER USAGE COMPANY will be held at the office of The Corporation Trust Company; No. 100 West 10th Street; Wilmington, Delaware; on the 14th day of February 1968 at 12:30 o'clock P. M. for the following purposes:

- To elect three (3) directors to serve for the ensuing year and until their respective succesors
 are elected and qualify.
- To consider and take action upon approval of a proposed Amendment to the Employees' Stock
 Option Plan so as to provide that the total number of shares of the Common Stock of the
 Company that may be optioned under the provisions of the Plan be increased from 132, 500
 shares to 165,000 shares.
- To approve the appointment of Lybrand, Ross Bros. & Montgomery as independent auditors to
 audit the accounts and records of the Corporation for the fiscal year ending September 30, 1968,
 and to report thereon to the stockholders.
- 4. To transact such other business as may properly come before the meeting.

Only the holders of Common Stock of record at the close of business January 3, 1968 are entitled to vote at the meeting.

The accompanying form of proxy is sent to you pursuant to resolution of the Board of Directors. The management requests that you sign the proxy and return it in the enclosed envelope which requires no postage if mailed in the United States.

By order of the Board of Directors.

William M. Sloane, Secretary

Dated: January 10, 1968

COMPUTER USAGE COMPANY

Annual Meeting of Stockholders - February 14, 1968

PROXY STATEMENT

This proxy statement is furnished to the stockholders of Computer Usage Company in connection with the solicitation of proxies to be used in voting at the Annual Meeting of Stockholders to be held on February 14, 1968 at 12:30 o'clock P. M. at 100 West 10th Street; Wilmington, Delaware.

The enclosed proxy is solicited by the management of the Company. A person giving the proxy has the power to revoke it at any time before it is exercised.

This solicitation of proxies is made on behalf of the management of the Company and the cost thereof will be borne by the Company. In addition to the solicitation of proxies by use of the mails, officers and regular employees may communicate with shareholders personally or by mail, telephone, telegram or otherwise for the purpose of soliciting such proxies, but in such event no additional compensation will be paid to any such person for such solicitation. The Company will reimburse brokers and other nominees for their reasonable out-of-pocket expenses in forwarding soliciting material to beneficial owners of shares held of record by such persons.

VOTING SECURITIES OUTSTANDING

The outstanding voting securities of the Company are 721, 304 shares of Common Stock. Each share is entitled to one vote. Only holders of Common Stock of record at the close of business on January 3, 1968, will be entitled to vote at the meeting. The Common Stock is the only class of stock of the Company.

Cuthbert C. Hurd, Elmer C. Kubie and John W. Sheldon each owned of record or beneficially more than 10% of the outstanding voting securities of the Company as of December 8, 1967. The amount owned of record or beneficially by each of them as of that date and the percentage of the outstanding voting securities represented by the amount of securities owned in each such manner is as follows: Cuthbert C. Hurd, of record 69, 275 shares (9.7%), beneficially 14, 400 shares (2.0%); Elmer C. Kubie, of record 85, 335 shares (11.9%), beneficially 15, 000 shares (2.1%); John W. Sheldon, of record 82, 645 shares (11.5%), beneficially 1, 050 shares (0.1%). The shares which are beneficially owned by Cuthbert C. Hurd are owned by members of his immediate family. The shares which are beneficially owned by Elmer C. Kubie are owned by members of his immediate family of whom Dallas E. Kubie, his wife, owns approximately 1.7% of the outstanding shares of the Company. The shares which are beneficially owned by John W. Sheldon are owned by him and held in the name of his nominees.

ELECTION OF DIRECTORS

The By-Laws of the Company provide for three directors to be elected at the Annual Meeting to serve for one year. At the meeting, three directors are to be elected to serve for the next ensuing year or until their respective successors are elected and qualify. The shares represented by the proxies will be voted for the three nominees as directors named below. If any nominee becomes unavailable for any reason or a vacancy should occur before the election (which events are not anticipated), the shares represented by the proxies may be voted for such other person as may be determined by the holders of such proxies.

The following table sets forth the names of each nominee for director, the office he holds with the Company, which in each case is his principal occupation, the year in which he was first elected as a director of the Company, and the number of shares of the Common Stock of the Company known by the Company to be owned by him beneficially, direct or indirectly on December 8, 1967.

Name	Occupation	Director Since	Ownership of Common Stock
Cuthbert C. Hurd	Chairman of the Board (1)	1962	83, 675 ⁽²⁾
Elmer C. Kubie	President(1)	1955	100, 335(2)
Walter B. Nelson	Vice President ⁽¹⁾	1963	5, 100

⁽¹⁾ Mr. Kubie has been President of the Company since its organization in 1955. Mr. Nelson joined the Company in 1959 and has served in various executive capacities since that time. Dr. Hurd joined the Company in 1962 prior to which time he had served with International Business Machines Corporation in a number of executive, technical and systems positions.

