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# 财务报表分析案例 英文版

帕利普、伯纳德、希利 合著

正版

## 哈佛商学院案例教程

Business Analysis & Valuation:  
Using Financial Statements

Palepu, Bernard & Healy



东北财经大学出版社

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# 出版者的话

当今的世界是一个变革的世界，政治体制在变革，经济结构在变革，管理方式在变革，思想观念在变革……从东方到西方，从中国到世界，一切无不处在变革之中。毫不例外，管理教育也正面临着一场深刻的变革。在以 MBA (Master of Business Administration, 通常译为“工商管理硕士”) 教育为主干的应用型管理教育大行其道的同时，一种以经典案例为主要素材、强调培养实务操作能力、反对一味灌输抽象理论的所谓“案例教学法”(Cases Methods) 逐渐取代了传统的管理教学模式，并以惊人的速度风靡全球。

作为世界 MBA 教育发祥地的美国哈佛大学工商管理研究生院 (Graduate School of Business Administration, Harvard University, 通常简称 Harvard Business School, 即“哈佛商学院”), 同时也是管理专业案例教学的首创者和积极倡导者。哈佛商学院经过近一个世纪的发展, 已经无可争辩地登上了全世界 MBA 教育的制高点, 哈佛商学院 MBA 已经成为全球企业管理界一块光芒四射的“金字招牌”。个中原因除了素来坚持严格的学员遴选制度之外, 主要应归功于独具一格的案例教学方法。

毋庸讳言, 我国的管理教育尚处于“初级阶段”, 亟待借鉴发达国家的成功经验, 包括先进的教学方法、权威的教学素材和科学的教学体系。为此, 我们通过多方努力, 终于开通了一条通过合法途径引进哈佛商学院案例教程的渠道, 并及时推出了首批十余种图书。按照预定计划, 我们将在今后两到三年内, 陆续推出哈佛商学院 MBA 其他主干课程案例教程的英文(影印)版和相应的中译版, 以满足国内管理教育尤其是 MBA、经理培训项目(ETP)师生和其他有关人士的迫切需要, 为推动我国管理教育改革和向国际接轨的步伐贡献一份绵薄之力。

对于本套系列教材在选题策划、翻译、编辑、出版以及发行工作中存在的缺点和不足, 恳请广大读者不吝指正, 我们在此先致谢忱!

东北财经大学出版社

1998年3月

This book is dedicated to the memory and spirit of

*Vic Bernard*

*Scholar, colleague, friend*

# p r e f a c e

**F**inancial statements are the basis for a wide range of business analysis. Managers use them to monitor and judge their firm's performance relative to its competitors, to communicate with external investors, to help judge what financial policies they should pursue, and to evaluate potential new businesses to acquire as part of their investment strategy. Securities analysts use financial statements to rate and value companies they recommend to clients. Bankers use them in deciding whether to extend a loan to a client and to determine the loan's terms. Investment bankers use them as a basis for valuing and analyzing prospective buyouts, mergers, and acquisitions. And consultants use them as a basis for competitive analysis for their clients. Not surprisingly, therefore, we find that there is a strong demand among business students for a course that provides a framework for using financial statement data in a variety of business analysis and valuation contexts.

We have found that a course in business analysis and valuation is significantly enhanced, both for teachers and students, by using cases as a pedagogical tool. Students want to develop "hands-on" experience in applying the concepts of business analysis and valuation in decision contexts similar to those they will encounter in the business world. Cases achieve this objective in a natural way by presenting practical issues that might otherwise be ignored in a traditional classroom exercise. Our cases all present business analysis and valuation issues in a specific decision context, and we find that this makes the material more interesting and exciting.

The extent of accounting knowledge required for the cases varies considerably. Some cases require only a basic understanding of accounting issues, whereas others require a more detailed knowledge at the level of a typical intermediate financial accounting course. However, we have found it possible to teach even these more complex cases to students without a strong accounting background by providing additional reading on the topic. For some cases, the Teaching Manual includes a primer on the relevant accounting issue, which instructors can hand out to help students prepare the case.

