

REMARKS BY
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THANK YOU,

GOOD AFTERNOON. ITS

~~IT'S GREAT TO BE HERE AT FLORIDA A&M. . . .~~ A
SPECIAL PLEASURE TO MEET WITH STUDENTS AND FACULTY FROM A
BUSINESS SCHOOL THAT HAS ^{SO} DISTINGUISHED ITSELF AS AN
INSTITUTION OF EXCELLENCE.

I APPLAUD YOU FOR THAT ACHIEVEMENT -- ~~AS YOU~~
HARRIS KNOWS
~~BECAUSE. . . .~~ AN INDUSTRY NEEDS YOU. THE GROWING
DEMAND FOR TALENTED, WELL-EDUCATED PEOPLE, THE NUMBER WHO
POSSESS THE SKILLS NEEDED TO APPLY THAT BRAIN POWER, HAS
NEVER BEEN MORE INTENSE.

THAT'S PARTICULARLY TRUE AT AMERICAN CAN. WE'VE
GONE THROUGH A COMPLETE CORPORATE METAMORPHOSIS IN RECENT
YEARS . . . AND IT ^{SOMETIME} SEEMED THAT EVERYTIME WE MASTERED ONE
PROBLEM, ANOTHER CROPPED UP JUST AS FAST...FORCING US
THROUGH THE WHOLE LEARNING PROCESS ALL OVER AGAIN.

THAT'S ONE OF THE REASONS
~~I THINK THAT'S WHY~~ I ENJOY WORKING AT AMERICAN
THE LEARNING PROCESS NEVER STOPS
CAN -- ~~I LEARN SOMETHING NEW EVERY DAY~~ -- AND LEARNING ~~IS~~ *AND*
CONTRIBUTING ~~IT~~ MAKE LIFE INTERESTING.

I WANT

WHAT ~~I'D LIKE~~ TO DO TODAY IS TO TALK A BIT ABOUT
~~I HOPE~~ THE LESSONS THE AMERICAN BUSINESS COMMUNITY HAS LEARNED
FROM A MERCURIAL ECONOMIC CLIMATE . . . HOW ONE COMPANY --
AMERICAN CAN -- RESPONDED . . . AND HOW WE'VE POSITIONED
OURSELVES *TO GROW RAPIDLY IN THE FUTURE,*
~~AS A GROWTH COMPANY OF THE FUTURE.~~

OUR STORY BEGINS IN THE LATE '70S -- WHEN IT
BECAME EVIDENT THAT A TOUGH ECONOMIC CLIMATE AT HOME . . .
AND BRISK WORLDWIDE COMPETITION WERE DRAMATICALLY CHANGING
THE WAY COMPANIES COULD OPERATE FOR SUCCESS. COMPANIES
WERE BEING BUFFETED BY THE WINDS OF RAPID ECONOMIC CHANGE
-- GUSTS FROM SOARING INFLATION . . . UNPREDICTABLE ENERGY
PRICES . . . ~~FETER-TOTTE~~ *ESCALATING* INTEREST RATES . . . A GLARING
IMBALANCE OF TRADE . . . GROWING FEDERAL DEFICITS . . .
AND A DWINDLING GLOBAL COMPETITIVE EDGE.

AND THAT'S NOT TO MENTION THE IMPACT OF CHANGING
TECHNOLOGY ON OLD-LINE, SMOKESTACK INDUSTRIES . . . AN
AGING CAPITAL BASE . . . THE ALARM OVER LOW MARKS FROM
PUBLIC EDUCATION SYSTEMS THAT ERODE OUR FUTURE POOL OF
TALENT . . . EVEN THE IMPLICATIONS OF CHANGING
DEMOGRAPHICS AS IT IMPACTS OUR WORK FORCE . . . DECAYING
URBAN CENTERS . . . AND A DECLINING INFRASTRUCTURE.

THE PACE OF ECONOMIC CHANGE ACCELERATED
DRAMATICALLY IN THE LATE '70S AND EARLY '80S, CATCHING
MANY OLD LINE COMPANIES OFF GUARD. NEVER BEFORE HAD
ECONOMIC CYCLES BEEN SO COMPRESSED -- WE WENT FROM DECADES
TO YEARS TO MONTHS, IN SOME INSTANCES.

