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Outlook Graphics--Wisconsin 7/27/92 [OA 7577] [1]

Stack:	Row:	Section:	Shelf:	Position:
G	26	22	6	6

JUL-24-'92 FRI 10:02 ID:WIS DIV BLDG & GRNDS TEL NO:608/261-0200 WIS1703

Tommy G. Thompson
Governor
James R. Kinsinger
Secretary



Mailing Address:
Post Office Box 7868
Madison, WI 53707-7868

State of Wisconsin Department of Administration

101 South Webster Street • Madison, Wisconsin

July 22, 1992

TO: Stephanie Smith
FROM: Rick Berg
RE: Issues Surrounding July 27 Presidential Visit

A variety of issues have emerged - and will continue to emerge - regarding the anticipated visit by President Bush on July 27 to the Fox River Valley. I thought they should be passed along to you.

- 1) The President - and the Governor - should use the opportunity to praise business, education, labor and government for working together to create hope and opportunity for young people. This initiative should be showcased as an example of what can be accomplished when differences are set aside on behalf of children and parallels initiative that the President is pushing at the federal level through his Departments of Labor and Education.
- 2) I would suggest that the President avoid discussion of school choice and instead focus on this effort as a positive step toward reforming public education and bringing business into a positive and meaningful relationship with education. 'Business is no longer just complaining, but is getting involved' sort of thing.
- 3) This is a great opportunity for the President to be visionary and talk about job security, preserving the American standard of living, giving young people hope for the future, need to upgrade the skills of new workers AND the existing workforce, and ensuring that America will keep its competitive edge in a very competitive global economy.
- 4) President should praise Governor Thompson for putting these reforms and initiatives into motion and for keeping them moving ahead. Wisconsin should be cited for leading the nation in this area and for providing a model of success that can be transported across America.

- JUL-24-52 FRI 10:23 ID:WIS DIV BLDG & GRNDS TEL NO: 800/281-6288
- 5) The President has designated Wisconsin as one of six states leading in this area and, as a result of this designation, Wisconsin has recently received a \$200,000 award from the U.S. Department of Labor (which has not yet been publicly announced) to further these efforts. The President can say he is counting on Governor Thompson and Wisconsin to continue this leadership position - as we have in so many other areas.

These are a few of the topics which have arisen. I will keep you informed as others develop.

(Provost/Ferguson/Grossman)

July 24, 1992

WISCONSIN

Draft One

PRESIDENTIAL REMARKS: OUTLOOK GRAPHICS
NEENAH, WISCONSIN
JULY 27, 1992
2:00 PM

Thank you and good afternoon everyone.

(Acknowledgments)

It's a great pleasure to be here. For any sports fan, it's a thrill to be at the birthplace of America's sports trading cards. And for me it's a little humbling, too. I don't dare ask you how many hundreds of George Bush cards you have to trade to get even one Michael Jordan.

I've come here to talk a little bit about our future ... about the kind of nation we want for ourselves ... and our children. The world has undergone remarkable changes the past few years. Today our kids worry about the usual things ... about school, friends, about such earth-shattering questions as ... where can I get an Olympic "Dream Team" card. But I can tell you one thing they don't worry about anymore -- one thing they might have worried about just a short while ago ... the specter of nuclear war.

Today, America is safer than ever before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago ... when I sat down with Boris Yeltsin and agreed to eliminate some of the most dangerous nuclear weapons on earth.

2

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make America's families more like the Waltons and a little bit less like the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year, we are told, is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or asking how we should stand up to a bully halfway around the world. The American people need to know that the man who answers the phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is even more than that. I'm a Texan -- raised my children there, built my business there. I believe our country's heartbeat can be felt in places like Neenah, Wisconsin ... not Washington, DC. And so I

3

stake my claim in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice ... a choice between those who put their faith in average Americans ... and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago, Washington wanted to help, but their idea was to rock the cradle with the heavy hand of the bureaucracy. All the plans boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents ... not the government ... to decide whether your children are cared for in a school ... a relative's home ... or church.

When it comes to raising children ... I say: why not trust the people?

What about our education system? To renew America we must renew our schools ... we all know this, but money alone won't do it. We already spend more money per student than almost any other country; and our kids still rank near the bottom in crucial subjects like math and science. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

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I say try something different. Open up schools to competition, and trust you to decide whether you want your kids to learn in a public school, a private school or a religious school.

When it comes to education ... again I say: "why not trust the people."

What about government regulation? Sure, some of it is necessary, even essential. But if you believe that there is a government solution to every problem, an alphabet agency for every issue, than you look at regulation not as a necessary evil, but as a necessary way to reign in people's evil tendencies. The results can be crazy, as this story proves.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from putting someone else's hard hat on their head. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from wearing someone else's hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$13 million a year. Measurable benefit: slightly less than zero.

5

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive, without hard hat regulation.

But can you imagine what might have happened, if these enterprising regulators had made their way into the vast, unregulated territory of lunch pails and thermos bottles?//

Some believe the solution to our problems is more government regulation. I take a different view. I've put a moratorium on new federal regulations, to give businesses like this one room to breathe, and grow and create jobs.

On child care, education, regulation, it's a matter of trust --- trusting Americans to make their own choices.

The point is not to let people fend for themselves. Americans are a generous people; and government must never shirk its responsibilities. But programs have to give people a hand-up ... and trust human ingenuity to take it from there.

You'll find a good example of what government can do right here at Outlook. Last April, I challenged the nation's governors to join me in a new national job training effort for young people. I introduced a program called "The Youth Apprenticeship Act" in Congress. The program is geared particularly to teenagers ... who want to work ... want to learn a skill ... but may be tempted to drop out of school. True to form, Gov. Tommy Thompson is already reaching out to these young people along with concerned businessmen and community leaders. The youth

6

apprenticeship program will encourage them to complete a sound high-school education, while getting on-the-job training at companies like Outlook. This program connects education with the real world of work. Government can help make that connection -- and I salute Gov. Thompson for helping me create a workforce that's up and ready for the challenges of the next century.//

So I believe we can give Americans the tools ... and then it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea of trust is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Despite all the criticism you've heard lately, keep in mind a few facts. We are the largest economy in the world. Inflation -- the Jesse James who robs the middle class of dreams -- has been put safely behind bars. The last time interest rates were this low, the Brady Bunch weren't even on television. Despite all the stories about our problems, our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.//

But while our economy is growing, it must grow faster. The question is: How? The other side suggests a simple two-part

7

solution. First, raise government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Wisconsin, you already work 126 days just to pay your taxes -- before you earn a single dime to spend on your family. Does anyone want to go for 127?//

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln spoke of government "of the people, by the people, for the people." But they seem to keep saying ... of the government, by the government and for the government.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense plan to get this economy moving faster, right now. The plan included tax initiatives to encourage businesses to hire new workers and breaks for young families who want to buy a first home. Half a million jobs would have been created, if Congress had acted right away.

But they didn't. Instead Congress sent back what you might call an "anti-trust" program. New government spending, and new taxes.

So I sent their plan back. I'm still waiting ... almost 200 days later. This economic recovery plan is being held hostage and the ransom note reads -- "wait till after the election." Today I say to the Congress and the Senate especially, release the economy, approve this jobs program, and put America back to work ... now.//

8

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look real close ... the people they put first are all on a government payroll.

A leader of a free people must understand that government can not only help, it can hinder. He must have the confidence to say: "I trust you." I trust the people.//

And ultimately you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be people whose only enthusiasm is for government, who measure progress by programs created and special interests satisfied.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new

9

product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you and God bless the United States of America.

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(Provost/Ferguson/Grossman)
July 24, 1992
WISCONSIN
Draft Two

PRESIDENTIAL REMARKS: OUTLOOK GRAPHICS
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I've come here to talk a little bit about our future ... about the kind of nation we want for ourselves ... and our ^{over} children. The world has undergone remarkable changes the past few years. Today our kids worry about the usual things ... about school, friends, about such earth-shattering questions as ... where can I get an Olympic "Dream Team" card. But I can tell you one thing they don't worry about any more -- one thing they might have worried about just a short while ago ... the spectre of nuclear war.

Today ... America is safer than ever before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago ... when I sat down with Boris Yeltsin and agreed to eliminate some of the most dangerous nuclear weapons on earth.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make America's families more like the Waltons, and less like the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year, we are told, is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who answers that phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even than that. I'm a Texan -- raised my children there, built my business there. I've learned that our country's heartbeat can be felt in places like Neenah, Wisconsin ... not Washington, D.C.

And so I stake my claim on a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice -- a choice between those who put their faith in average Americans --- and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is --- "who will care for the kids while we're working?" A few years ago, Washington wanted to help, but their idea was to rock the cradle with the heavy hand of bureaucracy. All the plans boiled down to creating some new kind of government apparatus, like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents -- not the government -- to decide whether your children are cared for in school, a relative's home, or church.

When it comes to raising children, I say: why not trust the people?

What about our education system? To renew America we must renew our schools, we all know this, but money alone won't do it. We already spend more money per student than almost any other country; and our kids still rank near the bottom in crucial subjects like math and science. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition, and trust you to decide whether you want your kids to learn in a public school, a private school or a religious school.

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But can you imagine what might have happened, if these enterprising regulators had made their way into the vast, unregulated territory of lunch pails and thermos bottles?//

Some believe the solution to our problems is more government regulation. I take a different view. I've put a moratorium on new federal regulations, to give businesses like this one room to breathe, and grow and create jobs.

In child care, education, health care and regulation, it's a matter of trust --- trusting Americans to make their own choices.

The point is not to let people fend for themselves. Americans are a generous people; and government must never shirk its responsibilities. But programs have to give people a hand-up ... and trust human ingenuity to take it from there.

You'll find a good example of what government can do right here at Outlook. Last April, I challenged the nation's governors to join me in helping our young people enter the world of work. I am particularly concerned about teenagers ... who want to work ... want to learn a skill ... but may be tempted to drop out of school. True to form, Gov. Tommy Thompson is already reaching out to these young people, along with concerned businessmen and community leaders. The youth apprenticeship program will encourage these kids to complete a sound high-school education, while getting on-the-job training at companies like Outlook. This program connects education with the real world of work.

Government can help make that connection -- and I salute Gov. Thompson for helping me create a workforce that's up and ready for the challenges of the next century.

So I believe we can give Americans the tools .. and then it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Despite all the criticism you've heard lately, keep in mind a few facts. We are the largest economy in the world. Inflation, the Willie Sutton who robs the middle class of dreams, has been put safely behind bars. The last time interest rates stayed this low, the Brady Bunch hadn't even started re-runs yet. Despite all the stories about our problems, our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing, it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Wisconsin, whether you like it or not, you already work 126 days

just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask -- does anyone want to go for 127?//

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln spoke of government "of the people, by the people, for the people." But they seem to keep saying ... of the government, by the government, and for the government.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense, comprehensive plan to get this economy moving faster, now. 

The first sound of a strong economy is usually the sound of hammers pounding away at new homesites. So I proposed tax incentives to build new homes, and a \$5,000 ^{tax} break for families  who want to buy their first one. Here in Wisconsin, that equals nine months of mortgage payments on the average house.

I understand that private enterprise is the horse that pulls our wagon -- no government program ever created a real job ((although government did keep Johnny Carson in business for 30 years)). So I proposed incentives for businesses to grow and hire. It's estimated those incentives would have spurred the creation of at least half a million jobs ... if they had been approved when I proposed them.

But they weren't approved. Instead, Congress sent back what you might call an "anti-trust" program. New government spending, and new taxes.

So I sent their plan back. I told them to try again. But they still haven't done anything. And it leads me to a theory. In your business, certain numbers mean something. Number ¹⁶~~12~~ is Joe Montana, Number 34 is Nolan Ryan, Number 33 is Patrick Ewing. But there's another number that tells you all you need to know about what's wrong with Washington: Number 38. That's how many years the same party has had control of Congress. I say it's time to trade in old Number 38. Give me a Republican Congress so America can stay Number One. *check*

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

This is common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

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I understand that private enterprise is the horse that pulls our wagon -- no government program ever created a real job ((although government did keep Johnny Carson in business for 30 years)). So I proposed incentives for businesses to grow and hire. It's estimated those incentives would have spurred the creation of at least half a million jobs ... if they had been approved when I proposed them.