We have designed the cases so that they can be taught at a variety of levels. For students who need more structure to work through a case, the Teaching Manual includes a set of detailed questions which the instructor can hand out before class. For students who need less structure, there are recommended questions at the end of each case.

## ACKNOWLEDGMENTS

We gratefully acknowledge the help of Jeff Abarbanell (University of Michigan) and G. Peter Wilson (MIT) for valuable discussions on pedagogical issues. We are also grateful

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## about the authors

**Krishna Palepu** joined the Harvard Business School faculty in 1983 after receiving Bachelors and Masters degrees in physics from Andhra University, an MBA from the Indian Institute of Management, and a PhD from MIT. He has taught courses in finance and control, financial statement analysis, and competitive strategy in the Harvard MBA and Executive Educations programs, and he is currently co-leading a Harvard senior executive program on India and China, "Managing Global Opportunities in the Emerging Markets of Asia." Professor Palepu's research focuses on analyzing corporate finance and investment strategies and the process through which firms communicate these strategies to the capital markets. He has published numerous research papers and teaching cases on corporate disclosure, financing and dividend policies, and mergers and restructurings. He is also Associate Editor of several leading research journals, including the *Journal of Accounting and Economics*, *Accounting Review*, the *Journal of Financial Economics*, and the *Journal of Corporate Finance*. In addition to extensive consulting work, Professor Palepu serves on the International Board of the Academy of Management Excellence in India and of the EuroMBA Program of the Helsinki University of Technology in Finland.

**Vic Bernard**, who passed away November 14, 1995, was a CPA and held a PhD from the University of Illinois. He was Director of the Paton Accounting Center at the University of Michigan and Director of Research for the American Accounting Association. His research examined issues in financial reporting, financial statement analysis, and financial economics. He was one of ten persons in the last 30 years to have received the AAA/AICPA Notable Contributions to Accounting Literature Award more than once (in 1991 and 1993).

**Paul Healy** joined the MIT Sloan School of Management faculty in 1983, where he teaches financial accounting and financial statement analysis. He received his BCA Honors (1st class) in Accounting and Finance from Victoria University, New Zealand, and his MS in Economics and PhD in Business from the University of Rochester. Prior to coming to the U.S., he worked for Arthur Young and ICI Ltd. in New Zealand. Professor Healy received Sloan School awards for Teaching Excellence in 1991 and 1992. In 1993-94, he served as Deputy Dean at the Sloan School, and in 1994-95, he visited London Business School and Harvard Business School. Professor Healy's research, which has been published in *Accounting Review*, the *Journal of Accounting and Economics*, the *Journal of Accounting Research*, and the *Journal of Financial Economics*, includes studies of how firms' disclosure strategies affect their costs of capital, how investors interpret firms' dividend policy and capital structure decisions, the performance of merging firms after mergers, and the effect of managerial compensation and lending contracts on financial reporting. In 1990, he was awarded the AAA/AICPA Notable Contributions to Accounting Literature Award for his article, "The Effect of Bonus Schemes on Accounting Decisions."

# c o n t e n t s

Anacomp, Inc.	1
Boston Celtics	31
Comdisco, Inc. (A)	47
Comdisco, Inc. (B)	77
The Computer Industry in 1992	111
CUC International, Inc. (A)	121
Darty-Kingfisher	137
Debt Ratings in the Chemical Industry	159
The Gap, Inc.	175
Harnischfeger Corporation	193
Hawkeye Bancorporation	219
The Home Depot, Inc.	241
IBM and Fujitsu	269
Kansas City Zephyrs Baseball Club, Inc.	297
Eastman Kodak Company and Fuji Photo Film Company, Ltd.	311
Manufactured Homes, Inc.	335
Morlan International, Inc.	369
The Murray Ohio Manufacturing Company	389
Oracle Systems Corporation	417
Pageturner Bookstores, Inc.	429
Patten Corporation	445
Power Line, Inc.	473
Revco D.S., Inc.	497
Roosevelt Financial Group, Inc. (A)	515
Schneider and Square D	533
Siemens	567
Southwestern Fuel Systems, Inc.	585
Thousand Trails, Inc.	607
The Timberland Company	629
Vitronics Corporation	647
E. Wedel, S.A.	665



