

39%

Welcome to Our Open House!

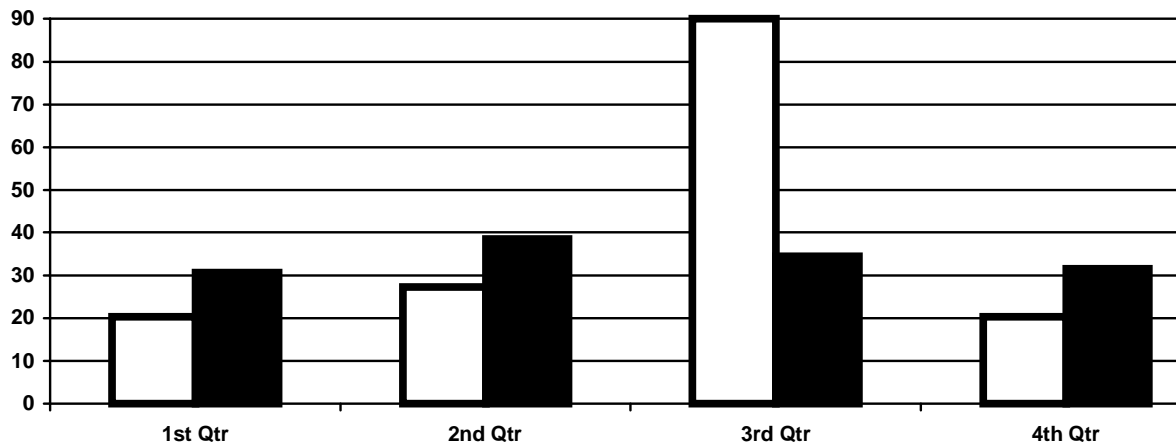


**We're Getting Ready to Put on the Ritz,
Just for You!**

14%

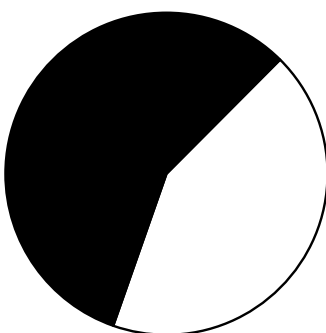
ANALYSIS: TRENDS IN BUSINESS

As a leader in the information imaging industry, Widget Company places great importance on Research & Development. Central to all R & D activities is our "Customer Must Be Satisfied" corporate policy. Thus, all our research aims at developing new and innovative products that are efficient, compact, easy-to-use, high in quality and enviro-friendly. Widget pays particular attention to matching the most advanced technological developments with the precise needs of our customers.

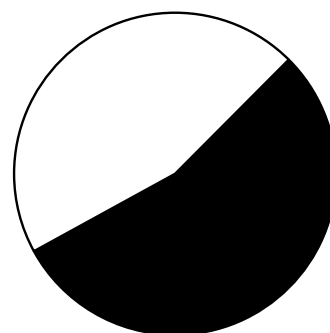


Our customer-oriented philosophy is wedded with a focus on the creation of a wide array of sophisticated products that link our traditional technology with leading edge digital information processing technology.

This technology, which has the advantage of being able to network various media with the latest in computer communication and design technology, has worked its way into the printing industry and is now spreading into the photographic industry. Our product's superiority is also evident in a diverse range of consumer products and will undoubtedly form the base of information technology for many years to come.



□ 1st Qtr
■ 2nd Qtr



■ 3rd Qtr
□ 4th Qtr

In recognition of these fast-paced developments, Widget is determined to retain the lead in information processing and, in fact, we have already developed an extensive selection of products that use digital technology. The Widget Ultra System, designed to record scanned images directly onto compact MD Data discs, is a prime example. The system consists of several components; an MD Writer which can multiple varieties of media input images onto the discs; an MD Editor which allows the editing and manipulation of the images; and an MD Image Scanner for scanning photographic prints and printed matter. It is possible for the user not only to store images electronically, but also to edit the images into various formats, including index prints, and easily database for at-will retrieval.

