



DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Digital Drive
Merrimack, New Hampshire
03054-9501

09 September 1994

Mr. Lawrence K. Fish
Chairman, President and Chief Executive Officer
Citizens Group, Incorporated
1 Citizens Plaza
Providence, R.I. 02903-1339

Dear Larry;

Thank you again for spending time with me, Jeff Taylor, Art Ridolfi and Ed Trautz last week. I thoroughly enjoyed meeting with you and the members of your management team and must confess that I'm most impressed with the direction that you have set for your company. Clearly we share some common beliefs in the importance of ethics, values and diversity as aids to making companies successful and enjoyable places to work.

Based on our meeting, it seems to me that the Trust 11 installation project is going quite well. You have my commitment that I will personally be involved in its progress and will conduct regular reviews of achievement against our major milestones. Further, I plan to touch base with you, David Palms and whomever else is necessary to ensure continued success in our implementation.

National Computer Systems is committed to continuing its relationship with the Citizens Financial Group. As you grow, it is our sincere desire to grow with you. I look forward to continuing the dialogue between our two companies and, of course, I look forward to sustaining the mutual success of our relationship.

Sincerely,

Russ Gullotti
President and CEO (elect)
National Computer Systems

P.S. By now I hope you have heard from Willow Shire. I'll be curious to know what develops there.

CC: Jeff Taylor
Art Ridolfi

digital

DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Digital Drive
Merrimack, New Hampshire
03054-9501

147-2308

Sample of
Letter following
a wonderful customer
Meeting

December 14, 1993

Mr. Charles Oswald
Chairman and CEO
National Computer Systems, Inc.
11000 Prairie Lakes Drive
Eden Prairie, MN 55344-

Dear Charlie,

I would like to thank you for your hospitality and for the opportunity to meet with you and members of your executive team at NCS in Minneapolis. Hearing your thoughts, plans and ideas around your business segments was very worthwhile, and, frankly, it was quite enjoyable.

Allow me to outline some follow-up plans we agreed to initiate with you and your firm:

1. Global Asset Management Services investment proposal: As we discussed the proposal for our joint partnership on the international front with Ultrust is under review with our Financial Services Senior Leadership Team Executive, Bruce Ryan, and his Global Banking Manager, Mary Lou Welch. We committed to reviewing this expeditiously. We will respond to you quickly with our thoughts. I will be speaking with Bruce regarding your proposal and you can expect a decision from us shortly.
2. Health Care Industry and NCS: We would like to engage some members of our Health Care Industry Unit to meet with members of your team to explore ways of working together involving your Precept product. We are very involved in the re-engineering work underway with our nation's health care systems and feel your products may complement the portfolio of solutions our sales professionals recommend. Mike Howard, our VP of Healthcare Industries, will take the lead here.
3. First Bank Systems: Our account team in Minneapolis has been working with your sales team in Wayne, Pennsylvania regarding the situation at First Bank Systems on the Bondmaster conversion opportunity. This is a strategic account for us and are working diligently to design a business and technology solution to meet First Bank's needs.

Digital Equipment Corporation

We understand the importance of this opportunity for both of us and you have our commitment that we will do all that we can to secure this business together.

4. Education Testing: Although we did not discuss opportunities in your education sector in Iowa City and elsewhere, Digital brings great strengths in technology with our Alpha client-server strategy, products and services. We were very disappointed that we were not selected as your partner of choice for your recent Educational Testing Services solution.

Nevertheless, we would like the opportunity to engage with your people to formulate a long term Digital solution based on our Alpha and OSF/1 architectures. We are convinced our 64-bit performance will offer you significant benefits in terms of test processing capabilities while reducing your overall cost structure. We welcome the opportunity to engage with your people in Iowa City in the early to mid-Spring time frame and will work hard to convince you that our products and services can best solve your long term problems.

We also believe there are a number of near term opportunities we are pursuing where we could joint develop NCS and Digital solutions in the educational sector today. These would involve some of your products, particularly CIMS, in areas where we are promoting Digital Alpha and NT based solutions in the Education marketplace. We would like to discuss how we can formulate specific action plans in the educational market.