AS A RESULT, THERE IS BOTH A SENSE OF URGENCY
. . . AND A SENSE OF RENEWED VITALITY IN BUSINESS TODAY.
IN MANAGEMENT ~~STYLES~~, ~~AND STYLES~~ ^{COOPERATIVE AND STYLE} ^{IN} AND THE USE OF NEW
TECHNOLOGY, FIRMS ARE BECOMING FAR MORE SOPHISTICATED THAN
THEY WERE ONLY A DECADE AGO.

THE SMART ONES THAT SURVIVED RECOGNIZED THE NEED
FOR A DELIBERATE GAME PLAN. AND THAT'S CRITICAL. BECAUSE
THERE ARE TWO RELATED FACTORS THAT MAKE THIS TRANSITION
FUNDAMENTALLY DIFFERENT FROM ECONOMIC CYCLES OF THE PAST.
FIRST, THE SPEED WITH WHICH ECONOMIC CHANGE IS OCCURRING
. . . AND SECOND, ITS UNPREDICTABILITY. ^{AND YET EVERY}
^{INVESTMENT AND EVERY ASSET MUST PAY OFF. AND}
THERE'S AN INTENSIFIED INTEREST THAT EVERY ^{PLANNING}
STRATEGY, EVERY INVESTMENT AND EVERY ASSET MUST PAY OFF. ^{IS ONLY}
THE ROOM FOR SLIP UPS NO LONGER IS THERE BECAUSE... ^{QUITE} ^{WAY TO}
SIMPLY... BUSINESS CAN'T AFFORD IT. ^{ACCOMPLISH}

~~I KNOW, BECAUSE~~ ^{THESE} WE'VE EXPERIENCED THE SAME SET
~~OF~~ CHALLENGES AT AMERICAN CAN. BUT WHILE OUR PROBLEMS ARE
FAIRLY TYPICAL OF THOSE FACED BY INDUSTRIAL AMERICA, OUR
RESPONSE TO THEM HAS BEEN DRAMATICALLY DIFFERENT ^{FROM MOST.}

^{AT THE END OF WW II}
~~JUST A GENERATION AGO, IN THE '50S,~~ AMERICAN CAN
HAD IT MADE. LIKE MANY OF THE TRADITIONAL SMOKESTACK
INDUSTRIES, WE WERE AN OLD-LINE, CASH RICH COMPANY THAT
HAD HELPED TO SUPPORT AMERICAN ECONOMIC GROWTH FOR DECADES. ^{U.S.}
~~THE~~ ^{FORTUNE LISTED US AS 1 OF 5 MOST IMPORTANT CORP.}
^{IN MAKING THE 20TH CENTURY POSSIBLE}
~~EVERYTHING THAT WE~~ CHANGED IN MID-1951 WHEN A LANDMARK

ANTITRUST JUDGEMENT FORCED THE COMPANY ~~TO MAKE THE~~ ^{TO ELIMINATE}
~~PROPRIETARY TECHNOLOGY FOR MAKING CANS AVAILABLE TO~~ ^{QUANTITY DISC.}
~~COMPETITORS.~~ ^{WHICH QUICKLY DROVE OUR}

^{LARGEST CUSTOMERS INTO SELF}
^{MFR. RELIEVED IN 1984 WHEN}
SINCE THE COMPANY ALREADY WAS IN THE PACKAGING ^{WERE NO}
BUSINESS, MANAGEMENT LOGICALLY TURNED TO OTHER PACKAGING ^{LONGER A}
OPPORTUNITIES...AND BEGAN TO INVEST IN PLASTIC- AND PAPER- ^{TYPE CAN}
BASED PACKAGING COMPANIES. ^{MFR.}

THAT STRATEGY WORKED REASONABLY WELL UNTIL THE
LATE '60S WHEN MARKET CONDITIONS ^{AND CONTRACTING CAN MATERIALS} ₁ BEGAN TO ERODE THE CAN
BUSINESS MORE RAPIDLY.