But they weren't approved. Instead, Congress sent back what you might call an "anti-trust" program. New government spending, and new taxes.

So I sent their plan back. I told them to try again. But they still haven't done anything. And it leads me to a theory. In your business, certain numbers mean something. Number 16 is Joe Montana, Number 34 is Nolan Ryan, Number 33 is Patrick Ewing. But there's another number that tells you all you need to know about what's wrong with Washington: Number 38. That's how many years the same party has had control of Congress. I say it's time to trade in old Number 38. Give me a Republican Congress so America can stay Number One.

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

This is common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely at what they're advocating ... the people they put first are all on a government payroll.

A leader of a free people must understand that government can not only help, it can hinder. He must have the confidence to say: "I trust you." I trust the people.//

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you, and God bless the United States of America.

#

To MICHELLE
Date _____ Time 9:40

WHILE YOU WERE OUT
M. RICK BERG
of _____
Phone 608 264 6181

Area Code	Number	Extension
TELEPHONED		PLEASE CALL ☒
CALLED TO SEE YOU		WILL CALL AGAIN ☐
WANTS TO SEE YOU		URGENT ☐
RETURNED YOUR CALL		☐

Message _____

Operator _____

Mitch: 5-7 128 days

Wise: 5-5 126 days

(Provost/Ferguson/Grossman)
July 24, 1992
WISCONSIN
Draft One

PRESIDENTIAL REMARKS: OUTLOOK GRAPHICS
NEENAH, WISCONSIN
JULY 27, 1992
2:00 PM

10-12 billion cards

300 per person

1988

*- largest contract
of manufacturer
of baseball
cards*

Thank you and good afternoon everyone.

(Acknowledgments)

I can't tell you what a pleasure it is to be here. For any sports fan, it's a thrill to be at the birthplace of America's sports trading cards. And for me it's a little humbling, too. I don't dare ask you how many hundreds of George Bush cards you have to trade to get even one Michael Jordan.

no John Wiley Outlook

I've come here to talk a little bit about our future ... about the kind of nation we want for us ... and our children. The world has undergone positive change the past few years. Today our kids worry about the usual things ... about school, friends, about such earth-shattering questions as ... where can I get an *9 Dream Team card.* (Magic Johnson) "exclusive edition" card. But I can tell you one thing they don't worry about ... the specter of nuclear war.

Today ... America is safer than before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few months ago ... when I sat down with Boris Yeltsin and eliminated nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth

economy. How to make our families more like the Waltons than the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year ... we are told ... is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other in history. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who answers the phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is even more than that. I'm a Texan -- raised my children there, built my business. I see America as an endless tapestry of people, families and communities. Our heartbeat can be felt in places like Neenah ... not Washington. And so I believe in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice in philosophy ... a choice between those who put their faith in average Americans ... and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago ... Washington wanted to help ... but the idea was to rock the cradle with the heavy hand of the bureaucracy. All the plans boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents ... not the government ... to decide whether your children are cared for in a school ... a relative's home ... or in church.

When it comes to raising children ... I say: trust the parents.

What about our education system? To renew America we must renew our schools ... we all know this ... but money alone won't do it. The U.S. already spends more on education per student than almost any other country; but our kids still trail most of the industrial world in crucial areas like math and science education. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition ... and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education ... again I say: "trust the parents." I say: Let parents, not the government, choose their children's schools.

One more example: health care. We have the finest quality health care in the world -- but costs are through the roof. ^{four} Thirty-seven million Americans ... a population larger than the state of California ... are without coverage today, and millions more are worried about losing the coverage they have.

We have to change the system. Some propose versions of socialized medicine ... letting the federal government play doctor.

I say ... take a different way. Give tax credits so people without coverage can buy it ... and tax incentives so that small businesses can pool their resources and cover more of their people.// When it comes to deciding what doctor? What hospital? I say ... trust the people to choose.

The point is not to let people fend for themselves. Americans are a generous people; and government must never shirk its responsibilities. But programs have to give people a hand-up ... and trust human ingenuity to take it from there.

A good example of what government can do is starting right here at Outlook. Last April, I challenged the nation's governors

to join me in helping our young people enter the world of work. I am particularly concerned about teenagers ... who want to work ... want to learn a skill ... but may be tempted to drop out of school. True to form, Gov. Tommy Thompson ^{has been reaching} ~~reached~~ out to these young people. His apprenticeship program will encourage them to complete a sound high-school education, while getting on-the-job training at companies like Outlook. This program connects education with the real world of work. Government can help make that connection -- and I salute Gov. Thompson for helping me create a workforce that's up and ready for the challenges of the next century.//

So I believe we can give Americans the tools ... and then it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea isn't just bad judgment; it could be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Keep in mind ... we are the largest economy in the world. Inflation ... the Willie Sutton who robs the middle class of dreams ... has been put safely behind bars.

The last time interest rates were this low ... the Brady Bunch

^{hadn't started re-runs} ~~wasn't even on television.~~ Despite all the stories about our problems ... our workers are still the most productive in the

world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing ... it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Wisconsin, whether you like it or not, you already work 126 days just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask -- does anyone want to go for 127?

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln talked about government "of the people, by the people, for the people." I think most Americans agree with him. But there are others who keep wanting to say ... government of the people, by the people, on the people.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense plan to jumpstart the economy, help us over the bumps in the road.

I wanted to free up the energies of our entrepreneurs with tax cuts; to give a \$5,000 break to young couples trying to buy their first home. Here in Wisconsin, that \$5,000 would have been equal to nine months of mortgage payments.

If they had passed it when I asked them to ... we could have created 500,000 jobs.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a raft of new spending and -- you guessed it -- new taxes.

I sent their plan back. I told them to try again. And I'm still waiting. And I'm beginning to get the distinct impression ... that the only way to get rid of the deadlock in Washington ... is to clean a little deadwood in Congress.

Send me a new Congress that will work with me ... and I'll get this economy moving faster than Desmond Howard.

It all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things on my own to try and jump start the economy. Earlier this year, I announced a moratorium on federal regulations -- to untangle the red tape that ties so many businesses in knots.

Is it necessary? Listen to this story.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be

fix

disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: slightly less.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive ... without this particular hard hat regulation.

But can you imagine what might have happened ... if these enterprising regulator guys had made their way into the vast, unregulated territory of lunch pails and thermos bottles?

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely ... the people they put first are all on a government payroll.

A trustworthy leader of a free people must have the confidence to say: "I trust you." I trust the people.

And you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- no government ever created a single job ... (although it did keep Johnny Carson around for 30 years.)

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you.

#

(Provost/Ferguson/Grossman)
July 24, 1992
WISCONSIN
Draft Two

PRESIDENTIAL REMARKS: OUTLOOK GRAPHICS
NEENAH, WISCONSIN
JULY 27, 1992
2:00 PM

Thank you and good afternoon everyone.

(Acknowledgments)

It's a great pleasure to be here. For any sports fan, it's a thrill to be with the producers of America's sports trading cards. ((And for me it's a little humbling. I don't dare ask you how many hundreds of George Bush cards you have to trade to get even one Michael Jordan.))

I've come here to talk a little bit about our future ... about the kind of nation we want for ourselves ... and our children. The world has undergone remarkable changes the past few years. Today our kids worry about the usual things ... about school, friends, about such earth-shattering questions as ... where can I get an Olympic "Dream Team" card. But I can tell you one thing they don't worry about any more -- one thing they might have worried about just a short while ago ... the spectre of nuclear war.

Today ... America is safer than ever before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago ... when I sat down with Boris Yeltsin and agreed to eliminate some of the most dangerous nuclear weapons on earth.

Michelle,

Mark Samuels called (K6222)
; he said to call Don Arbuckle
at OMB (K7340) about the
anecdotes.

Chris

John Mauer
~~7346~~
395 + 6880

To Michele

Date _____ Time _____

WHILE YOU WERE OUT

M. John Morrell

of _____

Phone 6880

Area Code	Number	Extension
TELEPHONED	PLEASE CALL	☒
CALLED TO SEE YOU	WILL CALL AGAIN	
WANTS TO SEE YOU	URGENT	

RETURNED YOUR CALL ☒

Message _____

JOH
Operator

AMPAD
EFFICIENCY®

23-023 CARBONLESS

To Michele

Date _____ Time 12:55

WHILE YOU WERE OUT

M. Andy

of _____

Phone _____

Area Code	Number	Extension
TELEPHONED	PLEASE CALL	
CALLED TO SEE YOU	WILL CALL AGAIN	
WANTS TO SEE YOU	URGENT	☒

RETURNED YOUR CALL ☐

Message See him

URGENT

JOH
Operator

AMPAD
EFFICIENCY®

23-023 CARBONLESS

To Michele

Date _____ Time 12:50

WHILE YOU WERE OUT

M. John Morrell

of _____

Phone _____

Area Code	Number	Extension
TELEPHONED	PLEASE CALL	
CALLED TO SEE YOU	WILL CALL AGAIN	
WANTS TO SEE YOU	URGENT	

RETURNED YOUR CALL ☐

Message _____

JOH
Operator

AMPAD
EFFICIENCY®

23-023 CARBONLESS

City/State: Neenah, WIEvent: Outlook GraphicsDate: July 22, 1992

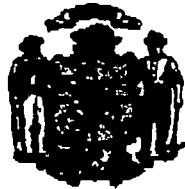
event date: 7/27/92

OFFICE OF PRESIDENTIAL ADVANCE

CONTACT SHEET

Name	Office	Phone Number
Presidential Advance Office		202/456-7565
Presidential Advance Fax Number		202/456-2820
Annex Mincey	Presidential Advance	456-7565
Peggy Hurling	Presidential Advance	202/456-7565
John Herrick	"	"
Jim Milsagle	Banta Corp	722-7777
Scott Schnoller	Wisconsin Dept. of Administration	267-2704
Jill HANSON	BUSH-QUAYLE '92	202-336-7145
Tim Alexander	U.S. Secret Service	202-395-6074
Rusty SCHORSCH	MILITARY AIDE	(202) 395-1347
Russ CANICILLA	MILITARY AIDE	202-395-1747
BOB MARLOW	WHITE HOUSE ADVANCE	202-756-7565
DAVE ERDMAN	OUTLOOK	414-722-2333
John Wiley	Outlook.	414-722-2333
ED WALTERS	WH SPEECHWRITING	(202) 456-7750 FOX (202) 456-6218
MICK CHANDRANI	U.S. SECRET SERVICE	(414) 733-8000
CHIFF DECKARD	U.S. Secret Service	414-297-3587
GARY R. GROTH	U.S. Secret Service	733-8000
LYNN R. PETERS	FOX CITIES CHAMBER	734-7101
Craig Bergstrom	W.H. Press Advance	733-8000
SCOTT FASSETT	W.H. PRESS ADVANCE LEAD	733-8000
GREG HUNT	Fox Cities Chamber of Commerce	734-7101
Mark Fleming	Banta Corp.	722-7777
RICHARD AUSTIN	OUTLOOK GRAPHICS - SECURITY MGR.	414-731-0505
MARK BARNETT	WHITE HOUSE COMMUNICATIONS	(202) 757-2442
GORDON ERRINGTON	WHITE HOUSE COMM	(202) 757-5000
DAN BARKOW	WHITE HOUSE ADVANCE	(202) 456-7565
JOE COLLIER	Outlook Graphics	414 722 2333

Tommy G. Thompson
Governor
James R. Klauser
Secretary



Mailing Address:
Post Office Box 7868
Madison, WI 53707-7868

State of Wisconsin
Department of Administration

101 South Webster Street • Madison, Wisconsin

July 24, 1992

TO: Michelle Nix
White House

FROM: Rick Berg *R3*
Wisconsin Department of Administration

RE: Background Information

I have attached a variety of documents which provide perspective and background on the Wisconsin Youth Apprenticeship System and our overall school-to-work initiative.

I have provided more information than what you may want and some of what I have sent you may have, but I felt - in this case - more is better.

I should also note that the paper entitled: "A Discussion Paper: Wisconsin's Youth Apprenticeship Program" was accepted by the Executive Cabinet for a Quality Workforce and is the official framework for Wisconsin's Youth Apprenticeship System.