Finally, I would also like to specifically mention the excellent efforts of Bill Roberts in developing the relationship between NCS and Digital. He has been instrumental in connecting with us at senior levels of Digital and we appreciate all that he has done to open the lines of communication between our two companies. He is an asset to your company!

It is my desire to broaden our business relationship with NCS in all areas. We look forward to a mutually beneficial relationship and success with the initiatives outlined above.

Sincerely,



Russ Gullotti
Digital Equipment Corporation
Vice President U.S. Area ;

cc: Bill Roberts-NCS

WILLIAM F. ROBERTS
Vice President
Corporate Affairs

December 20, 1993

Mr. Russ A. Gullotti
Vice President, U.S. Area
Digital Equipment Corporation
P.O. Box 9501
Merrimack, NH 03054-9501

*file
NCS
(customer file)*

Dear Russ:

Thank you for making time in your busy schedule to stop in Minneapolis. We thoroughly enjoyed your visit. Everyone felt it was extremely productive. It continues to build on a strong partnership foundation we created.

Based on our conversation in San Francisco, I thought the attached might be of interest to you.

Best wishes to you and your family for a happy holiday season.

Regards,



William F. Roberts

sjc

Enclosures

NCS -

- ① work with Digital re: open
- ② Kill Financial trading package
- ③ Chadric — in Trouble?
Roberts #2 guy?
- ④ Send me ~~10K~~
annual report
- ⑤ who does school systems
in Minnesota.

*fill
pcs*

Printed by RUSS GULLOTTI @MKO
DIGITAL INTERNAL USE ONLY Document

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 066769
Date: 04-Jan-1994 12:52pm EST
From: WILLIAM L. JAMES
JAMES.BILL AT A1 at ANGLIN at

ACI

Dept: CHANNELS-NCS ACCOUNT MGR.
Tel No: 442-2381 (612-851-2381)

TO: RUSS GULLOTTI@MKO

CC: Dave Salmi @ACI
CC: Tormey Campagna @ACI

(Dave Salmi @ACI)
(Tormey Campagna @ACI)

*see him
wed-*

Subject: NCS meeting on Thursday Jan. 6

Russ,

Bill Roberts of National Computer Systems had requested with Andrea for some time on your calendar for this coming Thursday afternoon to meet with you. This meeting is no longer necessary. Instead, Bill, myself, and two other executives from NCS will be meeting with Mary Lou Welch and Bob Russell to discuss NCS's recent decision to terminate its Ultrust trust accounting software product line and take a pretax charge of approximately \$23M against the development work to date.

*a I want to
keep "reducing"
with NCS.
I'll call
B Jones today.
ALExander*

The Ultrust product was discussed with Bruce Ryan and yourself in San Francisco at the Business Partners conference relative to NCS's joint investment proposal to us which we reviewed on the flight to Minneapolis on December 2. I am faxing to your office a copy of the press release NCS issued today.

Bill Roberts wanted to personally visit with you out of his and Charlie Oswalds commitment to our corporate relationship in light of this recent news since they requested your involvement in speaking with Bruce regarding support for their proposal to us. NCS has decided they would benefit by stepping back from the Ultrust product which was not being widely accepted in the marketplace and to reengineer their business plan and technology plan with us for a next generation Alpha based client-server product.

Should you have any desire to discuss this further, please give either myself a call or Bill Roberts at NCS. He can be reached at 612.829.3119.

Thank you for keeping Thursday open, we hope it did not inconvenience your schedule.

Best regards,
Bill

**NEWS RELEASE**

Contact: Robert Kleiber
612/829-3116

(NASDAQ: NLCS)
For Immediate Release

NATIONAL COMPUTER SYSTEMS
TO TAKE FOURTH QUARTER CHARGE
FOR PRODUCT DISCONTINUANCE, RESTRUCTURING

MINNEAPOLIS, MINNESOTA...January 3, 1994...National Computer Systems, Inc. (NCS) announced today that it will take a pretax charge in its fiscal fourth quarter of approximately \$25 million as a result of terminating its Ultrust trust accounting software product and restructuring its Financial Systems and Education administrative software businesses. Approximately \$23 million of the total charge is tied to the discontinuance of the Ultrust product and related costs including personnel reductions. The remaining \$2 million of the charge is for restructuring the administrative software segment of the Education business including the closing of the Salt Lake City software development operation and the consolidation of product development activities into facilities in Mesa, Arizona.