AGAIN MANAGEMENT REACTED. IN 1972, IN A
WATERSHED DECISION, THE COMPANY RECAPITALIZED SOME OF ITS
PLANTS AND CLOSED DOWN THE OLDEST AND LEAST EFFICIENT. IN
CLOSING THE PLANTS, THE COMPANY TOOK A \$252-MILLION TAX
WRITE-OFF, WHICH WAS THE LARGEST ^{VOLUNTARILY ONE} IN THE HISTORY OF
AMERICAN BUSINESS AT THAT TIME.

LOOKING TO DIVERSIFY INTO HIGHER GROWTH AREAS,
MANAGEMENT MADE THE DECISION IN THE ~~'70s~~ '70s TO MAKE
SEVERAL ACQUISITIONS. ^{THE 2 MOST SUCCESSFUL WERE THE START OF OUR} ONE WAS A SPECIALTY RETAILER THAT ^{RETAILING}
MARKETED RECORDED MUSIC. AND THE OTHER WAS FINGERHUT, ^{BUS. WHICH}
WHICH IS A DIRECT-MAIL MARKETING COMPANY. ^{TAKE-IT-WITH}
^{= 1 BILL}

WAAAAAAAAAAAAAAAAAAAA
ALMOST FROM THE START, THOSE ACQUISITIONS PROVED
TO BE A MIXED BAG. WHILE THE MAIL-ORDER BUSINESS
PROSPERED, THE RECORD BUSINESS SLOWED. BY 1979, EARNINGS
-- WHICH HAD RECOVERED FROM THE PLANT CLOSINGS -- WERE
GROWING AT A ^{10 TO 15} ~~12~~ PERCENT COMPOUNDED RATE. BUT TAKEN WITH
THE HIGH INFLATION OF THAT TIME, THEY WERE VIRTUALLY FLAT.

BY THE TIME 1980 ROLLED IN -- THE YEAR I WAS
ELECTED CHAIRMAN -- ^{THAT HIGH INTEREST RATES W/ HI 10% C} ~~THE ECONOMY TURNED SOUR~~ THIS TIME,
^{JUST A} HOWEVER, IT WASN'T ^{BE} CYCLICAL PHENOMENON... RATHER A
FUNDAMENTAL SHIFT IN THE ENTIRE ECONOMY. AND FOR SLOW-
GROWING, FIXED-CAPITAL INTENSIVE BUSINESSES, SUCH AS
AMERICAN CAN, THAT SPELLED ^{REAL} ~~THE~~ TROUBLE.

LONG RANGE PROJECTIONS WERE EVEN MORE GRIM.
NEITHER THE CAN NOR THE PAPER BUSINESS WAS GROWING FAST
ENOUGH . . . BOTH REQUIRED MAJOR INFUSIONS OF CAPITAL JUST
TO MAINTAIN STATUS QUO . . . AND WHILE SOME OF OUR
ACQUISITIONS WERE DEVELOPING WELL, THEY WERE NOT PRODUCING
THE CASH WE NEEDED.

OUR FUTURE -- ASSUMING THERE WAS A FUTURE -- LAY
IN CONSOLIDATION, PRODUCTIVITY IMPROVEMENTS AND NEW, HIGH
GROWTH BUSINESSES. THE HEALTH OF THE COMPANY DEMANDED
THAT WE SELL OFF EITHER THE CAN OR PAPER BUSINESS, AND
INVEST THE PROCEEDS IN OTHER, LESS CAPITAL, INTENSIVE
BUSINESSES, WHICH PROMISED SIGNIFICANT GROWTH IN THE NEW
ECONOMY WHICH WAS EVOLVING.

*AFTER ALMOST 1 YEAR OF STRATEGIC ADJAC. OF THE
U.S. ECONOMY AND ACCS OPTIONS,*

IN EARLY 1981 WE BOLDLY ANNOUNCED OUR PLAN TO
10 APR. 1981
REORGANIZE AND DIVERSIFY. THE DECISION SENT SHOCKWAVES
THROUGHOUT WALL STREET . . . AND LEFT MOST OF OUR
EMPLOYEES NUMB WITH UNCERTAINTY.

TRANSITION

REAL PROBLEMS ~~IT WASN'T EASY FOR ANYONE. BUT IN ONE OF THE~~

~~PHASES OF AMEREN'S CAN'S STRATEGIC PLANNING.~~

AS WE IMPLEMENTED THIS
~~TEAM PUT TOGETHER A~~ PLAN THAT EVENTUALLY PLACED US IN
THREE PRINCIPAL BUSINESS SECTORS -- PACKAGING, FINANCIAL
SERVICES AND SPECIALTY RETAILING.