If I can assist in any other way with your efforts on behalf of the President's anticipated visit to Wisconsin, please call me at 608-264-6181 or at home over the weekend at 608-277-0763.

B

WISCONSIN YOUTH APPRENTICESHIP SYSTEM

1) In 1991, legislation was enacted and signed into law which created Wisconsin's Youth Apprenticeship System.

- * The word "system" is important because this is not a stand-alone, job training program (like Arkansas), but is instead a key part of an ambitious education reform movement, which links improvement in education to improvement in workforce quality.

- * Wisconsin's Youth Apprenticeship System is part of the state's overall School-to-Work Initiative, which also includes Tech-Prep and college-prep. The thrust is to broaden student options while still in high school by identifying major pathways to success, i.e. high skill, high wage jobs.

- * This system is designed to better link school work to the world of work and, in the process, provide for a higher skilled workforce.

- * The Youth Apprenticeship System is under the direct supervision of the Department of Labor, Industry & Human Relations, but operates with significant input and involvement from the state's Vocational, Technical and Adult Education system, the Department of Public Instruction, local school districts, business and labor.

2) On September 3, 1991, Governor Thompson signs Executive Order #127 (copy attached) which creates the Executive Cabinet for a Quality Workforce.

- * The Executive Cabinet brings together leaders from government, business, education and labor. Executive Cabinet is chaired by James Klauser.

- * The Executive Cabinet is charged with the responsibility of implementing Wisconsin's school-to-work initiative, notably the Youth Apprenticeship System.

- * In January, 1992, the Executive Cabinet created 'Implementation Groups' which were to assist the Executive Cabinet in developing recommendations for implementation of the school-to-work initiative. One of these groups was the Printing Implementation Group (list of members is attached). This group was chaired by Jim Milsagle of Banta Corporation,

- * In April, 1992, the Printing Implementation Group came back with a set of recommendations for developing a printing youth apprenticeship program. These recommendations were adopted by the cabinet and implementation for the fall of 1992 was underway.
- * Six companies in the Menasha/Neenah/Appleton area form a consortium to support the work-based training component in the Fox River Valley Printing Youth Apprenticeship System. Santa continues to lead the way. Rather than attending their 'home' high schools, enrolled students will receive on-site, work-based training through one of these companies and will receive classroom instruction through local VTAE campus. At the end of the two-year program, they will receive a high school degree along with a certificate of occupational proficiency which will have currency throughout the state.
- * At about the same time, John Torinus, President of Serigraph Printing in West Bend and a member of the Printing Implementation Group, was working on establishing a similar program between Serigraph and the West Bend School District. This program has also enrolled students for this fall.

3) Why is this important.

- * Wisconsin is the first state in the nation to pass and implement legislation creating a youth apprenticeship credentials system (Arkansas legislation predated Wisconsin by months, but allows only for demonstration projects and is not as fully developed as our initiative).
- * This is an example of what can be accomplished when business, government, education and labor work together on behalf of children. Contrast this with a congress unwilling to move on the Presidents federal initiative, which more or less parallels the Wisconsin system.
- * Program provides, at the same time, high school diploma and a certificate of occupational proficiency which opens direct access to the world of work, advanced standing in a traditional apprenticeship program, credits in a technical college or admission to a four-year university.
- * This system allows Wisconsin to adapt to state's economic and demographic conditions by targeting occupational areas with great potential for career progression and high wages.
- * Links 11th grade students into competency-based classroom instruction with paid and structured work-based employment

supervised by industry mentors.

- * Offers the perfect blend of school, which provides theoretical instruction, and the workplace, which supplies the experience and technological literacy to better prepare for high-skill demands of an increasingly competitive workplace.

ATTACHMENT A



OFFICE OF THE GOVERNOR

EXECUTIVE ORDER #177

Relating to Creating the Executive Cabinet
for a Quality Workforce

WHEREAS, the National Governors' Association has found that changes in global economics and national demographics have heightened demands for improvements in this country's workforce development; and

WHEREAS, the Governor's Commission for a Quality Workforce and other studies have determined that a new long-range strategy for the preparation of Wisconsin's workforce is critical to the state's economic future and to the well-being of its citizens; and

WHEREAS, implementing the policy recommendations of the Commission and other studies will require a coordinated effort of state and local educational, labor and social service agencies as well as private sector business and labor; and

WHEREAS, state government has unique opportunities to foster the coordination needed to establish a sustained workforce readiness initiative;

NOW, THEREFORE, I, TOMMY G. THOMPSON, Governor of the State of Wisconsin, by the authority vested in me by the Constitution and the laws of this State, and specifically by Wisconsin Statute section 14.019, do hereby:

1. Establish the Executive Cabinet for a Quality Workforce to oversee implementation of a new workforce readiness initiative to ensure that Wisconsin's workforce will be world class by the end of the century.

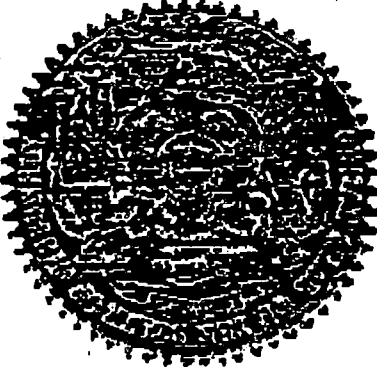
2. Appoint the following members to the Cabinet:

- a. The Secretary of the Department of Administration, who shall serve as chairman;
- b. The State Superintendent of Public Instruction;
- c. The Secretary of the Department of Industry, Labor and Human Relations;
- d. The Secretary of the Department of Health and Social Services;
- e. The State Director of the Wisconsin Board for Vocational, Technical and Adult Education;
- f. A member of the University of Wisconsin Board of Regents;
- g. The chairman of the Governor's Commission for a Quality Workforce;
- h. The President of Wisconsin Manufacturers and Commerce; and
- i. The President of the Wisconsin AFL-CIO.

July 1, 1911/12

By the Governor:

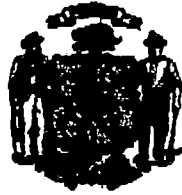
JOHN G. THOMPSON
Governor



IN TESTIMONY WHEREOF, I have
hereunto set my hand and
caused the Great Seal of the
State of Wisconsin to be
affixed. Done at the Capital
in the City of Madison this
third day of September in the
year one thousand nine hundred
and ninety-one.

5. Direct the Secretary of the Department of Administration to provide the Cabinet with sums of money that are necessary and proper for the legitimate travel and operating expenses of the Cabinet under Section 20.505(3)(a) of the Wisconsin Statutes.
4. Direct the state agencies represented on the Cabinet to provide staff support for the Cabinet.
3. Direct that the Executive Cabinet for a Quality Workforce shall:
 - a. Identify and implement, in cooperation with the Department of Public Instruction, the Wisconsin Board of Vocational, Technical and Adult Education, employers and labor, the education and training policy options needed to prepare high school-age youth for entry into a skilled workforce and other postsecondary career options. These options should include programs to better prepare these youth for entry into postsecondary education programs (such as dual credit and academic press) and for direct entry into the workforce or apprenticeship programs through work-based learning (e.g., youth apprenticeship programs).
 - b. Identify barriers limiting minorities, women and disabled persons access to high skill, high wage employment and design strategies to overcome these barriers.
 - c. Facilitate the effort to implement in statute, by 1995-96, requirements for a Certificate of Initial Mastery as recommended by the Commission for a Quality Workforce as a prerequisite for participation in job-training opportunities for high school-age youth.
 - d. Identify and implement, in cooperation with the Wisconsin Department of Industry, Labor and Human Relations, employers and labor, the training policies and programs needed to reskill the existing workforce and the unemployed.
 - e. Work with the Vocational, Technical and Adult Education system and employers across the state to improve access to training.
 - f. Contribute to the development of educational and training programs responsive to changing employer skill needs.
 - g. Report annually to the Governor and Legislature on the progress of Wisconsin's workforce readiness initiatives and advise the Governor on legislative initiatives needed to improve this.
4. Direct the state agencies represented on the Cabinet to provide staff support for the Cabinet.
5. Direct the Secretary of the Department of Administration to provide the Cabinet with sums of money that are necessary and proper for the legitimate travel and operating expenses of the Cabinet under Section 20.505(3)(a) of the Wisconsin Statutes.

Tommy G. Thompson
Governor
James R. Klasser
Secretary



Mailing Address:
Post Office Box 7868
Madison, WI 53707-7868

State of Wisconsin Department of Administration

101 South Webster Street • Madison, Wisconsin

BACKGROUND PAPER

EXECUTIVE CABINET FOR A QUALITY WORKFORCE

FEBRUARY 1992

In recent years, a remarkable consensus has emerged on the urgent need to improve the training of American workers. A steady stream of task forces and commissions have painted a bleak picture of a workforce unequipped for the high-tech future and not fully prepared for the needs of today's employers. Without immediate and drastic changes in our educational and job training systems, they warn, America will continue to lose high-wage, high-skill jobs to overseas competitors. The situation was summed up by the title of the influential report of the Commission on the Skills of the American Workforce: "America's Choice: High Skills or Low Wages."

A number of forces have combined to produce this situation. Low-skill, high-wage jobs of past decades have fled to cheaper foreign labor markets. High paying jobs have become more and more demanding, requiring higher levels of technical competency and often postsecondary training. The nation's economy has become increasingly globalized, with even small companies facing fierce competition from foreign firms.

While the world is becoming smaller, more competitive, and more complex, American young people emerge from school equipped with the skills needed thirty years ago. They receive little job training and career education and are competent only in the most basic academic skills. While other nations have sophisticated job training systems and hold all their students to high achievement standards, we ignore our non-college bound students and rank at the bottom of international academic achievement tests. Since expanding access to higher education has been a principle goal, we have provided the non-college bound with a weak curriculum and almost no preparation for life after high school. We have failed to articulate clear performance

JUL 24 1992 FRI 10:25 AM WIS DIV EDU & GRNDS TEL NO. 608/267-6266 W101 P10

standards for either the college bound or non-college bound and have avoided establishing methods of assessing their performance.

As a result of these trends, employers have found it increasingly difficult to find enough skilled workers to meet their needs. While their international competitors can draw on a pool of highly trained workers, American firms lack the personnel to remain competitive or expand. Already the economy is showing the effects: high trade deficits, low productivity growth, and flat earnings.

Two recent state commissions, the "Governor's Commission for a Quality Workforce," chaired by Carl Weigell of Motor Castings Co., and the "Joint Task Force on Implementing Occupational Options in Wisconsin," chaired by James Haney, president of Wisconsin Manufacturers and Commerce, concluded that Wisconsin faces similar problems. Among their findings were:

- * 60 percent of employers face rising skill requirements in the next five years;
- * 90 percent find it difficult to find skilled workers;
- * 72 percent say a shortage of skilled workers has hurt their productivity;
- * 25 percent rate the basic skills of their front-line workers as poor, citing problems with writing, reading, and using fractions;
- * 70 percent of Wisconsin students do not obtain a college degree;
- * Only 11 percent of high school graduates enroll in a technical college after graduation.

Another troubling sign for Wisconsin's economy is the amount of remedial instruction and training the state's businesses and postsecondary institutions must provide. Approximately 19 percent of the VTAE system's 409,000 students are enrolled in some type of remedial course, at a cost of about \$51 million. Of freshman entering the University of Wisconsin System in the fall of 1990, 10 percent needed remedial instruction in English; 20 percent required remediation in mathematics. In addition, roughly one third of workers entering the carpentry apprenticeship program perform unsatisfactorily on a test of basic math skills.

Along with consensus about the problem, there is also wide agreement in the state on how to solve it. Following the recommendations of national reports, the Weigell and Haney commissions, and State Superintendent of Public Instruction

James Klauser	Secretary, Department of Administration, Chairman
Herbert Grover	State Superintendent of Public Instruction
Carol Skornika	Secretary, Industry, Labor & Human Resources
Gerald Whitburn	Secretary, Health & Social Services
Dwight York	Director, Vocational, Technical & Adult Education
Erroll Davis	Member, University of Wisconsin Board of Regents
Carl Weigell	Chairman, Governor's Commission for a Quality Workforce
James Haney	President, Wisconsin Manufacturers and Commerce
Jack Riehl	President, Wisconsin AFL-CIO

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In January 1992, the Executive Cabinet created four "implementation groups." Two of the groups are charged with creating apprenticeship programs in printing and metalworking, to be ready for the 1992-93 school year. The third group will overhaul counseling services for students and workers, and the fourth will develop a Milwaukee Initiative. Preliminary reports from these groups are expected in mid to late April.