National Computer Systems

11000 Prairie Lakes Drive Post Office Box 9365 Minneapolis, Minnesota 55440 612-829-3000



likely to impact '94

NCS CEO Charles W. Oswald commented "The decision to terminate the Ultrust product is based on our analysis of the market's requirements for a software product of this scope. It has become apparent that Ultrust could not provide the level of customized functionality that customers in this segment of the market demand. In addition, rapid changes in technology in the largest U.S and international banks, including a shift to client/server architecture, would limit the potential for Ultrust going forward. The elimination of the operating losses attributable to the Ultrust product in fiscal 1994 should dramatically improve the financial performance of the Financial Systems business."

Mr. Oswald continued "The decision to restructure the administrative software segment of our Education business resulted from a comprehensive study of the market, our products, and our sales, support, and product development methodologies. We believe that the consolidation of development operations, a product-focused sales effort and the release of our new classroom-based MicroCIMS product should have a significant positive impact on the operating performance of this critical segment of our Education business in fiscal 1994."

###

NCS call

~~full~~
~~NCS~~

9/11/93

Jay Clark

"We're different"

- Flat org - involves him a great deal.

- Understands 360 that's all
disadvantaged to techies.

Waiting for people to design the right HW
all these years

* HW decision is techies -
Not capital // ^{requirement}

great
job Dec

will SW work - Yes on 32 bit Sybase.
- dm + Krom on 64 bit
Sybase

Support - reservation is Iowa City

which is why he doesn't use Dec today
(HP softened commit - dumped HP)

"Great job - most responsive team on volume
adjustments
us / ± B M

I'm happier @ Dec Than IB17.
not enough support.
financial background

cost factors

Peak load inventory
reg'd
will pay high costs
but less than yearly
costs

over printing

200 units
cost?
refuse

50%
penalty
or losses
from IB17

problem

Bill Roberts - corp called Kevin.

Turning Dec around to humble IB17.

National Computer Systems
use buy NCS cards
they buy Dec

maybe
corp pressure to
buy from Digital

SUPPORTING INFORMATION FOR DISCUSSION TOPICS:

DIGITAL'S commitment to the local project: Reinforce Digital's understanding of the importance of the project to NCS. This is a strategic decision by NCS in order to short-term retain their 80% market share of the educational testing and assessment market and long-term to stay in the measurement business. Discuss corporate relationship. This compliments Digital's Alpha strategy. The customer does not totally understand the long term importance of alpha 64 bit to his future. The alpha product will allow them to expand this applications for many years to come. NCS believes that testing will change from multiple choice test to "essay" test in the 21 century. This project will specifically respond to one test from ETS allowing NCS to move to another level of testing. Therefore it is vitally important to NCS and Digital to successfully embark on this new venture together.

Corporate commitment at the local level: We want Russ to transition responsibility of corporate commitment to Dave Salmi. Provide responsibility and attachment to the success of this project at other levels of management (Al Hall, Country CBU Manager; Earnest Williams, District CBU Manager; Brad Sommer, Branch RMC Manager).

NCS Corporate Assistance: Would it be beneficial to Jay and the success of his project for Russ to contact NCS Corporate Management. If so, who?

Digital/SYBASE Relationship: NCS has not been satisfied with the responsiveness of Sybase and would welcome any assistance from Digital to improve that. Russ's involvement would provide a higher comfort level of an NCS/Digital/Sybase relationship than their present NCS/IBM/Sybase one.

Personal Invitation to CTG: NCS sent 3 representatives to the Cambridge Technology Review in March (Bill Bramlett, Bob Ellett, Jeanette Harrison). Jay Clark and Doug Divelbiss are planning to attend in October. Bob Bowen may attend in December.