~~3~~ ~~THEY~~
SINCE ~~WE MADE OUR ANNOUNCEMENT~~, WE HAVE ENGAGED
IN A SERIES OF DIVESTITURES, ACQUISITIONS AND
REPOSITIONINGS THAT HAVE FUNDAMENTALLY CHANGED THE ENTIRE
COMPLEXION AND OUTLOOK OF THE CORPORATION.

IN ALL, WE'VE DIVESTED ABOUT 25 OPERATIONS FOR
TOTAL PROCEEDS WORTH MORE THAN \$900 MILLION. THE BULK OF
THESE FUNDS HAS FINANCED FOURTEEN KEY ACQUISITIONS IN MUCH
HIGHER-GROWTH SECTORS OF THE ECONOMY. SECTORS THAT ARE
LINKED BY SEVERAL COMMON STRATEGIC CHARACTERISTICS --
STRONG COMPETITIVE MARKET POSITIONS . . . SPECIALTY MARKET
NICHES . . . LOWER FIXED CAPITAL REQUIREMENTS . . . AND
EXPERTISE IN INFORMATION-BASED MARKETING AND DISTRIBUTION
CHANNELS.

~~SECOND~~ ~~FIRST~~
~~SECOND~~, WE DIVERSIFIED FURTHER INTO THE SPECIALTY
RETAILING MARKET, THUS ROOTING THE COMPANY MORE FIRMLY IN
THIS FAST-GROWING SEGMENT OF THE ECONOMY.

~~FIRST~~ ~~SECOND~~
~~SECOND~~, WE DIVESTED OUR CAPITAL-INTENSIVE PAPER
BUSINESS. THAT ACTION PROVIDED THE CAPITAL TO LAUNCH OUR
FINANCIAL SERVICES SECTOR -- NOW THE FASTEST GROWING
BUSINESS IN THIS INDUSTRY. WE HAVE INVESTED APPROXIMATELY
\$1 BILLION IN THE PAST THREE YEARS TO BUILD THIS SECTOR.

AND IN PACKAGING, WE CONSOLIDATED THE BUSINESS INTO A MUCH MORE EFFICIENT OPERATION. WE HAVE MOVED INTO SPECIALIZED PACKAGING, MAKING METAL AND PLASTIC PRODUCTS FOR TARGETED, HIGHER GROWTH MARKETS.

TO ACHIEVE THIS, WE SPENT NEARLY \$400 MILLION IN INNOVATIVE MANUFACTURING TECHNOLOGY, MODERNIZING SOME OLD PACKAGING PLANTS, AND BUILDING NEW ONES FOR PRODUCTS WHICH HAD SIGNIFICANT GROWTH POTENTIAL.

THESE ACTIONS TO MODERNIZE OUR PHYSICAL PLANTS NOT ONLY INCREASED PRODUCTIVITY TO MAKE US MUCH MORE COMPETITIVE . . . BUT ALSO ALLOWED US TO SAVE JOBS AND MAINTAIN OUR CONTRIBUTION TO THE TAX BASE IN THE COMMUNITIES IN WHICH WE OPERATED.

IN JUST FOUR AND A HALF YEARS, AMERICAN CAN HAS BECOME VIRTUALLY A NEW COMPANY. MAYBE IT'S BETTER THAT HINDSIGHT IS 20/20. BECAUSE WHAT WE DIDN'T KNOW WHEN WE STARTED IS THE DEGREE TO WHICH WE LITERALLY WOULD BE PIONEERING NEW TERRITORY -- BOTH AT AMERICAN CAN, AND IN BUSINESS AS A WHOLE.

WE HAD NO ROLE MODELS...THERE WERE NO CLEARINGHOUSES TO TURN TO FOR INNOVATIVE NEW IDEAS...AND NO TEXTBOOKS TO THUMB THROUGH THE BACK INDEX PAGES FOR THE ANSWERS WE NEEDED. THE ANSWERS TO SOME OF OUR QUESTIONS SIMPLY DIDN'T EXIST AT THAT TIME. LET ME EXPLAIN.