Fact Sheet

- * In a recent 15 nation assessment of student achievement, the United States ranked second to last in mathematics and third from the bottom in science.
- * American productivity growth is only one third of what it was in the 1960s.
- * Real average weekly earnings have dropped 12 percent since 1969.
- * Over the past 15 years, the earnings gap between white collar professionals and skilled tradespeople has increased from two to 37 percent.
- * 25 million workers will need to upgrade their skills in the 1990s if the nation's employment needs are to be met and productivity gains made.
- * A recent survey of Wisconsin employers reveals that
 - 60 percent face rising skill requirements in the next five years
 - 90 percent find it difficult to find skilled workers
 - 70 percent say a shortage of skilled workers has hurt their productivity
 - 25 percent rate the basic skills of their front-line workers as poor, citing problems with writing, reading, and using fractions.
- * A University of Wisconsin study predicts the state's economy will add 30,000 new jobs in the 1990s, an increase of 12 percent, while the population will grow by only 3.2 percent.
- * 70 percent of the state's workforce in the year 2000 is already working.
- * 70 percent of jobs in the state require significant specialized preparation and training beyond high school, and 60 percent of new jobs will be in high wage/high skill occupations.
- * Only 11 percent of Wisconsin high school graduates go on to technical colleges, compared with 22 percent nationwide.
- * Many executives cite a lack of skilled people as the Milwaukee area's biggest economic problem.
- * 19 percent of VTAE students take remedial courses, at a cost of 51,000,000. Ten percent of freshman entering the UW System need remediation in English, 20 percent do in math.

A Discussion Paper:
Wisconsin's
Youth Apprenticeship
Program

February 1992

EXECUTIVE SUMMARY

The Youth Apprenticeship Program is one part of a broader effort to improve the transition from high school to work, a registered apprenticeship, and/or where appropriate to two or four year colleges. Youth apprenticeship is explicitly intended to link high school students with business and industry through an integrated education and work-based learning program leading to a statewide credential of proficiency.

Wisconsin Statute sec. 101.265 (created by 1991 Wis. Act 39) creates a Youth Apprenticeship Program in the Department of Industry, Labor and Human Relations (DILHR) and requires the agency to cooperate with the Department of Public Instruction (DPI) and the Wisconsin Board of Vocational, Technical and Adult Education (WBVTAE) to develop the program and maintain it statewide. A twelve member Youth Apprenticeship Advisory Council is also created to advise and assist in the design and development of the program.

Wisconsin's apprenticeship program has a long (80 years) and well respected history. Apprenticeship, as a learning model, has been used for over 2,000 years. The basic premise of traditional adult apprenticeship programs is that effective learning occurs through doing it. The teaching is done by a skilled crafts person (journey worker) in an actual work situation. Wisconsin's Youth Apprenticeship Program is designed to include important features of it's registered apprenticeship program.

Local youth apprenticeship programs will be designed by a consortium of local partners- the schools, the technical colleges, employers, labor organizations, the state's apprenticeship agency and parents and students. The consortium must build on and integrate with other ongoing or developing curricula in the schools which meet district and state high school graduation standards. At the same time, all programs must include the following core elements:

- Prerequisite completion of career awareness/exploration and/or Education for Employment with a career counseling component and satisfactory performance on the 10th Grade Gateway Assessment.
- Structured, sequenced classroom instruction linking academic and work-based learning.
- Work-based learning (on-the-job training) that follows a systematic schedule of identified work activities.
- Classroom instruction and work-based learning are competency-based.
- Classroom instruction and work-based learning are integrated.
- On-the-job training (work-based learning) is provided by a skilled mentor.
- On-the-job training (work-based learning) is in a skilled occupational area.
- Program completers receive a state certificate of academic and occupational proficiency.
- Completers receive a high school diploma.
- The certificate of proficiency translates into eligibility for work experience credit in a traditional apprenticeship, advanced standing or credit in a technical college program and/or facilitated entry into a four year college program.

TABLE OF CONTENTS

I.	INTRODUCTION	Page
A.	Program Objectives	1
B.	The Program's Policy Approach	2
C.	Apprenticeship as a Model for the Transition From School to Work	3
D.	Other Features of the Youth Apprenticeship Program	4
II.	A YOUTH APPRENTICESHIP MODEL FOR WISCONSIN	
A.	The Youth Apprenticeship Model Coordinated with Tech-Prep	5
B.	Governance and Operation of the Youth Apprenticeship Program	7
III.	ROLES AND RESPONSIBILITIES OF THE PARTNERS	
A.	Youth Apprenticeship Advisory Council	8
B.	DILHR'S Bureau of Apprenticeship Standards (BAS)	9
C.	Department of Public Instruction	10
D.	Local Public Schools	11
E.	Wisconsin Board of Vocational, Technical, and Adult Education	12
F.	Technical Colleges	12
G.	Employers in the Program	13
H.	Industry Trade Groups, Labor Associations	14
I.	Labor Organizations (when present) in Participating Employers	14
J.	Students in the Program	15
IV.	EXPECTED OUTCOMES AND PROGRAM BENEFITS	
A.	For Employers	16
B.	For Students	16

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WISCONSIN'S YOUTH APPRENTICESHIP PROGRAM

I. Introduction

The Youth Apprenticeship Program is one part of a broader effort to improve the transition from high school to work, a registered apprenticeship, and/or where appropriate to two or four year colleges. Youth apprenticeship is explicitly intended to link high school students with business and industry through an integrated education and work-based learning program leading to a statewide credential of proficiency.

Wisconsin Statute sec. 101.265 (created by 1991 Wis. Act 39) creates a Youth Apprenticeship Program in the Department of Industry, Labor and Human Relations (DILHR) and requires the agency to cooperate with the Department of Public Instruction (DPI) and the Wisconsin Board of Vocational, Technical and Adult Education (WBVTAE) to develop the program and maintain it statewide. A twelve member Youth Apprenticeship Advisory Council is also created to advise and assist in the design and development of the program.

A. Program Objectives

1. Improve high school student's transition from school to high skill employment through work-based learning in skilled trade occupations.
2. Provide students with the integrated academic and technical background necessary to qualify them for entry into a registered apprenticeship or other high skill training opportunities.
3. Expand the range of skilled training career options for youth: through apprenticeships, technical programs in the Technical colleges (VTAEs) or technologically oriented programs at colleges and universities.
4. Improve student's qualifications/eligibility for a registered apprenticeship and the opportunity to obtain credit for their program experience.
5. Improve student's ability to apply academic skills in work-based learning situations.
6. Facilitate the entry of minorities and women into apprenticeships and other high skill training opportunities or college.
7. Increase the number of young people preparing for entry into high skill occupations. Employers will have improved access to qualified young people.
8. Involve business, industry and labor in planning, developing, and evaluating the program. Business/industry/labor assistance in curriculum design is particularly important.
9. Enable employers to assess student's skills and potential prior to acceptance into an apprenticeship or employment.
10. Expand employer's interest in and willingness to invest in skills training for their current and potential future workforce.
11. Create a school program that is interesting, enjoyable and challenging.

B. The Program's Policy Approach

A large variety of school based or work-related activities are currently used on a limited basis to facilitate the school-to-work transition of young people. In school exploratory activities include career exploration classes, career days and classroom presentations by workers in different occupations. Exploratory activities at work sites include job shadowing, short term work experiences, mentoring, and community service. Some schools also sponsor school-based work activities such as cooperative education and participation in youth managed businesses through vocational education programs.

The above exploratory and school-based activities must continue in schools and in fact are the fundamental basis for effective youth apprenticeship programs. Students must have knowledge of career options and some experience with occupations if they are to make intelligent choices about their occupational future. All of the above occupationally-oriented activities, including youth apprenticeship, are part of a career education program. Youth apprenticeship programs have a sharper focus. They include a structured academic component integrated with a structured work-based learning experience in a skilled occupational area. Youth apprenticeship programs must be preceded by career exploration and experience with occupational options.

Hamilton, in his book *Apprenticeship for Adulthood*, distinguishes the above exploratory and school-based activities from an apprenticeship. They are described as "apprentice-like" and contain four essential elements. Hamilton identifies five additional required elements for traditional (registered) apprenticeships.

Wisconsin's Youth Apprenticeship Program is aimed at developing what Hamilton calls a school-based apprenticeship program. In order to facilitate discussion about the program and its objectives, the following terminology will be used:

- a. **Career or work awareness/exploration.** School curriculum and work-based exploration of career options in an industry or occupational cluster or orientation to a specific occupation(s) which should precede application to youth apprenticeship program.
- b. **Youth apprenticeship.** A program, certified by DILHR, that coordinates and integrates classroom instruction (preceded by career awareness/ exploration) with a work-based employment experience in which the young person remains a student (i.e. is not a registered apprentice), and receives training in a skilled occupational area and/or an occupational cluster. Training is shorter and less intensively focused than in a registered apprenticeship.
- c. **School-to-work skill training program.** All career/vocational exploration, whether in school or a work setting, and school related work-based learning (apprentice-like) activities, including youth apprenticeship.
- d. **Apprenticeship.** A federal/state registered program in which the person enters into a contract of service where he/she receives instruction in a trade, craft or business from an employer in consideration for his/her services. The person receives specific occupational preparation as an employee as part of the program.

C. Apprenticeship as a Model for the Transition From School to Work

Wisconsin's apprenticeship program has a long (80 years) and well respected history. Apprenticeship, as a learning model, has been used for over 2,000 years. The basic premise of traditional adult apprenticeship programs is that effective learning occurs through doing it. The teaching is done by a skilled crafts person (journey worker) in an actual work situation. Wisconsin's Youth Apprenticeship Program is designed to include important features of it's registered apprenticeship program.

How Ch. 101 (youth) and Ch. 106 (traditional) apprenticeships are similar:

1. Classroom training and related academic instruction is integrated with on-the-job training for an occupation.
2. Positions are cooperatively developed by an employer, labor representatives, (where appropriate) local schools and technical colleges operating as a consortium and DILHR's Bureau of Apprenticeship Standards (BAS).
3. On-the-job training follows a systematic schedule of identified work activities. A skilled worker serves as the student's mentor on the job.
4. The student receives a salary in payment for limited employment.
5. There is a written agreement for each position. In youth apprenticeship programs, the agreement (called an Employment Training Agreement) is between the employer and the student's school, the student and parents and identifies employer and school program responsibilities.
6. Job performance and related classroom progress integrating academic and technical knowledge are systematically evaluated.
7. DILHR/BAS registers employers and participants in both the adult and youth programs.
8. Successful program completers receive a certificate of achievement. In the case of youth apprentices, the certificate attests to both the academic and occupational proficiency attained in the program.

How Ch. 101 (youth) and Ch. 106 (traditional) apprenticeships are different:

1. Although Ch 106 allows those as young as 16 to become registered apprentices, program standards generally require high school completion. In fact, most current apprentices are much older- the average age is 27 years old.
2. In youth apprenticeships, classroom training is focused both on applied academics as well as the knowledge and skills needed for a segment of an industry, an occupational cluster, or a job. In registered apprenticeships, related instruction is intensively focused on the skills needed by a specific skilled occupation.
3. Work-based training is broader in youth apprenticeships, may be directed at an occupational cluster and is less intensive in scope than in an apprenticeship.
4. Training on the job is limited to 15-20 hours a week during the school year.

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5. The youth is in a student learner status (Ind 72.10(10)). The employer does not have an obligation to hire the student at the completion of his/her youth apprenticeship.
 6. Wages are a stipend for participation. A multistep wage progression is not required in the Employment Training Agreement.
 7. The Employment and Training Agreement is between the employer, the school as well as the youth and parents because the youth remains a student in school. Student and parents will also sign a program participation agreement with the school.
 8. The youth apprenticeship classroom instruction curriculum is competency based. The student's progress, both in the classroom and on the job, is proficiency based rather than solely time based.