## Anacomp, Inc.

On September 10, 1982, Anacomp, a computer software company, released its first annual report after being listed on the New York Stock Exchange. Prior to 1982, the company's stock was traded on the over-the-counter market. In the annual report Anacomp's management outlined the company's strategy for new software systems development:

*Anacomp is committed to being the world's leading supplier of software and services to the banking industry. Anacomp and its subsidiaries have licensed software products, sold data processing services, or entered into software consulting agreements with more than 200 billion-dollar financial institutions around the world. But the bank marketplace is changing rapidly. Regulatory and technological changes are blurring the distinctions between banks and other financial institutions. Bank customers—both retail and wholesale—are becoming more sophisticated and more demanding. Bankers require computer systems which encourage total customer relationships, adapt quickly to product changes, and meet requirements of round-the-clock banking.*

*Since 1979, Anacomp has been developing a totally new generation of banking computer software systems to serve those evolving needs. Anacomp's software development effort is one the most substantial ever undertaken by an independent computer services vendor. It is based on an Anacomp innovation—the software R&D partnership—and on the philosophy of getting prospective customers involved in developing the software products they will eventually use.*

*In 1979, when its net worth was \$10 million, Anacomp recognized the opportunity to develop at a cost of \$12 million a major new IBM-based real-time retail banking system. The development was expected to take several years to complete. Anacomp selected the limited partnership alternative to buffer the company's stockholders from the financial risks involved. To help assure the development of a superior product, Anacomp also sought the participation of a cross-section of major financial institutions—the ultimate users of the bank product. To induce these banks to become co-developers, it was necessary to show that the required funding was in place and that Anacomp's commitment was firmly established. A*

*limited partnership was the best way to induce four "primary development banks" to contribute collectively \$6 million and 24 software development people for two years to the project.*

*The same considerations were present in each of the four subsequent partnerships—BANKSERV 10000, CEFT, CDA, and CIBS. Each partnership assumed development risks; except for BANKSERV 10000, each project involved several major banks acting as co-developers with Anacomp. Any product developed becomes the property of the partnership. Anacomp has the option to purchase the products but is under no obligation to exercise this option; Anacomp did purchase the CIS and BANKSERV 10000 systems in 1982. In total, more than \$60 million has been raised since 1979 for investment in the development of new wholesale and retail banking software products.*

## COMPANY BACKGROUND

Anacomp, Inc., based in Indianapolis, Indiana, began as a computer and data services company in 1969. The company was founded by Ronald Palamara, a Ph.D. in computer sciences. Among the computer services offered by the company were the design and implementation of computer software systems and the management of customers' computer facilities. The company also operated customers' data centers, offered data processing and microfilming services, and sold micrographic equipment. The company viewed that its future growth would primarily come from the design and development of software for the banking industry.

Prior to 1980, the company's principal proprietary software system for commercial banks and thrift institutions was the Customer Integrated/Reference File (CI/RF) system. CI/RF integrated a customer's banking relationships—such as checking, savings, loans, etc.—and incorporated them into a single record. The system was utilized by banks in 20 states throughout the United States, including Manufacturers Hanover Trust and Sumitomo Bank of California. The system and software primarily used a computer language designed for computers manufactured by NCR Corporation.

Beginning in 1980 Anacomp announced plans to develop a number of new software systems for the banking and financial services industry. For the retail banking industry the company was developing two new products: the Continuous Integrated System (CIS) and the BANKSERVE 10000 system. CIS was claimed to be the first on-line real-time retail banking transactions processing system designed for IBM computers. The BANKSERVE 10000 system would allow banks to share networks of point-of-sale terminals or automated teller machines on a national or regional basis.