TO BEGIN WITH, WE WERE IN THREE ENTIRELY DIVERSE INDUSTRIES...SOME FOR THE FIRST TIME. THAT IN ITSELF RAISED A NUMBER OF QUESTIONS, SUCH AS: HOW DO YOU MANAGE ACROSS SUCH DIVERSITY? HOW DOES A FORMERLY CAPITAL-INTENSIVE COMPANY SHIFT TO ACCOMMODATE THE CAPITAL ALLOCATION NEEDS OF CONSUMER AND FINANCIAL BUSINESSES?

WHAT, IF ANY, UNIFORM STANDARDS DO YOU CREATE FOR ACCOUNTING, EMPLOYEE BENEFITS AND SALARY LEVELS AMONG PREVIOUSLY AUTONOMOUS BUSINESSES? AND HOW DO YOU GAIN COOPERATION FROM WARY NEW EMPLOYEES IN BUSINESSES THAT THEY UNDERSTAND BETTER THAN YOU?

TOUGH QUESTIONS. AND EQUALLY TOUGH CHOICES TO BE MADE DURING WHAT WE KNEW WERE TOUGH TIMES. CLEARLY, WITH SUCH A PROFOUND CHANGE AT THE CORPORATE LEVEL, THE PLUSES AND MINUSES DO NOT ALWAYS BALANCE OUT.

IT WAS A DIFFICULT TIME FOR EVERYONE, AND WE ARE GRATEFUL TO THOSE WHO RODE OUT THE STORM WITH US. BUT WE ARE EVEN MORE INDEBTED FOR THE ENTERPRISING AND INNOVATIVE IDEAS AND SOLUTIONS THAT THE AMERICAN CAN TEAM DEvised IN THOSE EARLY HOURS. I'D LIKE TO GIVE YOU A COUPLE OF EXAMPLES.

A MAJOR DECISION MADE EARLY IN THE PROCESS OF
RESTRUCTURING WAS TO MOVE ^{TO} A DECENTRALIZED ORGANIZATION --
ONE THAT GAVE MORE AUTONOMY TO BUSINESS UNIT MANAGERS.
THIS ALLOWED EACH BUSINESS TO OPERATE AS A SEPARATE
ENTITY, AND LEFT THOSE DECISIONS THAT IMPACTED THE ENTIRE
COMPANY, SUCH AS FUNDING FOR CAPITAL PROJECTS, TO BE MADE
AT THE CORPORATE LEVEL.

IN LINE WITH THAT, WE MADE EACH BUSINESS UNIT
RESPONSIBLE FOR ITS OWN BENEFIT PLANS AND SALARY
SCHEDULES. ^{RATHER THAN} ~~INSTEAD OF~~ THE UNIFORM POLICY AND
ADMINISTRATION PRACTICES TO WHICH WE WERE ACCUSTOMED, ~~WE~~
~~LEFT OUR BUSINESS UNITS TO JUGGLE SOME 20 OR 30~~
~~INDEPENDENT SCHEDULES.~~ IF WE ACQUIRED A COMPANY, WE
DIDN'T INTEGRATE ^{SAL. & BEN.} ~~THE~~ PLANS; EACH COMPANY STAYED ON ITS
OWN. THAT PRACTICE CONTINUES. *OUR CORP. STAFF IS BASICALLY
A CONSULTING ORGANIZATION.*

ANOTHER CHALLENGE WAS HOW TO LINK STRATEGIC PLANS
AMONG SO MANY DIVERSE BUSINESSES, WITH THE CAPITAL
ALLOCATION PROCESS THAT DETERMINES WHICH PROJECTS TO FUND.

DECIDING WHICH STRATEGY DESERVED HOW MUCH CAPITAL
-- WHICH PREVIOUSLY WAS A NORMAL MANAGEMENT RESPONSIBILITY
-- NOW BECAME A MAJOR CHALLENGE UNDER A HOST OF NEW AND
COMPETING DEMANDS...

...FROM AN ON-GOING NEED FOR EQUIPMENT IN THE CAPITAL-
INTENSIVE METAL CAN BUSINESS . . . OR NEW EQUIPMENT
REQUIRED TO EXPAND THE PLASTIC TOOTHPASTE TUBE
BUSINESS...