Jay Clark's concerns about a Digital relationship: Jay has had a 30-year IBM technology relationship. He feels comfortable with them from a technical support level, but not from a sales level. NCS has a history of leasing and renting from IBM brokers (Comdisco). NCS Corporate is a Digital installed account and they have made recommendations to Jay to look at other than an IBM solution for this project.

Brief overview of NCS:

- * Publicly held corporation with 1992 revenue of \$214,054,000 in '92.
- * Digital DBA with OEM addendum for Financial Division, \$12-14M/year
- * IBM OEM (largest customer is Avon) \$12-14M/year, running Precept
- * Provides automated information management products and services
- * Consists of 3 primary business sectors: Education, Business and Banking
 - Education: Optical scanning, proprietary software, assessment test processing
 - Business: Manufactures optical scanning hardware, software and forms
 - Banking: Turnkey Financial systems, primarily in banking
- * 2 Subsidiaries: NCS Financial Systems
NCS Data Forms

Bob Barton - now NCS
sales rep split
with Carter Tack

NCS = Minneapolis
Down City -
Measurement Systems
Division

Buying Criteria:

The buying criteria in order of priority:
(according to Bill Bramlett)

SUPPORT
FLEXABILITY
FUNCTIONALITY
PRICE

Proposal Summary

3 Financial options have been proposed:

Outright purchase.....\$4.7M PBT 12%

Includes hardware, software, 3 yr. warranty, software resident (2,000 hr), Training

CUTLEASEtm.....\$4.7M @ 4.5% (APR)

Includes above plus a blind allowance to give 1st three months for free

OSS.....\$6.9M PBT 17%

Total outsourcing for three years

List of Resources Used

Rodger Miles	Network Consultant @ACI
Mamatha Adishesan	Consulting(Sybase expertise) @SCA
Earnest Williams	CEM District Manager @OPK
Scott Johnson	Sales Support @BDO
Brad Sommer	Branch RMC Manager @OMO
Jim Wallburg	Network Services @DEO
Javier Garica	Sales Support @OMO

Caplan Track
Bob Boyd
214-453 1234

Other Activities

World Tour
Cambridge Technology Seminar
Open Systems Open House

Call Information

Date: Wednesday Sept 1, 1993

Time: 2:00 PM EST

Jay Clark Phone : 319-339-6560

319-339-6561 (Sec) Nancy Koehler

319-354-9200 NCS switchboard

Overview of Imaging Project:

This is a strategic decision by NCS in order to short-term retain their 80% market share and long-term to stay in the educational testing and assessment & measurement business.

NCS challenge in academic scoring is to address scoring requirements and the growing demand for open ended test designs. Digital responded to a request from the Manager of Technology and the Division Vice President to address the NCS has a project installed running on RS6000, consisting of 30 workstations. They have ported to our Alpha platform, running OSF and Sybase.

Digital has proposed a total solution consisting of 150 Alpha workstations, 150 X-Window terminals and associated networking and peripheral equipment, project management and system management support. The opportunity will initially produce approximately \$3M revenue for Digital, with potential for an additional \$1M in the next 2 years.

Benefits to Digital in the short term are positioning ALPHA technology in an IBM dominated account and initial revenue. Success of this project will ensure NCS leadership in their industry and additional equipment and support requirements.

Profiles of Decision Makers at local level (Iowa City) on this project.

Jay Clark - In DUNS he's listed as Branch Manager but is considered a VP by subordinates. Been with organization for 30 years. Has high regard for IBM Field Engineer, but unhappy with Sales coverage. IBM rep has been on account for less than 2 years. NCS Corporate suggested he look at other vendor besides IBM for this project. He has supposedly given Doug and Bill complete freedom to choose vendor. Our private "G2" indicates the CEO will look over this project closely. Doug and Bill report to Jay.

MAIN CONCERN: Cash Flow, increasing, payback period, showing in this new venture.