Anacomp had also announced plans to develop a full line of software systems to help banks deal more efficiently with their wholesale customers—companies, institutions, and other banks. The Corporate Electronic Funds Transfer (CEFT) system was expected to combine three banking functions: an electronic funds transfer mechanism that would take payments from external sources, a money transfer component which would automate the bank's internal paying and receiving functions, and a corporate funds control

component which would allow the bank to monitor its own cash position and the cash position of each customer. The Corporate Deposit and Analysis (CDA) system, another wholesale banking product that Anacomp targeted for development, was expected to automate the bank's depository relationships with large corporations and other banks.

In August 1982 the company announced that it was initiating the development of yet another new software system, Corporate International Banking System (CIBS). CIBS was the most complex system the company planned to date, and was intended to help a large international bank automate certain internal treasury operations, generate complete information on the bank's foreign currency positions, and automate the processing of letters of credit and documentary credit collections.

Anacomp's management believed that the above software systems, if successfully developed and implemented, would enable the company to become a leading supplier of software and services to the banking industry.

## INDUSTRY AND COMPETITION<sup>1</sup>

The computer services industry was marked by very rapid growth. In 1981, computer service revenues totaled \$18.9 billion, up 23 percent from \$15.4 billion a year, according to INPUT, a leading international consulting firm. INPUT had estimated that the industry growth rate between 1981 and 1986 would be approximately 23 percent per annum.

There were three major segments of the computer services industry: processing services, professional services, and software products. The companies in the processing area offered customers access to a large computer facility in which batch processing, remote computing services, and facilities management services were performed. This segment accounted for 57 percent of total computer services revenues in 1981 and was expected to grow at a compound annual rate of 17 percent between 1981 and 1986. The companies in the professional services segment provided customers alternatives to in-house data processing. These services included custom-made computer systems and programming to perform specialized tasks, as well as the management of data processing facilities. The professional services segment, which accounted for 23 percent of total computer services industry revenues in 1981, was expected to grow 29 percent annually from 1981 to 1986. Software products, the third segment of the software services industry, was the fastest-growing sector. Software products consist of instructions that guide computer equipment through tasks. This segment was expected to grow at an annual compound growth rate of 33 percent between 1981 and 1986.

The high growth rates of the computer services industry were being fueled by the large number of computers installed and customers' realization of the value computer services can have in lifting their productivity. Hardware, the premiere growth area of the 1960s and 1970s, had since taken on a commodity-like status as a result of progressively lower manufacturing costs. Computer services, on the other hand, increased in value and in price.

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1. Material in this section is drawn from Standard and Poor's industry surveys on office equipment systems and services, October 21, 1982.

The computer services industry in 1982 consisted of some 5,000 companies ranging from small software operations to giants such as IBM and Control Data Corporation. Smaller companies in the industry generally concentrated on serving particular market niches; their performance depended on factors influencing these small sectors.

There was active competition in each of the areas of services provided by Anacomp. In the computer service area, Anacomp competed with other computer service companies, manufacturers of mainframe computers, and companies developing in-house computer service capabilities. In the data center service business, Anacomp competed with other data processing and micrographic service companies. Anacomp believed that the services performed by it represented only a small portion of the market in each of the fields it operated.

The computer services industry was subject to rapid technological change requiring constant adaptation to provide competitive service. Competition in the computer services industry was based primarily on technical capability and expertise, pricing, quality of work, and ability to meet system development deadlines. In the other areas of Anacomp's business, competition was based upon the reliability and timeliness of the services and products provided.

## TOP MANAGEMENT

The names, ages, and current and former positions of Anacomp's executive officers in September 1982 were as follows:

Ronald D. Palamara, Ph.D., age 42, has served as Chairman and President for more than the past five years.