...TO A NEED FOR MORE LOCATIONS BY THE MUSICLAND
RECORD STORE CHAIN . . . OR NEW PRODUCT INTRO-
DUCTIONS FOR OUR NATIONAL BENEFIT LIFE INSURANCE
BUSINESS.

OR CAPITAL TO REDUCE NEEDS FOR REINSURANCE.

IT BECAME APPARENT THAT WE NEEDED TO CREATE A
SYSTEM THAT WOULD CENTRALIZE INVESTMENT DECISIONS, WHILE
DECENTRALIZING OPERATING DECISIONS. TO DO THAT, WE CALLED
UPON ALL PREVAILING THEORIES OF STRATEGIC PLANNING,
CAPITAL ALLOCATION AND MANAGEMENT DECENTRALIZATION TO
DECIDE ON MAJOR STRATEGIES, AND TO ALLOCATE THE FUNDS
NECESSARY TO SUPPORT THEM.

WHAT WE ENDED UP DOING IS LITERALLY REWRITING THE
CHAPTER ON THE PROCESS OF CAPITAL ALLOCATION AS IT RELATES
TO STRATEGIC PLANNING. WE HAD TO. BECAUSE WHAT WE
LEARNED IN MID-STREAM WAS THAT WE BASICALLY WERE SWIMMING
IN UNCHARTERED WATERS.

*ARTICLE 10 - 11 - A.B.R. BY DICK
MARSHUTZ*

ONE OF THE CRITICAL FACTORS, THROUGHOUT, ALL OF OUR
DECISION MAKING, HOWEVER, ^{INCREASING AND THE} WAS MAINTAINING A STEADY FLOW OF
COMMUNICATION THROUGHOUT THE BUSINESSES AND THE STAFF AT
HEADQUARTERS. MEETINGS WERE HELD WITH THE BUSINESS UNITS
AND OTHER EMPLOYEES TO KEEP THEM INFORMED ABOUT THE
CHANGES BEING MADE. AND THESE LINES OF COMMUNICATION
REMAIN OPEN AND CONTINUE TO OPERATE TODAY.

~~SURE, IT MADE FOR GOOD INTERNAL PR. BUT MORE~~
~~IMPORTANT THAN THAT, IT~~ ^{HAD} BECAME ABUNDANTLY CLEAR TO ALL OF
US THAT A CRITICAL LINK IN THE ENTIRE PROCESS WAS THAT OF
KEEPING PEOPLE INFORMED... INVOLVING THEM IN THE DECISIONS
AND PROCESSES... SEEKING OUT THEIR ADVICE... TAPPING THEIR
EXPERIENCE... AND RESPECTING THEIR NEED TO BE INFORMED. ^{MAKING}
^{ALL EMPLOYEES PART OF THE PROCESS.}

WE RELEARNED THE LESSON ALL OVER AGAIN THAT ONE
PERSON CAN MAKE A DIFFERENCE. THAT'S NOT ONLY TRUE AT
AMERICAN CAN, BUT THROUGHOUT THE INDUSTRY. PARTICULARLY
IN THIS CHANGING, GROWING BUSINESS CLIMATE THERE IS A
RENEWED DEMAND FOR CREATIVITY AND ENTREPRENEURIAL
INSTINCTS, BACKED BY A DISCIPLINED APPROACH THAT FINDS
OPPORTUNITIES IN THE MARKETPLACE AND CAPITALIZES ON THEM.

COMPANIES TODAY REQUIRE SUPERIOR KINDS OF MANAGEMENT AND DECISION-MAKING SKILLS. WE REQUIRE FLEXIBLE, DYNAMIC PEOPLE TO MANAGE AND RESPOND QUICKLY TO CHANGES IN THE EXTERNAL ENVIRONMENT. IT'S NOT JUST RHETORIC WHEN WE SAY WE NEED PEOPLE WHO ARE ENERGETIC, PRODUCTIVE, IMAGINATIVE AND INNOVATIVE.

IN TURN, IF YOU LOOK AT THE BEST-RUN COMPANIES, YOU'LL FIND THAT THEY CREATE A CLIMATE FOR PEOPLE AT ALL LEVELS OF THE ORGANIZATION TO GROW PROFESSIONALLY...AND TO FUNCTION TO THE BEST OF THEIR ABILITIES, WHILE CONTRIBUTING TO THE COMPANY'S OVERALL SUCCESS.