REMUNERATION OF MANAGEMENT

The following table sets forth the aggregate direct remuneration accrued by the Company during the fiscal year ended September 30, 1967 to each director and officer of the Company whose aggregate direct remuneration exceeded \$30,000 in such year, and to all directors and officers as a group. It also reflects the amounts allocated during such fiscal year under the Company's Employees' Profit-Sharing Plan for each director and officer named and for all directors and officers as a group.

	Capacity in Which Remuneration Was Received		Employees' Profit Sharing Plan	
Name of Individual or Identity of Group		Aggregate Direct Remuneration (1)	Amount Allocated For Fiscal Year Ended September 30, 1967 ⁽²⁾	Aggregate Amount Allocated To September 30, 1967
Cuthbert C. Hurd	Chairman of the Board	\$30,662	\$1,025	\$ 3,944
Elmer C. Kubie	President	31, 996	1,025	9, 083
Carl H. Reynolds	Vice President	31,666		
All directors and office as a group, 8 in number		196, 730	4, 654	23, 368

Includes amounts paid as incentive compensation in accordance with formulae which had been approved in advance for the fiscal year ended September 30, 1967 by the Board of Directors. The total of such incentive compensation paid by the Company for said fiscal year to all employees was \$26, 725 of which amount \$14, 730 was paid to directors and officers as a group. The Company expects to pay incentive compensation in the current fiscal year which, in the case of directors and officers, will be determined by specified operating criteria. Although it is not possible to ascertain the amounts, if any, which may be paid as incentive compensation for the current fiscal year, it is not anticipated that the aggregate amount of incentive compensation payable to all officers and directors will exceed \$65,000.

⁽²⁾ See previous statement with respect to holders of more than 10% of the outstanding voting securities of the Company.

⁽²⁾ The total contribution to the Employees' Profit Sharing Plan made by the Company for the fiscal year ended September 30, 1967 was \$56,000, of which \$4,654 was allocated to directors and officers of the Company.

Since the beginning of the last fiscal year of the Company, all officers and directors as a group have exercised two options granted under the Employees' Stock Option Plan, each in the amount of 1,000 shares of Common Stock. One was exercised on October 9, 1967 at the price price of \$25.00 per share at which date the market value per share was \$51.00 and the other was exercised on December 28, 1967 at the purchase price of \$21.00 per share at which date the market value per share was \$65.00.

As an inducement to Carl H. Reynolds to join the Company, the Company advanced to him the sum of \$16,000, which indebtedness is evidenced by a series of non-interest bearing notes which become due on a quarterly basis. The Company has agreed to make payments to Mr. Reynolds in the form of cancellation of each quarterly note as it becomes due provided that certain operating results of the Company are achieved. The largest aggregate amount of Mr. Reynolds' indebtedness since the beginning of the last fiscal year of the Company was \$16,000 and the amount thereof outstanding as of December 8, 1967 was \$14,000. One of said notes was cancelled by the Company during the last fiscal year and the amount thereof is included in the Aggregate Direct Remuneration of Mr. Reynolds given above.

AMENDMENT OF EMPLOYEES' STOCK OPTION PLAN

At a meeting held on December 5, 1967, the Board of Directors adopted a resolution, subject to the approval of stockholders at the Annual Meeting to be held on February 14, 1968, amending the Employees' Stock Option Plan to increase the number of shares of Common Stock which may be optioned under the Plan by 32, 500 shares. Paragraph 3 of the Plan would be deleted and the following Paragraph would be substituted in its entirety, the only change being to increase from 132, 500 to 165, 000 the number of shares which may be optioned under the Plan.

"3. SHARES OF STOCK SUBJECT TO THE PLAN. One hundred sixty-five thousand (165,000) shares of the Company's Common Stock of the par value of twenty-five cents (25 cents) per share (subject to adjustment pursuant to Paragraph 5(e)) may be optioned under the Plan. Such shares may be authorized and unissued or held in the treasury of the Company. Shares subject to unexercised portions of terminated or expired options under the Plan may again be subject to option under the Plan. The total number of shares subject to outstanding options shall not exceed, at any one time, ten percent (10%) of the then issued and outstanding shares of the Common Stock of the Company."

(The adjustment referred to with respect to the number of shares which may be optioned under the Plan provides that if the shares of the Company shall be reclassified or subdivided or combined, or if, upon a merger, consolidation or recapitalization, the shares of the Company are exchanged for other securities of the Company, or of another corporation, the holder of an option shall be entitled to receive the same number and kind of shares of stock as he would have been entitled to receive if he had been, immediately prior to any such event, the holder of the number of shares as to which he may have exercised an option under the Plan.)