Stanley E. Hirschfeld, age 47, became Senior Vice President of Corporate Development during 1981. For more than the prior five years, he served as Vice President-Finance and Secretary of Anacomp.

Ralph C. McAuley, age 47, became President of Anacomp's Computer Services group during 1981. For more than the five prior years, he served as Vice President of Data Processing Services.

John J. Flanigan, age 42, became Group Vice President of Data Services during 1981. During the prior five-year period, he served as Vice President of Data Processing Services.

Christopher Duffy, age 44, became Vice President and Chief Administrative Officer during 1981. For more than the five prior years, he served as Vice President and General Manager of an Indianapolis television station.

Myles Hannan, age 44, became Vice President-Finance, General Counsel and Secretary during 1981. During 1979 and 1980, he served as Vice President-Law and Administration for Delaware North Companies, Incorporated. For more than the prior two years he served as Vice President-Legal and Staff Divisions of the Stop & Shop Companies, Inc.

William C. Ater, age 40, became Vice President of Administration during 1981. During 1979 and 1980, he served as Anacomp's Vice President of Bank Data Processing. For

more than the prior two years, he served in various computer management positions with NCR Corporation.

As of the end of fiscal 1981, all officers and directors as a group owned 15.1 percent of Anacomp's common stock and were paid \$2.9 million in cash and cash equivalent forms of remuneration during the year.

## NEW SOFTWARE SYSTEMS DEVELOPMENT

Anacomp organized and financed its new software development in a unique manner. During the fiscal year ended June 30, 1980, Anacomp initiated the development of a major new computer software system called Continuous Integrated System (CIS) to be marketed to major financial institutions. According to Anacomp's management, CIS would represent a major advance over the company's current CI/RF system.

Anacomp stated that, in view of the anticipated significant development expenditure for the CIS system, the company had entered into an agreement in November 1979 with a limited partnership, RTS Associates. Under this agreement, Anacomp agreed to develop the CIS system on behalf of the partnership. In return, RTS agreed to pay a development fee of \$6 million, of which \$2.2 million was paid in 1980. Upon completion of the development of the CIS system, Anacomp agreed to market CIS for five years on a commission basis. Anacomp also had the option to acquire all rights to the CIS system at the greater of its appraised fair market value or RTS's investment plus a fixed profit. RTS had the right to extend Anacomp's five-year marketing agreement an additional five years or to cancel it if Anacomp did not use its best efforts to market CIS.

RTS Associates' payments for the CIS development expenses were financed by (1) an investment of \$1.444 million by the partners, (2) a \$3.25 million bank loan to RTS, secured by bank letters of credit and personal guarantees of the limited partners, and (3) a \$2.2 million loan to RTS, personally guaranteed by the limited partners, from Anacomp, with interest at 11 percent per annum payable quarterly through December 31, 1981, and with principal and interest payable thereafter in 84 equal monthly installments. In addition, if the CIS development expenses exceeded \$6 million and therefore RTS was required to pay further development fees, Anacomp agreed to loan RTS, without recourse to the limited partners, up to \$1.5 million to complete the CIS system.

Several officers and directors of Anacomp were affiliated with the corporate general partner of RTS, and were also investors in the limited partnership arrangement. Ronald Palamara, Chairman of the Board and President of Anacomp, and three other directors of Anacomp, were also directors and officers of the corporate general partner of RTS. The ownership interest of Anacomp's officers and directors in the limited partnership amounted to 38.5% of the total.

During the fiscal year 1981, thirteen major banks, including the National Bank of North America in New York, the Shawmut National Bank in Boston, Provident National Bank in Philadelphia, and the First National Bank in Kansas City, contracted with Anacomp to participate as advisory banks in the CIS project for a nonrefundable fee of \$150,000 each. The arrangement permitted each bank to review the project during development and provide input regarding changes to enhance the ultimate marketability of CIS.