IT'S NOT ENOUGH ANY LONGER JUST TO DEAL WITH THE TECHNICAL AND FINANCIAL SIDES OF THE BUSINESS. IT'S JUST AS IMPORTANT...IF NOT MORE SO...TO CONSIDER THE HUMAN FACTOR. COMPANIES ARE NOT JUST BRICKS AND MORTAR, BUT THE RESULT OF PEOPLE WHO KNEW HOW TO APPLY THEIR SKILLS TO A CHALLENGE AND TO ACT.

ON A NATIONAL LEVEL, OUR PEOPLE -- OUR HUMAN CAPITAL, IF YOU WILL -- MUST BE SEEN AS THE MAJOR RESOURCE FOR REVITALIZING OUR ECONOMY. ONE MEANS OF ACHIEVING THAT IS BY RECOGNIZING THE DIVERSITY OF OUR PEOPLE.

CLOSER TO HOME, WE'VE RECOMMITTED OURSELVES TO AN AFFIRMATIVE ACTION EFFORT AT AMERICAN CAN THAT RECOGNIZES WOMEN AND MINORITIES AS A STILL LARGELY UNTAPPED RESOURCE. NEW DEVELOPMENTS IN RESEARCH AND TECHNOLOGY...IN FINDING NEW WAYS OF SOLVING MANAGEMENT AND PRODUCTIVITY PROBLEMS WILL LARGELY DEPEND ON KEEPING THE PIPELINE PRIMED WITH PEOPLE WHO HAVE THE DIVERSITY OF TALENT AND SKILLS TO MAKE A DIFFERENCE.

ON A BROADER LEVEL IT'S NOT JUST LIP SERVICE WHEN LEADERS SAY THAT NEW ROLES MUST BE CREATED FOR BUSINESS, LABOR, THE PUBLIC, EDUCATION, GOVERNMENTS AND COMMUNITY-BASED ORGANIZATIONS. EACH ENTITY MUST BE WILLING TO SHARE IN THE RESPONSIBILITY AND CREATE THE PARTNERSHIPS THAT ARE CRITICAL TO BUILDING A SOLID ECONOMIC FUTURE.

ONE AREA IN WHICH BUSINESSES NEED TO BECOME MORE ACTIVELY INVOLVED, AND ONE TO WHICH AMERICAN CAN IS COMMITTED, IS THE NEED TO BUILD PARTNERSHIPS WITH EDUCATION.

IN 1983, WE BECAME INVOLVED WITH A PROJECT THROUGH THE NEW YORK CITY BOARD OF EDUCATION CALLED JOIN-A-SCHOOL. ALTHOUGH IT'S A MODEST CONCEPT OF MATCHING UP CORPORATIONS WITH SCHOOLS THAT NEED PRIVATE SECTOR

ASSISTANCE, OUR PARTNERSHIP HAS PROSPERED AND BECOME A NATIONAL MODEL FOR BUSINESS - PUBLIC SCHOOL INVOLVEMENT. AS AN EXAMPLE OF WHAT WE CAN DO TOGETHER, ITS LONG-TERM GAINS HAVE FAR REACHING IMPACT ON YOUNG PEOPLE FOR THE EMPLOYMENT OPPORTUNITIES THAT WILL EXIST IN THE YEARS AHEAD.

WE'RE COMMITTED TO THIS AND OTHER PROGRAMS IN EDUCATION BECAUSE WE BELIEVE WE HAVE A RESPONSIBILITY TO CREATING THE KIND OF ENVIRONMENT THAT ALLOW OUR BUSINESSES, OUR ECONOMY AND OUR SOCIETY AS A WHOLE TO GROW AND IMPROVE.

AS A GROWTH-DRIVEN COMPANY, WE WON'T BE ABLE TO CONTINUE AT THE LEVEL WE'VE ACHIEVED WITHOUT RECOGNIZING AND RESPECTING THE FRAGILE BALANCE OF PEOPLE IN THAT PROCESS. THAT'S THE ATTITUDE THAT WE'VE WOVEN INTO OUR CORPORATE CULTURE, AND ONE THAT HAS MADE US THE COMPANY WE ARE TODAY.