D. Other Features of the Youth Apprenticeship Program

Wisconsin's Youth Apprenticeship Program must also be based on these features:

a. Prerequisites:

1. The youth apprenticeship experience must be preceded by (and/or will begin with) a strong career development program. The program includes both career awareness and then a career exploration sequence in the middle and early high school years, including Education for Employment and career counseling.
 2. Satisfactory performance on the 10th Grade Gateway Assessment exam (or a proxy until it is available) is required for program entry.
- b.** The program curriculum includes employability skills development (including work related skills such as problem solving, critical thinking and team work) in the classroom and/or at work that can be measured in either a vocational or academic assessment.
- c.** Employers are encouraged to continue summer employment (and wages) which expands and reinforces the student's prior work-based learning (on-the-job training).
- d.** Special emphasis is given to recruiting the participation of employers with high performance work organizations, those who already train apprentices, and/or those who participate in other public job training program efforts (such as JTPA, JOBS and school-based programs).
- e.** Encourages the development of and works with industry training consortia, associations and labor organizations.
- f.** Technical college and BAS registered sponsor recognition and credentialing of youth apprenticeship curriculum (e.g. dual credit, credit for program experience).
- g.** Youth apprenticeship curricula (work-related and integrated academics) may be delivered at either secondary or technical college district facilities or a combination of both assuring satisfaction of high school graduation requirements and, where appropriate, dual credit.

II. A Youth Apprenticeship Model for Wisconsin

A model is described below. The local youth apprenticeship program consortium must build on and integrate with other ongoing or developing curricula in the schools which meet district and state high school graduation standards. At the same time, all programs must include the following core elements:

- Prerequisite completion of career awareness/exploration and/or Education for Employment with a career counseling component and satisfactory performance on the 10th Grade Gateway Assessment.
- Structured, sequenced classroom instruction linking academic and work-based learning.
- Work-based learning (on-the-job training) that follows a systematic schedule of identified work activities.
- Classroom instruction and work-based learning are competency-based.
- Classroom instruction and work-based learning are integrated.
- On-the-job training (work-based learning) is provided by a skilled mentor.
- On-the-job training (work-based learning) is in a skilled occupational area.
- Program completers receive a state certificate of academic and occupational proficiency.
- Completers receive a high school diploma.
- The certificate of proficiency translates into eligibility for work experience credit in a traditional apprenticeship, advanced standing or credit in a technical college program and/or facilitated entry into a four year college program.

A. The Youth Apprenticeship Model Coordinated with Tech-Prep

Wisconsin's 1991 legislative package includes a new school-to-work initiative which requires every school district to implement a tech-prep program. Given the objectives of the tech-prep concept and the universal implementation requirements, it is logical to incorporate some aspects of a youth apprenticeship program as part of the tech-prep curriculum design, particularly applied academics.

Preparation for both a youth apprenticeship program and tech-prep curriculum would start in the junior year of high school. It would necessarily build upon career awareness activities in middle school and career exploration activities in the beginning high school years. Young people will not be able to make intelligent (even if preliminary) career choices without exposure to a variety of business and industry settings and occupations to be found in them.

Program entry would be determined by interest, passage of the 10th grade gateway assessment (DPI) (or a proxy) and the availability of an approved job (Local School with DILHR/BAS assistance). Prior to program entry, students would complete all of their regular 9th and 10th grade academic subjects- English, math, social studies and science. Upon entry, students could participate in the tech-prep curriculum and take applied academic courses to assure completion of high school graduation requirements. During the

junior year, related courses could be technical courses in math, science and communications arts.

As a prerequisite to formally entering a Youth Apprenticeship Education and Training Agreement in the fall of their junior year, students must have completed an approved industry-specific survey course (at either the work site and/or in a school setting) which includes an overview of the technology requirements, occupational options, wage and employment expectations. This course will be developed cooperatively with business, local schools, technical colleges and, where appropriate labor. This course and/or its equivalent can be taken as part of the regular academic year during 10th grade or as a summer program immediately preceding fall enrollment in the Youth Apprenticeship Program.

Note: The components of this course could be incorporated into the first semester of the student's junior year until the Youth Apprenticeship Program is fully implemented. This course does not substitute for the prerequisite career and guidance activities which must precede participation in the Youth Apprenticeship Program.

Once youth apprentices enroll as juniors, their time would be appropriately divided between school and work-based learning as specified by the curriculum that meets industry standards for the Youth Apprenticeship Program. Students would take appropriate tech-prep courses and industry-specific courses developed by the local school district, employers, technical college and approved by BAS. Students would also schedule any other academic instruction to assure high school graduation. Work-based learning would generally be paid employment under the terms specified by the Agreement. The amount of time employed for payment will vary according to 1) industry training standards 2) the amount of related instruction appropriate to skill development and 3) recognized by the high school to meet graduation standards. Students, involved with work-based learning and related instruction, would receive high school credit. Upon successful program completion, students would receive high school diplomas, certificates of academic and occupational proficiency to be used for direct employment or assistance in obtaining registered apprenticeships, and/or entry and advanced placement into technical college, Vocational or Associate of Arts programs.

The training agreement, involving students, employers, instructors, parents, and school authorities, sanctioned by BAS, would provide for appropriate exit points generally associated with the school semester or summer employment. Employers would be encouraged to hire youth apprentices either as part of the industry-specific course in the summer prior to their junior year or in the summer preceding their senior year. The length of the training agreement may exceed the two years of high school-related time as cooperatively developed with either the technical college and/or, where appropriate, registered apprenticeships.

Four industries have been targeted for initial consideration: printing, health, finance and metals. Other industries and specific businesses or firms would also be encouraged to participate. DILHR resources would primarily be used to support the statewide administration of the program and the establishment of standards. The curriculum for high school integrated and applied academics and agreements on related technical college coursework will be developed by DPI under an interagency agreement with DILHR.

B. Governance and Operation of the Youth Apprenticeship Program

Wisconsin's Youth Apprenticeship Program will be designed and implemented by three state agencies, DILHR, DPI and WBVTAE, with the assistance and advice of the Youth Apprenticeship Advisory Council (created and defined in 1991 Wis. Act 39). The Act also calls for DILHR to administer available program funds. The Council includes the following membership:

One technical college administrator

Three vocational instructors

One high school administrator

Three high school teachers

Two representatives of business

Two representatives of labor

YOUTH APPRENTICESHIP PROGRAM SUMMARY OF STATE PARTNER ROLES AND RESPONSIBILITIES

STATE LEVEL PARTNERS

ROLES/ RESPONSIBILITIES	Executive Cabinet for A Quality Workforce	Youth Apprenticeship Advisory Council	DILHR/BAS	DPI	WBVTAE	Industry Trade Groups, Labor Associations
Policy Development	*	*	*	*	*	
Program Design	*	*	*	*	*	*
Evaluation/Monitoring		*	*	*	*	*
State-wide Administration		*	*	*	*	
Technical Assistance		*	*	*	*	*
Registration/Program Approval	*	*	*	*		
Curriculum Design	*	*	*	*	*	*
Industry, Occupation Selection	*	*	*	*	*	*
Develop Gateway Assessment				*		
Career Development Activities				*		*
Competency Certification		*	*	*	*	*
Design Work Requirements			*	*	*	*
Public Info/Progress Reports	*	*	*	*	*	*
Design Recordkeeping			*	*	*	
Design School Staff Training			*	*	*	*
Design Employer Staff Training			*	*	*	*
Promotion	*	*	*	*	*	*
Employment Training Agreements			*	*	*	*
Credit for Program Participation		*	*	*	*	*
Employability Skills Development		*	*	*	*	*
Participant Assessment			*	*	*	

YOUTH APPRENTICESHIP PROGRAM SUMMARY OF PARTNER ROLES AND RESPONSIBILITIES

LOCAL PROGRAM PARTNERS

ROLES/ RESPONSIBILITIES	Local Education Agencies	Technical Colleges	Employers	Labor Organizations (where applicable)	Parents/ Students
Develop Local Training Consortia	*	*	*	*	
Program Administration	*	*	*	*	
Monitoring	*	*	*	*	
Curriculum/Competency Development	*	*	*	*	
Occupations in Program	*	*	*		
Gateway Assessment	*				*
Career Development Activities	*	*	*	*	*
Select Participants	*		*		
Employment Training Agreement	*		*	*	*
Student Participation Agreement	*		*		*
Employment Skills Activities	*	*	*	*	*
Program Mentors	*		*	*	
School Staff Training	*	*	*	*	
Employer Staff Training	*	*	*	*	
Recordkeeping	*	*	*	*	
Promotion	*	*			

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III. ROLES AND RESPONSIBILITIES OF THE PARTNERS

A. Youth Apprenticeship Advisory Council:

- 1. Assist in the identification of work-based learning requirements for the Wisconsin Youth Apprenticeship Program. Review program development guidelines.**
- 2. Provide implementation advice on the program in such areas as:**
 - ** criteria for selecting industries and occupational areas for youth apprenticeships;**
 - ** program location decisions;**
 - ** curriculum design and content;**
 - ** establishing standards for proficiency and student performance rating criteria;**
 - ** ensuring equitable access and completion by members of special populations and minorities;**
 - ** promotion strategies and program advocacy;**
 - ** program evaluation;**
 - ** the elements of Employment Training/Student Participation agreements.**
- 3. Review and rate industry applications to open Youth Apprenticeship Program opportunities.**
- 4. Encourage the development of industry and association training consortia.**
- 5. Provide the policy framework for completing legislatively required reports, program design and budget recommendations.**

B. DILHR'S Bureau of Apprenticeship Standards (BAS):

1. Take lead responsibility (with cooperation from the other program partners) in the design, development and administration of the program funds.
2. Staff the Youth Apprenticeship Advisory Council.
3. Identify, review and approve (with the assistance of other program partners) potential employers and solicit their involvement. Other agencies with expertise in job development, such as the Job Service, Private Industry Councils and Job Centers will also be encouraged to assist with this activity.
4. Develop a plan and interagency agreement (with DPI and WBVTAE) on program objectives, record keeping requirements, information sharing, school and employer staff training, technical assistance availability and monitoring.
5. Develop a training program for participating employers (DPI will lead in curriculum development).
6. Develop (in cooperation with DPI) Employment Training Agreements and structured work schedule requirements for students.
7. Certify youth apprenticeship program employers and youth apprentices.
8. Develop (in cooperation with business/industry) and grant (in cooperation with local education agencies and/or technical college districts) certificates of occupational proficiency.
9. Design and implement a youth apprenticeship program evaluation process. Regularly review program performance and report results to the Council and cooperating agencies.
10. Develop (in cooperation with the Council and other agencies) record keeping requirements and monitor local employer compliance with program requirements.
11. Seek improved entry and credit for experience in Ch. 106 apprenticeships for Ch. 101 youth apprenticeship program completers.
12. Coordinate/share information on the youth apprenticeship program with the Apprenticeship Advisory Council, the Wisconsin Jobs Council and the Executive Cabinet for a Quality Workforce.

C. Department of Public Instruction:

1. Take the lead responsibility, through an interagency memorandum of understanding, in the development of competency based, integrated academic, technical and work-based curriculum (in cooperation with WBVTAE, business, industry and labor) based on industry or occupational standards.
2. Provide leadership and assistance to the public schools in the development of career/vocational exploration activities and other programs that provide students with occupational experiences that support entry into youth apprentice programs.
3. Provide program designs that include generic employability skills and knowledge (such as problem solving, critical thinking and decision making) general enough to be transferable to a broad range of work situations.
4. Participate in the development a state management plan (with DILHR and WBVTAE) which specifies program objectives, record keeping requirements, information sharing, school and employer staff training, technical assistance availability and monitoring responsibilities.
5. Promote legislative standards that ensure that high school graduation credit for work-based learning (OJT) is transferable within and between school districts for participants in the program.
6. Monitor local school program operations.
7. Lead in the development of staff orientation and training materials for secondary teachers, coordinators and counselors. Provide technical assistance on staff training for local education agencies participating in the youth apprenticeship program.
8. Develop a marketing and counseling strategy for getting parents and students interested in participating in the program.
9. Take lead responsibility for development (with the assistance of DILHR and WBVTAE) of a Youth Apprenticeship Program curriculum resource guide.
10. Develop Gateway Assessment and (in cooperation with business, DILHR and WBVTAE) recommend proficiency levels for application to the program.
11. Participate in other activities as noted above (B 6, B 8, B 10).