MODULE REPLACEMENT AGREEMENT

1. The initial term of this Agreement shall be for one year and shall commence on the "Agreement Start" date. This Agreement shall automatically renew for successive twelve month terms at Widget Corporation's then current rate unless terminated by either party upon thirty (30) days written notice prior to the expiration date of the initial or any renewal term.
2. The "Annual Charge" will be invoiced in advance by Widget Corporation and will be due and payable by the Customer within thirty (30) days of the "Agreement Start" date. Any and all charges for "Time and Material Hourly Rate", "Travel Charges" and all other charges associated with the installation of the product shall be due and payable by the Customer within thirty (30) days of the invoice date. In the event that Customer fails to make any payment when due, this Agreement shall automatically terminate and Customer shall pay Widget Corporation's then current time and material charges for any services performed.
3. If, during the term of this Agreement, the product described on the reverse side of this Agreement fails for reasons other than the improper use of the equipment or the negligence of the Customer, Widget Corporation agrees to provide a replacement module at no cost to the Customer. Customer agrees to pay the then prevailing labor costs associated with the installation of the replacement module and all other related expenses, including but not limited to travel expenses, parts and supplies.
4. This Agreement does not cover any cost(s) associated with service calls. Labor costs, travel cost, equipment parts, consumable supplies, preventative maintenance supplies, etc. are not covered under this Agreement.
5. This Agreement will not apply to any module lost or damaged through accident, abuse, theft, neglect, acts of third parties, fire, water, casualty or any other natural force, and any loss or damage occurring from any of the foregoing specifically excluded from this Agreement.
6. Widget Corporation may cancel this Agreement at the end of the initial term as set forth in Paragraph 1 or at any time upon seven (7) days written notice if the Customer is in breach of any term or condition of this Agreement. If Widget Corporation cancels this Agreement, in whole or part, the Agreement will be prorated based upon the term of the Agreement. Any amounts due Widget Corporation will be invoiced and due upon receipt. Any amounts due the Customer, will be refunded within thirty (30) days. Widget Corporation reserves the right to apply any refund due to the satisfaction of any of the Customer's past due invoices for any product or service.
7. If Customer cancels this Agreement, in a manner other than set forth in paragraph 1, the Customer will be assessed a 50% surcharge on the unused portion of the Agreement in addition to amounts due under a prorated Agreement as set forth in the above paragraph.
8. This Agreement is the complete agreement between Widget Corporation and Customer and supersedes any proposal or prior agreement, oral or written, and any other communications relating to the subject matter of this Agreement. The terms and conditions of this Agreement shall supersede any terms and conditions which may be contained on any purchase order or other document which may be issued by Customer.
9. This Agreement is not assignable or transferable by Customer without the prior written consent of Widget Corporation.
10. If any provision of this Agreement shall be unlawful, void or for any reason unenforceable, then that provision shall be deemed severable from this Agreement and shall not affect the validity and enforceability of the remaining provisions of this Agreement.
11. This Agreement is governed by the Laws of the State of California. In the event of litigation or other proceedings by Widget Corporation to enforce or defend any term or provision of this Agreement, Customer agrees to pay all costs and expenses sustained by Widget Corporation, including but not limited to, reasonable attorney's fees.
12. Widget Corporation shall not be responsible for the delay or failure to replace the product under this Agreement to the extent that Widget Corporation was hindered in its performance by any act of God, civil commotion, labor dispute, or any other occurrence beyond its reasonable control.
13. If, during the term of this Agreement, the product described on the reverse side of this Agreement works improperly for reasons other than misuse or negligence, Widget Corporation agrees to provide immediate service to any module at a very low cost to the Customer. Customer agrees to pay whatever we ask, plus the prevailing labor costs associated that repair and all other related expenses, including but not limited to travel expenses, parts and supplies.
14. However, If during the term of this Agreement, the product described on the reverse side of this Agreement works properly for reasons as it should, the equipment must be returned to the Widget Company for reverse engineering after the terms of sale or lease have expired. Customer agrees to pay for shipping and all other related expenses, including but not limited to taxes, and gratuities.
15. Remember, this is a bogus product described on the reverse side of this Agreement. So, liability of any kind under the Widget Corporation's point of view is pointless.
16. Again, If, during the term of this Agreement, the product described on the reverse side of this Agreement fails for reasons other than the improper use of the equipment (and any use could be proved improper), or the negligence of the Customer, Widget Corporation agrees to provide a replacement module at no cost to the Customer. Customer agrees to pay the then prevailing labor costs associated with the installation of the replacement module and all other related expenses, including but not limited to travel expenses, parts and supplies.