THE NET RESULT OF OUR PLAN IS THAT WE ARE NOW A WELL-DEFINED COMPANY THAT IS POSITIONED FOR GROWTH. WE HAVE, IN FACT, REACHED A BALANCE THAT REFLECTS THE AMERICAN ECONOMY AS A WHOLE -- ROUGHLY A THIRD OF OUR EARNINGS WILL COME FROM OUR SMOKESTACKS, AND TWO-THIRDS FROM OUR SERVICE BUSINESSES.

TO GIVE YOU A BRIEF REVIEW OF OUR THREE SECTORS TODAY...OUR MOVE INTO FINANCIAL SERVICES HAS BEEN A RESOUNDING SUCCESS. OUR COMBINED INSURANCE OPERATIONS ISSUED MORE THAN \$46 BILLION, FACE AMOUNT, OF NEW INDIVIDUAL LIFE IN 1984 -- MORE THAN ANY OTHER INSURANCE COMPANY IN THE NATION, INCLUDING EQUITABLE, METROPOLITAN OR PRUDENTIAL. TO GIVE YOU A FRAME OF REFERENCE, PRUDENTIAL SOLD \$35 BILLION FACE AMOUNT OF INDIVIDUAL LIFE INSURANCE IN '84. SO, WE NOW RANK AMONG THE LEADING LIFE INSURANCE COMPANIES IN THE INDUSTRY, AND THE SECTOR, LAST YEAR, CONTRIBUTED 45 PERCENT OF THE COMPANY'S OPERATING INCOME.

THIS YR WILL SURP ASS OVER \$75 BIL & WILL BE AS LARGE AS PRO & MET. COMBINED

WE ALSO CONTINUE TO BUILD ON OUR SUCCESSES IN THE SPECIALTY RETAILING SECTOR, WHICH CONTRIBUTES ABOUT 25 PERCENT OF OUR EARNINGS. THE INFORMATION-BASED TECHNOLOGY AND DISTRIBUTION EXPERTISE OFFERED BY THIS SECTOR HAS SIGNIFICANTLY CONTRIBUTED TO THE OPERATIONS OF THE COMPANY AS A WHOLE.

LARGEST FREE SPANNING MAILBOX OP. IN WORLD

LARGEST RECORD RETAINER.

OUR PACKAGING BUSINESS, WHICH CONTRIBUTES ABOUT ANOTHER 25 PERCENT OF OUR EARNINGS, HAS BEEN DRAMATICALLY STREAMLINED AND IMPROVED OVER THE PAST FOUR YEARS. WE HAVE SOLD OFF VIRTUALLY ALL OF OUR NON-U.S. PACKAGING BUSINESSES AND HAVE CONCENTRATED ON IMPROVING THE PROFITABILITY AND CASH FLOW OF OUR DOMESTIC PACKAGING OPERATIONS.

~~IT IS STILL A \$2 BILLION BUSINESS, BUT MUCH MORE PROFITABLE.~~ *Still A VERY TOUGH BUSINESS*

WE ARE PLEASED WITH OUR PERFORMANCE, AND *PLAN TO CONTIN.*
TO MAKE ACQUISITIONS
~~ANTICIPATE ADDITIONAL ACQUISITIONS IN THE FUTURE.~~ WE ARE
CONTINUING TO EXPLORE NEW AREAS OF GROWTH, AND ARE
COMMITTED TO DEVELOPING A FOURTH BUSINESS SECTOR,
HOPEFULLY IN THE NOT TOO DISTANT FUTURE.

WE'RE WORKING HARD TO CREATE THE KIND OF
CORPORATE CULTURE THAT CONTRIBUTES TO A GROWING NATIONAL
ECONOMY, AND ONE THAT OUR PEOPLE CAN LOOK TO WITH PRIDE.

I'VE GIVEN YOU A BRIEF SYNOPSIS OF ONE COMPANY'S
RESPONSE TO OUR CHANGING ECONOMY IN THESE FEW MINUTES.
AND I KNOW I HAVEN'T COVERED IT ALL. SO IF THERE ARE ANY
QUESTIONS OR COMMENTS, I'D BE HAPPY TO RESPOND.

THANK YOU.