D. Local Public Schools:

1. Administer 10th Grade Gateway Assessment as youth apprenticeship entry criteria.
2. Develop and maintain career development curricula (career awareness and exploration) that provide students with occupational experiences and preparation for entry into the youth apprenticeship program.
3. Develop or utilize/modify curriculum to support industry and DILHR approved competency based program standards.
4. Integrate applied academic courses and cooperative learning to support high school diploma for work-based learning.
5. Select (with employer assistance) youth apprenticeship program participants.
6. Notify and/or assist DILHR/BAS in finding potential employers for youth apprentices.
7. Complete, with parents and students, a Student Participation Employment Training Agreement with each participant, including school and work-site outcomes, that includes a structured schedule of work/training to be provided to the youth apprentice.
8. Assist students (in cooperation with other partners) in applying to a work-based learning job training site.
9. Provide required supervision and liability indemnification where appropriate, for student learners participating in the youth apprenticeship program.
10. Provide student academic and work-based support services including career counseling (provide case managers).
11. Monitor student academic and on-the-job (work-based learning) progress and ensure that students maintain good standing in both school and at the work site as a requirement for continuation in the program.
12. Manage the local youth apprenticeship program and provide the DPI and DILHR with required program and student information.
13. Provide and train staff coordinators, counselors and teachers for the youth apprenticeship program.
14. Allow teachers, coordinators, and counselors who work with the youth apprenticeship program, to participate in staff development and training on the program.
15. Provide course credit for the experiential learning (OJT) of program participants.
16. Cooperate with state agencies conducting on-site program reviews.

E. Wisconsin Board of Vocational, Technical, and Adult Education:

1. Participate in the development of a state management plan (with DILHR and DPI) which specifies program standards, record keeping requirements, information sharing, school and employer staff training, technical assistance availability and monitoring responsibilities.
2. Assist in the development of competency-based program curricula (including identification of occupational core competencies youth apprentices must master to enter Ch. 106 apprenticeships).
3. Assist in the design of competency-based student assessment materials and procedures.
4. Assist in the design of the training program for participating employers.
5. Promote technical college program access to high school students through post secondary enrollment options.
6. Promote technical college development of secondary/post-secondary education articulation agreements that recognize and credential youth apprenticeship curricula (e.g., dual credit).
7. Assist DPI in the development of a Youth Apprenticeship Program curriculum resource guide.

F. Technical Colleges:

1. Assist in identifying potential employers and solicit their involvement. Assist WBVTAE and DPI in the design of a local training program for participating employers.
2. Assist DPI in the design of secondary school curricula and identify occupational core competencies students must master in different occupations.
3. Assist in the assessment of youth apprenticeship occupational competencies.
4. Develop articulation agreements with the CESAs and local education agencies that recognize and credential youth apprenticeship curricula (e.g., dual credit).
5. Make available district program access to high school students where local education agency programming is unavailable.

G. Employers in the Program:

1. Commit to hire and train youth apprentices for a minimum of the three school semesters requiring work-based learning. There is no requirement that the employer will hire the youth after high school graduation.
2. Employers should agree to try to continue summer employment (when it can be integrated into school instruction) for their youth apprentices.
3. Select, employ and train youth apprentices on a non-discriminatory basis.
4. Provide career exploration and job shadowing opportunities for those students in the youth apprenticeship program as well as younger students trying to decide about program participation.
5. Organize the youth apprentice's work-based learning experience so that it supports required high school attendance.
6. Supervise youth apprentices through a structured mentoring relationship with a skilled employee in the firm or organization.
7. Evaluate and report on the youth apprentice's on-the-job performance to DILHR/BAS and the high school.
8. Specify, in Employment Training Agreements with high school students and their parents, the structured schedule of work/training to be provided to the youth apprentice.
9. Participate in orientation and staff development activities that prepare supervisors and employees for participation in the program with attention to safety.
10. Advise DPI/local school curriculum committee on competency-based curriculum design and development.
11. Assist in the identification of employee knowledge and entry skill requirements as well as advanced job skill competencies in their business/industry.
12. When there is a collective bargaining agreement, labor and management must cooperate in the design of the youth apprenticeship Employment Training Agreement.
13. Agree to non-displacement of existing workers by youth apprentices.
14. Provide Worker's Compensation coverage for youth apprentices when they become part time employees.
15. Cooperate with the schools and state agencies in scheduling and participating in an annual on-site visit.

H. Industry Trade Groups, Labor Associations:

1. Develop a state-wide curriculum for high school student entry into the industry.
2. Assist in identifying critical competency attainments necessary for achieving a certificate of occupational proficiency.
3. Assist in designing competency assessment standards and test procedures.
4. Assist in designing an industry survey course.
5. Obtain program participation commitments of employers in the industry.
6. Assist in designing and implementing a job shadowing program for 7th through 10th graders.
7. Recommend instructor qualifications and certification requirements.
8. Recommend model Employment Training Agreements (including a systematic schedule of identified work activities).
9. Assist in designing and implementing an industry internship for secondary and post secondary teachers.

I. Labor Organizations (when present) in Participating Employers:

1. Assist in the identification of employee knowledge and entry skill requirements as well as advanced job skill competencies in their business/industry.
2. Advise on curriculum design and development.
3. Provide recommendations on work site orientation and staff training for the youth apprenticeship program.
4. Participate in orientation and staff development activities that prepare supervisors and employees for participation in the program.
5. Provide advice on the development of youth apprenticeship Employment Training Agreements.
6. Provide training and supervision (i.e. the mentor) for youth apprentices.

J. Students in the Program:

1. Pass the 10th Grade Gateway Assessment exam or other entry related academic standards.
2. Enter into a Student Participation Agreement with their high school, parents and employer.
3. Maintain good standing at both school and the job as a requirement for continuation in the program.
4. Participate in regular school discussions to review progress and resolve problems.
5. Be accepted for employment with a participating employer and meet all work requirements of the employer for a youth apprentice employee.
6. Conform to the structured work/training schedule identified in their Employment Training Agreement.
7. Complete high school diploma requirements in a timely fashion through integrated academic and technical curricula approved by the school board in cooperation with the VTAE and employer.

IV. Expected Outcomes and Program Benefits

A. For Employers:

1. Improve their ability to meet long term employee needs through contact with potential apprentices/employees. Improve access to qualified young people before they leave high school.
2. Assist in the design of preparatory training of high school students who may enter their apprenticeship program.
3. Expand training in their business and industry.
4. Be registered as a youth apprenticeship training site by the state.
5. Have the opportunity to assess a student's skills and potential prior to the major commitment of an apprenticeship salary and permanent employment.
6. Have access to professional educators and apprenticeship representatives who are supervising the youth apprentices.

B. For Students:

1. Be exposed to more extensive career development planning and smooth the transition from school to work or other training.
2. Be paid while receiving structured work-based training for high skill career options (including apprenticeships).
3. Have classroom instruction integrated with training received on-the-job.
4. Receive training from a skilled professional(s) in an actual work situation.
5. Upon successful completion of the program, receive both a high school diploma and a certificate of academic and occupational proficiency.
6. Meet high school graduation requirements by participating in the youth apprenticeship program.
7. Have available testing, evaluation, counseling and job placement services.
8. Have expanded career options because they have the necessary knowledge and skills to enter an apprenticeship, a technical college program, a baccalaureate program or directly into work.
9. Acquire critical thinking, problem solving, decision making, team work and technical and communication skills that will improve their functioning in future employment.
10. Participate in a school program that is interesting, enjoyable and challenging.

(Provost/Ferguson/Grossman)

July 24, 1992

WISCONSIN

Draft One

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NEENAH, WISCONSIN
JULY 27, 1992
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Today ... America is safer than before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few months ago ... when I sat down with Boris Yeltsin and eliminated nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth

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And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who answers the phone has the experience, the seasoning, to do the right thing.

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If you look at almost every important issue we face ... you see a clear choice in philosophy ... a choice between those who put their faith in average Americans ... and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago ... Washington wanted to help ... but the idea was to rock the cradle with the heavy hand of the bureaucracy. All the plans boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

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The point is not to let people fend for themselves. Americans are a generous people; and government must never shirk its responsibilities. But programs have to give people a hand-up ... and trust human ingenuity to take it from there.

A good example of what government can do is starting right here at Outlook. Last April, I challenged the nation's governors

to join me in helping our young people enter the world of work. I am particularly concerned about teenagers ... who want to work ... want to learn a skill ... but may be tempted to drop out of school. True to form, Gov. Tommy Thompson reached out to these young people. His apprenticeship program will encourage them to complete a sound high-school education, while getting on-the-job training at companies like Outlook. This program connects education with the real world of work. Government can help make that connection -- and I salute Gov. Thompson for helping me create a workforce that's up and ready for the challenges of the next century.//

So I believe we can give Americans the tools ... and then it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea isn't just bad judgment; it could be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Keep in mind ... we are the largest economy in the world. Inflation ... the Willie Sutton who robs the middle class of dreams ... has been put safely behind bars. The last time interest rates were this low ... the Brady Bunch wasn't even on television. Despite all the stories about our problems ... our workers are still the most productive in the

world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing' ... it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Wisconsin, whether you like it or not, you already work 126 days just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask -- does anyone want to go for 127?

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln talked about government "of the people, by the people, for the people." I think most Americans agree with him. But there are others who keep wanting to say ... government of the people, by the people, on the people.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense plan to jumpstart the economy, help us over the bumps in the road.

I wanted to free up the energies of our entrepreneurs with tax cuts; to give a \$5,000 break to young couples trying to buy their first home. Here in Wisconsin, that \$5,000 would have been equal to nine months of mortgage payments.

If they had passed it when I asked them to ... we could have created 500,000 jobs.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a raft of new spending and -- you guessed it -- new taxes.

I sent their plan back. I told them to try again. And I'm still waiting. And I'm beginning to get the distinct impression ... that the only way to get rid of the deadlock in Washington ... is to clean a little deadwood in Congress.

Send me a new Congress that will work with me ... and I'll get this economy moving faster than Desmond Howard.

It all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things on my own to try and jump start the economy. Earlier this year, I announced a moratorium on federal regulations -- to untangle the red tape that ties so many businesses in knots.

Is it necessary? Listen to this story.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be

disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: slightly less.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive ... without this particular hard hat regulation.

But can you imagine what might have happened ... if these enterprising regulator guys had made their way into the vast, unregulated territory of lunch pails and thermos bottles?

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely ... the people they put first are all on a government payroll.

A trustworthy leader of a free people must have the confidence to say: "I trust you." I trust the people.

And you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- no government ever created a single job ... (although it did keep Johnny Carson around for 30 years.)

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you.

#

OUTLOOK GRAPHICS IN NEENAH WISC

--co prints boxes, baseball cards, football cards, special Desert Storm Cards (pictures of POTUS), will present POTUS with a framed sheet of the Desert Storm Cards

--contact: Pres. Dave Erdmann or asst John Wiley (414)722-2333

--Fox Cities Chamber of Commerce: Greg Hunt (414)734-7171

--Scot Schmuoller from Wisc Dept of Admin overseeing the apprenticeship (608)267-2704 or Jim Milslagle of Banta co. (414)722-7777.

--youth apprent prog : take kids from vocational and technical schools, not going to college, etc, have them working in places like this 3 days a week then going to votech 2 days a week

--problem: they're not even starting yet, kids starting to train on machines early....Can't say it's already been a success...need to talk about its promise.

--this area has had a lot of growth...but people they're selling to are cutting back

Rick Berg
608-264-6181



New line features Berenstain Bears

By David Horst

Post-Crescent staff writer

NEENAH — When Outlook Graphics decided to move from printing trading cards for other companies to developing a line of its own, it decided to go with a proven champion.

Da Bears.

We're not talking about Ditka and Neal Anderson and the Fridge. These are the real showcase players — the Berenstain Bears.

The new line of "story cards" has brought the wildly successful Berenstain Bears characters from the pages of children's books to the craze of trading cards. They began appearing in stores locally within the past couple of weeks and are to go on sale nationwide by early August.