In June 1982, Anacomp announced that the CIS system development was completed. The company also announced that it purchased the system from RTS Associates for \$16 million.

## FINANCIAL PERFORMANCE

After reporting a strong increase in revenues and profits from 1978 to 1981, Anacomp reported a slower revenue growth and a decline in profits in fiscal 1982. Dr. Palamara commented that the 1982 performance was a short-term aberration, and that the company's long-term strategy and prospects were sound:

*Fiscal 1982 marked the beginning of one era and the end of another for Anacomp. A new era began with five events having tremendous long-term significance for Anacomp: the purchase of two major software products, the completion of our most significant acquisition, an offering of \$50 million in convertible debentures, the formation of history's largest software research and development partnership, and Anacomp's listing on the New York Stock Exchange. Thus, despite a difficult fourth quarter which was affected by several non-recurring items and resulted in lower earnings for the year, fiscal 1982 was perhaps the most significant year of achievements in Anacomp's history.*

*Judged solely by the numbers, of course, 1982 does not seem especially memorable. . . . In terms of positioning the company for future growth, however, 1982 may well be remembered as the most significant year in Anacomp's history. . . .*

*We believe that Anacomp's performance in future years will demonstrate that the company is well along in its evolution from a small, explosive-growth firm to a nationally recognized market leader.*

Dr. Palamara projected record financial results in fiscal 1983. He also assured investors that Anacomp would place renewed emphasis on improving the company's profitability and reducing its financial leverage.

Exhibit 1 shows Anacomp's stock price data around the time of its 1982 results. An abridged version of the company's annual report is presented in Exhibit 2.

## QUESTIONS

1. Evaluate Anacomp's new product development strategy. What are the risks and benefits of this strategy for Anacomp's shareholders?
2. How is Anacomp's accounting influenced by the way the company organizes and finances its new product development?
3. Compare Anacomp's cash flow performance with its accounting performance. What is your evaluation of the company's financial condition?
4. What is your assessment of Anacomp's future?

**EXHIBIT 1****Anacomp—Stock Price and Trading Volume Data**

Trading	Anacomp Trading Volume (thousands)	Anacomp Closing Price (dollars)	S&P 500 Composite Closing
9/1/82	109	10.875	118.25
9/2/82	92	10.875	120.38
9/3/82	437	11.125	122.68
9/7/82	120	10.875	121.37
9/8/82	231	11.000	122.20
9/9/82	230	10.750	121.97
9/10/82	417	10.625	120.97
9/13/82	284	10.375	122.24

*Anacomp's common stock beta = 1.3 (Value Line estimate)*

**STOCK TRADING INFORMATION**

	Stock Price		Cash Dividends
	High	Low	
<b>Fiscal Year 1981</b>			
First quarter	\$15.63	\$10.63	\$.026
Second quarter	19.88	13.75	.026
Third quarter	16.50	12.75	.026
Fourth quarter	18.38	15.13	.030
<b>Fiscal Year 1982</b>			
First quarter	16.63	11.25	.030
Second quarter	14.00	11.88	.030
Third quarter	12.25	10.00	.030
Fourth quarter	13.38	10.88	.030

**OTHER INFORMATION**

Interest rate on 3-month Treasury bills:	8.2%
Interest rate on 20-year government bonds:	12.2%
P/E ratio for Standard & Poor's 400 Industrials:	23.2

## EXHIBIT 2

### Anacomp, Inc.—Abridged 1982 Annual Report

#### ***To our Shareholders***

Fiscal 1982 marked the beginning of one era and the end of another for Anacomp.

A new era began with five events having tremendous long-term significance for Anacomp: the purchase of two major software products, the completion of our most significant acquisition, an offering of \$50 million in convertible debentures, the formation of history's largest software research and development partnership and Anacomp's listing on the New York Stock Exchange. Thus, despite a difficult fourth quarter which was affected by several non-recurring items and resulted in lower earnings for the year, fiscal 1982 was perhaps the most significant year of achievements in Anacomp's history.