6%

DISASTER RECOVERY PLAN

This is an overview of the Disaster Recovery Plan for the National Customer Support Center (NCSC). This description will give you a brief explanation of our current plan as well as what we are planning for the future. The Key Points are as Follows:

- 1) **DIESEL GENERATOR FOR BACK-UP POWER:** When commercial power is not available, diesel generators automatically come on-line and are up to full power in less than twenty (20) seconds. The main building at Home Office and the NCSC are connected to the generators. The generators are tested on a weekly basis and receive a complete preventative maintenance every six months. In addition to diesel generator back-up, the ACD telephone system, LAN servers, auto paging system, voice mail system and work stations dedicated to customer calls are connected to uninterrupted power supplies (UPS). This provides protection against power surges as well as a constant source of power.
- 2) **BACK-UP TELEPHONE SYSTEM USING CENTREX LINES:** The NCSC uses a Teknekron Infoswitch Series III ACD as its primary telephone system. The NCSC also has back-up telephone lines (Centrex) that are connected directly to the local telephone company (TCG). In the event of a phone system failure, MCI - our 800 carrier, can divert all phone traffic coming from the ACD system to the Centrex lines in less than five (5) minutes. We have used this back-up system on three occasions and it is tested on a regular basis.
- 3) **PC LAN PLATFORM WITH BACK-UP DISPATCHING SYSTEM:** The PC Local Area Network (LAN) shares information throughout the NCSC. The LAN contains a back-up dispatching system called SCRATCHPAD. This back-up system is used if the mainframe computer is not operational or SIMS is down. The LAN provides an interface between the SCRATCHPAD program and our automatic paging system, so call information can continue to be transmitted to our field technicians.
- 4) **ALTERNATE TELEPHONE ROUTING WITH MCI:** In addition to our back-up telephone system, MCI can send our phone calls to the Home Office or any location in the field. This procedure would be used if the NCSC was damaged, destroyed, bomb threat, etc.
- 5) **BACK-UP CENTREX LINES FOR PAGING SYSTEM:** The NCSC uses an automatic paging system to quickly transmit call information to our field technicians. If the normal telephone lines used for paging information are not available, the NCSC can divert the paging traffic to our back-up Centrex lines.

19%

MEMO

To: All Branch Managers

From: A. Smith, Exec. Vice President

Date: June 6, 1998

Subject: National Accounts

National Account Managers can support up to five National Accounts, depending on size/scope of the program and implementation. In the case of an account with a very large installation, the one account will constitute the NAM's total assignment. The job function of the NAM is as follows:

Single point of contact for customer (a corresponding Technical NAM would be a necessity at an installation of 3,500+ units):

- Contract negotiations with customer team
- Development of partnership goals and objectives
- Conduct ongoing (60/90 day) program performance meetings with customer

Single point of focus for Konica Field to coordinate activities and disseminate information:

- Coordinate field needs analysis
- Conduct pre-installation program at key customer locations
- Coordinate all account activity through Field Account Representatives

Under all circumstances and scenarios, the NAM's main objective is to effectively manage the partnership through the achievement of the program objectives.