Stories of the forthright and lovable bruin family unfold on a series of 72 cards sold in six different packages. The full-color illustrations of creators Jan and Stan Berenstain adorn each side of the cards along with the text of the stories with a strong moral message.

Borrowing a device from the old Saturday matinee serials, stories are continued in the next pack, with a new story beginning in mid-pack and continuing again.

"It is a lot more than just a trading card," said Cindy Baumgartner, marketing representative for Ken-Wis Inc., the Outlook subsidiary marketing the cards.

The Berenstain Bears story cards are not intended to be traded like sports collector cards. They are packaged in sequence, unlike the random packing of trading cards. Each of the six packets is identified by number, and in buying the full set the young customers get four complete stories. Baumgartner said that while other children's story characters have appeared on cards, such as Disney's The Little Mermaid, none has been packaged in this sequential, storytelling manner.

The Bears were a high-profile choice for Outlook's first attempt at designing and marketing its own card line. Jan and Stan Berenstain have written and illustrated 83 bear books, having sold more than 150 million copies. Their eager readers and their parents bought 22 million last year alone, for sales of \$50 million. The Bears have been a fixture on Publishers Weekly's list of children's best sellers. Outlook publishes the cards through a licensing agreement with King Features, New York.

"They're wholesome stories. It's a good product to be involved in," said Outlook president David Erdmann.

Baumgartner, in test marketing the cards this spring, observed children playing with them at Clayton Elementary School in Neenah and Bethel Lutheran in Menasha.

She said the children seemed to find the cards more personal than a book. The teachers mixed up the numbered cards to test the children's sequencing abilities and also challenged them to predict how a story would end in the succeeding pack. Baumgartner described the cards as having a lot of "playability."

Packages two through six contain a sheet of Berenstain Bear stickers with a how-to-draw lesson on the back. The first pack includes a plastic membership card for Bear Country with a place

for the child to sign. One of the pupils Baumgartner observed saw the card and said, "It's my first charge card."

Papa Bear could help out some of his get-rich-quick schemes with the techniques employed in marketing the line of cards. The packs also include a pamphlet containing one of the rules of: "How to get along with your fellow bear." On the flipside is an order blank for Bears paraphernalia such as videos, personalized lunch bags and Berenstain Bears popcorn bowl.

The cards carry a suggested retail price of 99 cents per pack, though Baumgartner said they are likely to retail in places for 89 or 79 cents. Badger Periodicals will be distributing them to about 400 stores locally.

Erdmann said work is under way on a second series of Berenstain Bears cards, possibly including stories written exclusively for the cards, and and special gift sets will be available for Christmas. Outlook is exploring the possibilities for other licensing agreements as well.

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE E—LONG-TERM DEBT**

Long-term debt consists of the following (in thousands):

	1991	1990
Term loans	\$ —	\$6,005
Revolving loan	—	1,600
Industrial development bonds	4,835	2,245
Various notes	—	20
	<u>4,835</u>	<u>9,870</u>
Less current maturities	<u>426</u>	<u>2,865</u>
	<u>\$4,409</u>	<u>\$7,005</u>

TERM LOANS

The loans were payable in monthly installments ranging from \$13,000 to \$55,000 including interest ranging from 11.1% to prime plus .5%. These loans were paid in full during May 1991.

REVOLVING LOAN

The Company has a \$3,750,000 revolving credit agreement expiring September 12, 1991. Borrowings thereunder bear interest at .5% over prime. The outstanding balance was paid in full during May 1991.

INDUSTRIAL DEVELOPMENT BONDS

On April 1, 1980, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$650,000 with interest ranging from 9.2% to 9.5%, due in annual principal installments of \$55,000 through April 1992. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$1,300,000 with annual principal installments ranging from \$74,000 to \$321,000 commencing on June 1, 1991, with interest at 98% of the prime rate through June 1, 1999. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$835,000 with annual principal installments ranging from \$26,000 to \$522,000 commencing on June 1, 1991, with interest at 10% through June 1, 1994, and then at 98% of the prime rate through June 1, 1999. As of both May 31, 1991 and 1990, \$835,000 was outstanding.

On September 1, 1990, Outlook Label entered into an agreement for industrial development bond financing in the aggregate principal amount of \$4,000,000 with annual principal installments of \$400,000 commencing September 1, 1991, with interest at a floating rate determined by a remarketing agent (5.75% at May 31, 1991). As of May 31, 1991, \$4,000,000 was outstanding.

The revolving loan and the industrial development bonds are collateralized by the Company's accounts receivable, inventories, property, plant and equipment and the common stock of Outlook Label.

The revolving loan and the industrial development bond obligations are subject to the terms of certain loan agreements which contain provisions setting forth, among other things, working capital, net worth and debt to equity requirements, and restrictions on property and equipment additions, loans, investments, other borrowings, management consulting services, and acquisitions and redemptions of the Company's stock or the issuance of stock except for cash. Additionally, the Company may not pay cash dividends without the prior consent of its lenders. The Company has obtained waivers for certain past actions which otherwise would have constituted violations of covenants under the loan agreements. The waivers relate to limitations on additional indebtedness and investments in other entities, capital expenditure limitations, prohibitions on repurchase of stock, limitations on the purchase or the sale and leaseback of equipment, the issuance of shares of stock and prepayments of outstanding debt.

At May 31, 1991, future maturities of long-term debt were as follows (in thousands):

1992	\$ 426
1993	429
1994	432
1995	436
1996	440
Thereafter	<u>2,672</u>
Total maturities	<u>\$4,835</u>

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE F-STOCKHOLDERS' EQUITY**

On August 2, 1990, the stockholders adopted Restated Articles of Incorporation of the Company which increased the authorized number of shares of Common Stock from 2,000,000 to 15,000,000 shares. Also authorized were 1,000,000 shares of Cumulative Preferred Stock. The Board of Directors declared a 2.75-for-1 stock split effected in the form of a 175% stock dividend payable with respect to shares of Common Stock outstanding on August 3, 1990, with resulting fractional interests paid in cash. A 3-for-2 stock split effected in the form of a 50% stock dividend was distributed to stockholders of record on September 1, 1989. An amount equal to the par value of the common shares issued was transferred from additional paid in capital to the Common Stock account. These transfers have been reflected in the consolidated statement of stockholders' equity at May 31, 1988. All share and per share amounts included in the financial statements and notes are based on the increased number of shares giving retroactive effect to these stock splits.

In May 1991, the Company completed an initial public offering in which it issued 1,561,372 shares of Common Stock at a price to the underwriters of \$10.69 per share. The proceeds of the offering to the Company, after deducting all associated costs, were \$16,211,000.

NOTE G-EMPLOYEE BENEFIT PLANS**EMPLOYEE STOCK PURCHASE PLAN**

Effective February 1990, the Company's employee stock purchase plan was suspended. Under the plan, employees were given the opportunity to purchase shares of the Company's Common Stock at prices determined by the Board of Directors and approved by the stockholders. The purchase price was intended to reflect the fair value of the Company's stock at the time of the purchase.

EMPLOYEE SAVINGS PLAN

The Company offers a 401(k) savings plan for all employees that meet certain eligibility requirements. Employee contributions to the plan are made through payroll deductions. In addition, the Company matches 25% of the first 6% of each employee's compensation deferral. Employer matching contributions under the 401(k) plan for the years ended May 31, 1991, 1990 and 1989 totaled \$51,000, \$34,000 and \$23,000, respectively.

NOTE H-INCOME TAXES

The provision for income taxes consists of the following (in thousands):

	1991	1990	1989
Currently payable			
Federal	\$1,288	\$ 939	\$206
State	812	223	45
	<u>1,600</u>	<u>1,162</u>	<u>251</u>
Deferred (related to)			
Tax over book depreciation	394	436	199
Capital lease-tax	199	-	-
Installment sale	(10)	(51)	(25)
Allowance for doubtful accounts	(5)	(34)	(22)
Inventory capitalization	(51)	3	(18)
Other, net	(15)	(11)	(11)
	<u>512</u>	<u>343</u>	<u>123</u>
	<u>\$2,112</u>	<u>\$1,505</u>	<u>\$374</u>

The effective tax rates for the years ended May 31, 1991, 1990 and 1989, were 38.6%, 38.5% and 36.4% respectively. The variation between the effective rate and the statutory federal income tax rate is a result of the following, expressed as a percentage of pre-tax income:

	1991	1990	1989
Statutory federal income tax	34.0%	34.0%	34.0%
State income taxes net of federal income tax benefit	5.2	5.2	5.2
	<u>39.2</u>	<u>39.2</u>	<u>39.2</u>
Increase (decrease) in income taxes			
General business credits	(.2)	(.8)	(2.1)
Other	(.4)	.1	(.7)
	<u>38.6%</u>	<u>38.5%</u>	<u>36.4%</u>

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE I—STOCK OPTIONS

In the fiscal year ended May 31, 1985, the stockholders approved an incentive stock option plan under which 84,662 shares of Common Stock were available for issuance. Options were granted at market value on the date of grant, but not less than the employee stock purchase plan price. The options were exercisable from the date of grant and terminate three years from date of grant.

Transactions for the last three fiscal years are as follows:

	1991	1990	1989
Options outstanding, beginning of year	4,125	12,375	16,500
Granted	—	—	—
Exercised	(4,125)	(8,250)	—
Expired	—	—	(4,125)
Options outstanding, end of year	—	4,125	12,375
Option price range at May 31		\$2.30	\$1.94— \$2.30

On August 17, 1989, the stockholders approved an incentive stock option plan under which 55,000 shares of Common Stock were available for issuance. Options were granted at market value as set for the employee stock purchase plan plus \$.18. Options are exercisable on the date of grant and terminate three years from date of grant.

Transactions are as follows:

	1991	1990
Options outstanding, beginning of year	48,125	—
Granted	—	48,125
Exercised	—	—
Expired	4,125	—
Options outstanding, end of year	44,000	48,125
Option price	\$3.09	\$3.09

On August 2, 1990, the stockholders also approved the 1990 Stock Option Plan (the "1990 Plan"). Options may be granted under the 1990 Plan through May 31, 2000, to key salaried employees, including officers. The 1990 Plan provides for a maximum issuance of 200,000 shares of Common Stock. The exercise price for options granted may not be less than the quoted market price on the date of the grant. Options may not be exercised for at least six months after the date of the grant except in the event of death or disability. The 1990 Plan supersedes and replaces the

Company's other stock option plans except that any stock options outstanding under such plans shall continue in effect until they have been exercised or have expired or otherwise terminated. No options had been granted under the 1990 Plan as of May 31, 1991.

Options outstanding under the Company's stock option plans have been considered in the computation of the weighted average number of shares outstanding used to calculate net earnings per share.

NOTE J—COMMITMENTS

At May 31, 1990, the Company conducted a portion of its operations in leased facilities under an operating lease which would have expired in October 1991. In November 1990, a new operating lease was executed which expires in November 1998. The Company is responsible for all taxes, insurance and maintenance costs and has an option to purchase the property which expires November 30, 1992. The Company also leases equipment under a noncancellable operating lease which expires in December 1996.

In April 1990, the Company acquired certain additional equipment, at a cost of \$1,162,000, and agreed with a financial institution to a sale and leaseback of that equipment. The terms of this sale and leaseback arrangement were finalized, and the transaction consummated, in August 1990. The Company did not realize or recognize any gain or loss resulting from the transaction. The operating lease expires in August 1997.

During the year ended May 31, 1991, the Company acquired certain additional equipment at a total cost of \$3,926,000. On March 21, 1991, the equipment was sold at its cost and is being leased back by the Company through March 1995. The Company did not realize or recognize any gain or loss resulting from the transaction.

The following is a schedule, by fiscal years, of the rental payments due under these leases, as of May 31, 1991, (in thousands):

1992	\$1,329
1993	1,313
1994	1,313
1995	3,162
1996	631
Thereafter	820
Total	\$8,568

Rent expense for the years ended May 31, 1991, 1990 and 1989, was \$705,000, \$330,000 and \$52,000 respectively.

The Company had agreements to purchase additional equipment for approximately \$1,728,000 at May 31, 1991.