Judged solely by the numbers, of course, 1982 does not seem especially memorable. Although revenues rose slightly over 1981, earnings per share declined due to the impact of fourth quarter results, which reflected several one-time changes and short-term factors. These factors are described in detail in our fourth quarter report.

In terms of positioning the company for future growth, however, 1982 may well be remembered as the most significant year in Anacomp's history.

- In January, Anacomp completed a \$50 million offering of 13 $\frac{7}{8}$  percent convertible subordinated debentures which, after an original issue discount, increased the company's working capital position by \$41 million.
- Listing on the New York Stock Exchange in April recognized Anacomp's stature in the computer services industry and provided the opportunity for greater visibility as the computer reaches out to new, worldwide markets.
- During June of the year, Anacomp purchased two major retail banking software systems which we had been developing for investment partnerships. CIS, a totally integrated system that we believe will revolutionize retail banking in the 1980s, was purchased for nearly \$16 million. CIS has already attracted a financial commitment from nearly 35 banks, seven of which had signed substantial license agreements by the end of the year. BANKSERV® 10000, a system to provide banks with a new level of electronic transaction switching and processing capabilities, was purchased for \$2.3 million.
- Also during June, Anacomp signed an agreement with IBM Corporation which gives us the capability to be a primary source of supply for a bank's branch automation requirements.
- The acquisition of 24 micrographic data imaging centers from DSI Corporation and Kalvar Corporation in May provided the ability to deliver Anacomp services to an even broader base of regular, repetitive customers, and the opportunity to offer new services through an expanded delivery system.
- After the close of the fiscal year, funding for the CIBS research and development partnership was completed with the closing of the final portion of \$26.25 million in partnership interests. The partnership will contract with Anacomp to develop CIBS, Corporate International Banking System, a complex software system for use by large banks and other financial institutions engaged in international business.



We believe Anacomp's performance in future years will demonstrate that the company is well along in its evolution from a small, explosive-growth firm to a nationally recognized market leader.

To ensure that Anacomp's evolution will result in a stable company, with performance attractive to investors, Anacomp will be placing renewed emphasis in several areas. These areas will include our rate of return, where we anticipate achieving a superior return on investment from the maturation of software projects, existing operations, plus the addition of quality investments.

We also expect to reduce our leverage ratio over the next few years by calling our convertible debt, when this becomes practical, and by taking other appropriate measures. We will continue to employ strategic planning approaches in all our business units. Lastly, we will seek out those acquisitions which blend with our long-term goals.

We have projected record financial results in fiscal 1983 as the company asserts its leadership in bank software and micrographic data imaging. We appreciate the continued support of our stockholders and employees which makes that goal achievable.

Sincerely,

Ronald D. Palamara, Ph.D.  
President and Chairman of the Board

September 10, 1982

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **Anacomp, Inc. and Subsidiaries**

#### *General*

In September 1980, Anacomp completed a public offering of \$30,000,000 of 9½% Convertible Subordinated Debentures due 2000. In January 1981, Anacomp completed an offering outside the United States of \$12,500,000 of 9% Convertible Subordinated Debentures due 1996, with warrants to purchase a like amount of debentures. In January 1982, Anacomp completed the public offering of \$50,000,000 of 13⅞% Convertible Subordinated Debentures due 2002. The Debentures were offered at an original issue discount of 15%, with net proceeds of \$41,125,000, and carry an effective cost of 16.6%. The cash from these offerings has been used to finance the expansion of receivables and unbilled revenues, to retire long-term debt, to provide funds for acquisitions, and to increase working capital. During the past three years, Anacomp has completed the acquisition of eleven business entities. The acquisitions and the debenture offerings accounted for the major changes in Anacomp's financial condition and results of operations.

#### *Financial Condition and Liquidity*

During 1982, working capital increased \$1,949,000. The major source of working capital, other than operations, was the increase in long-term debt, primarily the result of the