The Company adopted a "Restricted Stock Option Plan" in 1960 which was amended on May 18, 1964 and approved by shareholders in 1965 to comply with the provisions of the Internal Revenue Code of 1954, as amended, relating to "qualified stock option" plans. Under the provisions of the Stock Option Plan, the Board of Directors may, prior to May 17, 1974, grant options to purchase shares of Common Stock of the Company to such key employees as it may determine. There are no restricted stock options presently outstanding and the qualified stock options granted subsequent to May 17, 1964 may be exercised during the three year period beginning two years after the date of grant at a price which is not less than the fair market value of the shares on the date of grant. At December 28, 1967, a total of 72, 900 shares of Common Stock had been purchased upon the exercise of options under the Plan, as amended from time to time; 42, 900 shares were subject to outstanding options at prices ranging from \$8.60 to \$58.00 per share; and an additional 16, 700 shares were available for the grant of options under the Plan. The outstanding options expire between 1969 and 1972. The market value of the Common Stock of the Company on December 28, 1967 was \$65.00 per share. In each case the consideration to be received by the Company for the granting of each option under the Plan is the continued employment of the person to whom the option is granted.

The following table, as of December 28, 1967, sets forth the expiration date, the number of shares subject to option and the option price with respect to all options held by (i) each director and each officer listed above in the table under "Remuneration" and (ii) all directors and officers as a group. There are no Federal Income Tax consequences to either the Company or the employee upon the issuance or exercise of options under the Plan.

Name of Optionee	Expiration Date of Option	Shares Subject to Option	Option Price
Carl H. Reynolds	January 24, 1971	5, 000	\$23.50
All directors and officers as a group.	May 6, 1970 through January 10, 1972	9, 900	21.857 ⁽¹⁾

⁽¹⁾ Approximate weighted average.

During the past five years, Cuthbert C. Hurd acquired 12, 500 shares of the Common Stock of the Company through the exercise of options granted under the Plan and has sold 29,550 shares of Common Stock. All officers and directors as a group have, during the past five years, acquired 20,750 shares of Common Stock through the exercise of options granted under the Plan and those who have acquired Common Stock upon the exercise of options under the Plan have sold 30,900 shares of Common Stock during this period.

Directors and officers of the Company participate in the Plan to the same extent as other employees except that directors who are not otherwise actively engaged in the business of the Company are not eligible.

Directors and officers and all employees of the Company participate in the Employees' Profit Sharing Plan, on the same basis. Under the terms of the Employees' Profit Sharing Plan, the Company makes an annual contribution of such amount as the Board of Directors shall determine, not exceeding 15% of income before provision for Federal Income Taxes of the Company during the preceding fiscal year. Each Company contribution is then apportioned pro-rata among participating employees in accordance with their direct compensation. The amount of the Company's contribution and the manner in which it was allocated for the fiscal year ended September 30, 1967 is given elsewhere herein.

It is the opinion of the Board of Directors that the Plan has substantially contributed to the maintenance of an effective management and technical organization and, in view of the increasing competition for highly qualified employees, the directors are of the opinion that the Company should continue to have shares available for the granting of options to outstanding employees and to new key employees as inducement to their joining the Company. Accordingly, the Board of Directors recommends that the Stockholders approve the proposed amendment to the Plan which will permit the continuation of the Plan upon the same basis as it has been administered up to this time.

The approval of the proposed amendment to increase the number of shares which may be optioned under the Plan requires the favorable vote of the holders of a majority of the outstanding Common Stock of the Company.

It is the intention of the persons named in the enclosed proxy to vote such proxy, unless otherwise instructed therein, FOR the foregoing proposed amendment to the Employees' Stock Option Plan.

APPOINTMENT OF INDEPENDENT AUDITORS

The firm of Lybrand, Ross Bros. & Montgomery; No. 2 Broadway; New York, New York, has audited the books and records of the Company since its organization, and the Board of Directors wishes to continue the services of this firm for the fiscal year ending September 30, 1968. Accordingly, the management will present to the meeting a resolution approving the appointment of Lybrand, Ross Bros. & Montgomery as independent auditors to audit the accounts and records of the Company for the fiscal year ending September 30, 1968 and to report thereon to the stockholders.

It is the intention of the persons named in the enclosed Proxy to vote such Proxy, unless otherwise instructed therein, FOR the appointment of the firm of Lybrand, Ross Bros. & Montgomery as the Company's independent auditors.

OTHER BUSINESS

The management of the Company knows of no other business which may come before the Annual Meeting of Stockholders. If any other business should come before the meeting, the proxy-holders intend to vote the proxies received in accordance with the business judgment of the proxy-holders, and discretionary authority to do so is included in the accompanying form of Proxy.

By order of the Board of Directors.

William M. Sloane, Secretary

Dated: January 10, 1968