Doug Divelbiss - Operations Manager, been with NCS 7 years. Has not been involved with project until recently because of illness in family and he was in charge of a new building project which has just been approved. Non-technical and uncomfortable about changing vendors from a support standpoint. Limited staff with limited expertise. His network management operation will grow because of this and other projects. I would say he is anti-Digital. There seems to be a power-play between Doug and Bill Bramlett. Doug is very sensitive about being included in meetings, being in control in those meetings and very protective of Jay's time.

MAIN CONCERN: Day to Day management of system and network with limited staff that only has IBM/Token ring experience and the learning curve associated with a Digital Solution. Worried about rapid technology changes and being stuck with outdated equipment. We believe he is a big advocate of short term leasing or rental. He also seems to be the most price sensitive of the 3. Not as interested in building a long-term relationship with vendor. Risk associated with changing vendors regarding support in all aspects of the project. Wants problems solved ASAP and red-tape dealt with later.

Bill Bramlett - Manager Information Technology - been with NCS 2 years. Hired to drive this project and is personal friends with Jay. We consider him our champion and feel he will push for a Digital solution. Highly technical with a very technical staff. Unhappy with IBM's Sales and lack of response.

MAIN CONCERN: Support through the entire project. Experience with IBM pilot say there will be problems we can't even conceive of at this time and he EXPECTS on-site support, not an 800#. Also wants to feel comfortable about our connectivity to IBM mainframe.

Organization Chart:

Charles Oswald - CHB-CEO

Norman A Cocke, SR. VP, CFO
Robert Bowen - SR. VP Educational Division
Donald Gibson, SR. VP
John Fenton - SEC-TREAS

Iowa City Division:

- * Jay Clark, VP, Measurement System Division, reports to Robert Bowen
- Doug Divelbiss - Operations Manager
- Bill Bramlett - Manager Information Technology

- * 660 permanent employees, with temporaries used during peak testing periods
- * Leased 3090
- * Complete purchasing authority locally
- * Consists of 2 Divisions:
 - Measurement Services
 - Information Technology Division
- * 30 year IBM technology users
- * Sent representatives to Cambridge Technology Review, Network Fellowship and World Tour

Topics of Discussion for Russ Gullotti/Jay Clark phone call
National Computer Systems (Iowa City Educational Testing Center)

- DIGITAL'S COMMITMENT TO THE LOCAL PROJECT AND OUR ONGOING CORPORATE NCS RELATIONSHIP
- CORPORATE COMMITMENT AT
LOCAL VICE PRESIDENTIAL LEVEL (Dave Salmi RMC)
LOCAL CEM CBU LEVEL (Earnest Williams CEM DM)
US CEM AL HALL
- WOULD JAY CLARK LIKE ASSISTANCE AT THE CORPORATE NCS LEVEL FROM DIGITAL MANAGEMENT
- DIGITAL/SYBASE RELATIONSHIP - HOW CAN THAT ENHANCE THE NCS/SYBASE RELATIONSHIP
- DOES JAY CLARK (OR HIS STAFF) HAVE ANY CONCERNS ABOUT BEGINNING A BUSINESS RELATIONSHIP WITH DIGITAL OR ENDING ONE WITH IBM.
- WHEN CAN WE PICK UP THE ORDER
- SETUP DAVE SALMI VISIT AS SOON AS NEEDED
- PERSONAL INVITATION TO CAMBRIDGE TECHNOLOGY REVIEW/ALPHA WORLD

Sybase support
Sybase will do the support.
we have a good relationship
with Sybase

Bob Byrd - 214-453-1234 Rm 3007

- New IBM sales Rep Mtg w/ Ray Friday
may be making their move then.

- might talk about viability of DEC.

- Need to re-enforce the warm & comfy feeling
of coming to DEC after years at IBM

- Will probably talk about SI Base Support
ISSUE.

- Buying equipment vs. cut/lease thru GE Capital -

no - We'd rather lease - they have a tendency
to buy bits & pieces of large order -
not all at once - convince him it's to
their advantage to lease -

- try to verify timeframe of their
decision -