23%

| | BAND 1 | | | BAND 2 | | | BAND 3 | | | BAND 4 | | |
|--------------------------|------------|----------------|--------------|------------|-----------------|--------------|-------------|-----------------|-----------------|-------------|------------------|----------------|
| | QTY | TOTAL VOLUME | AVG VOLUME | QTY | TOTAL VOLUME | AVG VOLUME | QTY | TOTAL VOLUME | AVG VOLUME | QTY | TOTAL VOLUME | AVG VOLUME |
| ATLANTIC DIVISION | | | | | | | | | | | | |
| Dragg | 38 | 1021431 | 26879 | 142 | 1673696 | 11786 | 407 | 2662973 | 6542 | 450 | 1498340 | 3329.64 |
| Drummer | 0 | 0 | | 17 | 273200 | 16070 | 110 | 924200 | 8401 | 136 | 488300 | 3590.44 |
| Evans | 0 | 0 | | 5 | 49200 | 9840 | 9 | 29500 | 3277 | 32 | 58375 | 1824.22 |
| Phillips | 17 | 454500 | 26735 | 39 | 556300 | 14264 | 72 | 494000 | 6861 | 102 | 284400 | 2788.24 |
| Aaron | 0 | 0 | 0 | 2 | 586200 | 293100 | 9 | 66700 | 7411 | 7 | 38900 | 5557.14 |
| Melvin | 8 | 524140 | 65517 | 30 | 949489 | 31649 | 50 | 590758 | 11815 | 61 | 263102 | 4313.15 |
| Stempeck | 4 | 180000 | 45000 | 42 | 1098400 | 26152 | 120 | 1521200 | 12676 | 211 | 951500 | 4509.48 |
| Bennington | 25 | 635300 | 25412 | 94 | 1497840 | 15934 | 119 | 800920 | 6730 | 165 | 476594 | 2888.45 |
| Indiana | 0 | 0 | | 12 | 97000 | 8083 | 42 | 261000 | 6214 | 153 | 549500 | 3591.50 |
| A. Hill | 0 | 0 | | 2 | 60500 | 30250 | 2 | 14500 | 7250 | 6 | 24500 | 4083.33 |
| Total East | 92 | 2815371 | 30601 | 385 | 6841825 | 17770 | 940 | 7365751 | 7835 | 1323 | 4,633,511 | 3502.28 |
| MIDWEST DIVISION | | | | | | | | | | | | |
| Carlson | 0 | 0 | | 67 | 1387000 | 21015 | 130 | 1138000 | 87530 | 156 | 570700 | 3658.33 |
| Hoover | 45 | 1542772 | 34283 | 125 | 2710474 | 21683 | 44 | 402778 | 9154 | 258 | 831251 | 3221.90 |
| McCasslin | 0 | 0 | 0 | 59 | 670641 | 11366 | 5 | 32260 | 6452 | 101 | 255589 | 2530.58 |
| O'Riley | 1 | 50295 | 50295 | 29 | 694671 | 23954 | 74 | 808036 | 10919 | 83 | 267729 | 3225.65 |
| Total Central | 46 | 1593067 | 34631 | 280 | 5462786 | 19509 | 253 | 2381074 | 1014055 | 598 | 1,925,269 | 3219.51 |
| WESTERN DIVISION | | | | | | | | | | | | |
| Carver | 1 | 28000 | 28000 | 43 | 853000 | 19837 | 82 | 968000 | 11804.88 | 201 | 1407500 | 7002.49 |
| Lamar | 12 | 623000 | 51916 | 75 | 2149000 | 28653 | 119 | 1563000 | 13134.45 | 91 | 413500 | 4543.96 |
| Yakiya | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 36000 | 12000.00 | 11 | 32000 | 2909.09 |
| VanCamps | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 8000 | 8000.00 | 1 | 2000 | 2000.00 |
| Montgomery | 0 | 0 | 0 | 29 | 1099000 | 37896 | 49 | 515000 | 10510.20408 | 32 | 129600 | 4050 |
| Alabama | 0 | 0 | 0 | 0 | 1 | 0 | 2 | 41000 | 20500 | 38 | 87130 | 2292.89 |
| Total West | 13 | 651000 | 50076 | 147 | 4101001 | 27897 | 256 | 3131000 | 12230.47 | 374 | 2,071,730 | 5539.39 |
| Total | 151 | 5059438 | 33506 | 812 | 16405612 | 20203 | 1449 | 12877825 | 8887.39 | 2295 | 8,630,510 | 3760.57 |

4%

DISASTER RECOVERY PLAN

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The Digital Office

The Document Management Process

Technology Inputs in the Electronic Document Management Cycle