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE K-BUSINESS ACQUISITION**

In February 1989 the Company acquired Outlook Label, effective for financial reporting purposes as of January 1, 1989. Certain stockholders and directors of the Company were also noncontrolling stockholders and directors of Outlook Label and held interests in the related partnership referred to below. The stockholders of Outlook Label received 536,245 shares of the Company's Common Stock in exchange for all of the outstanding shares of Outlook Label. In addition, the Company purchased certain assets and assumed certain liabilities from a partnership, related through common ownership to Outlook Label, for \$250,000.

The acquisition was accounted for as a purchase and the excess of the cost over the fair value of the net assets acquired was \$585,000, which is being amortized over a period of 20 years using the straight-line method. The consolidated results of operations include the operations of Outlook Label from January 1, 1989.

The unaudited consolidated results of operations on a pro forma basis as though Outlook Label had been acquired on June 1, 1988, are as follows:

	Pro forma year ended May 31, 1989
Net sales (in thousands)	\$19,824
Net earnings (in thousands)	\$ 534
Net earnings per share	\$.15

NOTE L-MAJOR CUSTOMERS

During the years ended May 31, 1991, 1990 and 1989, the Company had sales to major customers. A major customer is defined as a customer that accounts for more than 10% of a company's net sales. Sales to these customers amounted to the following percentages of the Company's net sales:

	1991	1990	1989
Impel Marketing	23%	0%	0%
Fleer Corp.	15	5	0
Kellogg Company	1	15	22
National Football League Properties, Inc.	0	12	0
Banta Corporation	5	9	17

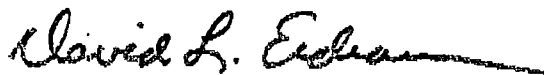
Outlook Graphics Corp. and Subsidiary

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

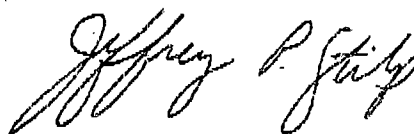
The consolidated financial statements and accompanying information were prepared by and are the responsibility of management. The statements were prepared in conformity with generally accepted accounting principles and, as such, include amounts that are based on management's best estimates and judgments.

The internal control systems are designed to provide reliable financial information for the preparation of financial statements, to safeguard assets against loss or unauthorized use and to ensure that transactions are executed consistent with company policies and procedures. Management believes that existing internal accounting control systems are achieving their objectives and that they provide reasonable assurance concerning the accuracy of the financial statements.

Oversight of management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee which consists solely of outside directors. The committee meets periodically with financial management and the independent accountants to ensure that each is meeting its responsibilities and to discuss matters concerning auditing, internal accounting control and financial reporting. The independent accountants have free access to meet with the Audit Committee without management's presence.



David L. Erdmann
Chairman and President



Jeffrey P. Stilp
Treasurer and Controller

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Outlook Graphics Corp. and Subsidiary

We have audited the accompanying consolidated balance sheets of Outlook Graphics Corp. (a Wisconsin corporation) and Subsidiary as of May 31, 1991 and 1990, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended May 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An

audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Outlook Graphics Corp. and Subsidiary as of May 31, 1991 and 1990, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended May 31, 1991, in conformity with generally accepted accounting principles.

Grant Thornton

Appleton, Wisconsin
June 27, 1991

QUARTERLY DATA (UNAUDITED)

The following table sets forth unaudited selected quarterly financial information for each of the two most recent fiscal years:

Quarter Fiscal Year Ended May 31, 1991	First	Second	Third	Fourth	Total
	(in thousands, except per share amounts)				
Net sales	\$8,813	\$9,989	\$12,344	\$12,129	\$43,275
Gross profit	2,497	2,424	2,235	3,712	10,868
Net earnings	735	701	1,011	907	3,354
Earnings per share	.21	.20	.29	.23	.92
1990					
Net sales	\$7,465	\$9,448	\$7,957	\$6,900	\$31,765
Gross profit	2,249	2,672	2,234	1,597	8,752
Net earnings	674	792	619	524	2,409
Earnings per share	.20	.23	.18	.09	.69

MARKET PRICES AND DIVIDENDS

The Company's Common Stock has been quoted on the NASDAQ National Market System since the Company's initial public offering of Common Stock, at \$11.50 per share, on April 24, 1991. Prior to that date, there was no established public trading market for the Common Stock. The following table sets forth high and low sales prices as reported on the NASDAQ National Market System since April 24, 1991, for the indicated fiscal year periods.

	High	Low
Fiscal 1991: Fourth Quarter (April 24, 1991 to May 31, 1991)	\$13 1/4	\$10 1/4
Fiscal 1992: First Quarter (June 1, 1991 to August 9, 1991)	\$13 1/4	\$10 1/4

The Company has not paid any cash dividends since its inception. The Company presently intends to employ its earnings in the continued development and expansion of its business and does not expect to pay any cash dividends in the foreseeable future. The Company may not pay cash dividends under various existing lending agreements without the lenders' consents so long as such agreements remain outstanding; for a description of dividend restrictions, see Note E of Notes to Consolidated Financial Statements. Future dividend policy will depend on the Company's earnings, capital requirements, borrowing agreements, financial conditions and other factors considered relevant by the Board of Directors.

As of August 9, 1991, there were 754 shareholders of record of Common Stock.

DIRECTORS

Wayne G. Beattie, 42, (1)
Secretary and Salesperson
Outlook Graphics Corp.

James L. Dillon, 46, (2)(3)
Accountant
DiRenzo, Simonis & Miller,
Certified Public Accountants

David L. Erdmann, 48, (1)
Chairman and President
Outlook Graphics Corp.

Roger G. Hathaway, 63 (1)(2)(3)
Retired Vice President-
Human Resources
Neenah Foundry Company
(manufacturer of construction
and industrial castings)

George P. Mueller, 69 (2)(3)(4)
Chairman
Integrated Paper Services, Inc.
(pulp and paper making services)

Lawrence C. Siltan, 49 (2)(3)
Attorney
Patterson, Jensen, Wylie, Siltan
& Seifert, S.C.

Charles E. Thompson, 47 (1)
Executive Vice President
Outlook Graphics Corp.

A. John Wiley, Jr., 48 (4)
Salesperson
Outlook Graphics Corp.

COMMITTEES OF THE BOARD

- (1) Executive
- (2) Audit
- (3) Compensation
- (4) Alternate member of
Executive Committee

OFFICERS

David L. Erdmann, 48
Chairman and President

Charles E. Thompson, 47
Executive Vice President

Wayne G. Beattie, 42
Secretary

Jeffrey H. Collier, 38
Vice President-Manufacturing

Jeffrey P. Stilp, 33
Treasurer and Controller

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

Outlook Graphics Corp.
1180 American Drive
Neenah, Wisconsin 54956
(414) 722-2333

STOCK EXCHANGE LISTING

NASDAQ National Market System
Symbol: OUTL
Newspaper abbreviations:
OutGraph, OutlkGraph

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Grant Thornton
Appleton, Wisconsin

LEGAL COUNSEL

Quarles & Brady
Milwaukee, Wisconsin

TRANSFER AGENT AND REGISTRAR

First Wisconsin Trust Company
615 E. Michigan Street
P. O. Box 2077
Milwaukee, WI 53201-2077
(414) 287-3900
(800) 637-7549

FORM 10-K REPORT

Single copies of the annual report
on Form 10-K as filed with the
Securities and Exchange
Commission are available to
stockholders without charge.
To obtain a copy, contact the
stockholder services department
at the Company address.

STOCKHOLDER/INVESTOR INFORMATION CONTACT

For additional information on the
Company, please contact the
stockholder services department
at the Company address.

ANNUAL MEETING

The annual meeting of
stockholders of Outlook Graphics
Corp. will be held on
Thursday, October 10, 1991,
at 7:00 p.m. at the Paper Valley
Hotel & Conference Center,
333 W. College Avenue,
Appleton, Wisconsin.

Grassroots Research

A Division of RCM Capital Management

Four Embarcadero Center, Suite 2900
San Francisco, California 94111
415/954-5493 FAX: 415/954-5304

Junior Report

November 7, 1991

OUTLOOK GRAPHICS

Grassroots interviewed 14 customers of Outlook Graphics to determine their satisfaction with the company's work. Questions also focused on orders and the potential for future increases.

Synopsis

Outlook Graphics appears to be in an enviable position. Through hard work and close attention to customers, it has become widely viewed as a solid company that delivers what it promises.

- Customers were quick to praise Outlook Graphics as a problem-solving company led by knowledgeable, aggressive management.
- Most sources have increased their business with Outlook over the past year. Prospects for future business growth are rated as excellent by the majority.
- Outlook is cutting a niche as a "one-stop-shopping" place for printing, packaging and distribution. Several sources said this is Outlook's major competitive advantage.

Findings

Top-quality work and a reputation for customer service are rocketing Outlook Graphics to the top, according to all our sources, most of whom have increased their orders over the past year. Two big customers reported their '91 business with Outlook had doubled compared with '90. A few examples follow:

- Outlook is the only printing vendor being considered for expanded work with a major meat packer. "Quality is important, but if you don't have service, forget it," said a packaging engineer. Outlook, he stressed, has both.
- A designer of custom merchandise catalogs said Outlook handles the printing and mailing with ease. Other printers, she said, "come begging for our business." Outlook has taken the job over the past six years, based primarily on its ability to provide a combination of services.

Sources were unanimous in describing Outlook Graphics as a company managed by people willing to go the extra mile to meet customer requirements.

- Sports card production is big business and Outlook is grabbing its share. A card executive described Outlook as "eager, aggressive and trying to grow," and said his Outlook orders have steadily increased over the past two years. The only troubles this manager found were 'minor' quality issues, which arose when Outlook tried to "shove too much volume through the pipeline." All was resolved and Outlook, he said, "remains an important part of our business."

Solutions People

Problem-solving is an Outlook Graphics trademark. Sources were quick to volunteer examples of Outlook's dogged determination to satisfy. A cereal executive told how Outlook's premium overwrapping was subjected to every test the R&D department could muster. Outlook passed without any flying colors, but, in this case, that was good news. The problem was "ink transfer" from premiums to foodstuffs. Ink is considered an additive if it rubs off on a food, and the Feds are cracking down hard on this issue. Outlook's successful performance places it in an elite class of vendors trusted to do the job right.

Odor migration is another problem which can arise when a premium, with its distinctive smell, is included in a box of cereal. A mint maker said Outlook met its claim to provide overwrapping which contains 99.5% of smells. This positive result, combined with Outlook's competitive pricing, resulted in a doubling of the source's business with the company this year.

One-Stop Shopping

Outlook's ability to print, package and distribute is a big draw for customers. As a cereal customer said, "We want limited vendors because we can't manage them all." His company uses Outlook's overwrapping and printing divisions.

A catalog manager said once computer-generated copy is delivered to Outlook for printing, it's as good as taking it to the post office. "Outlook's advantage is its mailing service," she concluded.

Management Is Tops

Sources said Outlook Graphics managers are among the best. A cereal manager described the company president as a "visionary." An executive with another food company related how Outlook consulted customers and weighed their needs as it built a packaging "clean-room" to federal standards. The executive said that

after considering customer input, Outlook "placed the right people in the right spots and went to town."

A sports card manager said, "Outlook people examined a lot of different options to try and help us." That attitude has won new orders for Outlook over the past year.

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Conclusion

"Be all that you can be" would seem an appropriate motto for Outlook Graphics. (Too bad the Army grabbed it first.) Outlook Graphics aims for the top. With an unrelenting press for quality in all aspects of its operation, Outlook has wooed and retained the business of top companies in their respective fields. A number of sources are deeply impressed with Outlook's commitment to customer service. Outlook managers were praised for their savvy and aggressive desire to satisfy.

Outlook's one shortcoming may be a tendency to try and do too much. Several sources used the expression "growing pains." In all cases, fast action by Outlook management seems to have prevented permanent damage and there apparently was no significant loss of business. The majority of our sources fully expect their dealings with Outlook to keep on growing.

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Outlook promising

Graphics firm finds its growth was in the cards

By CHUCK MARTIN
of The Journal staff

Neenah, Wis. — A lucky introduction to the football card business may have turned Outlook Graphics Corp. into one of Wisconsin's fastest-growing companies. But the Fox River Valley printer and packager is proving that it has far more going for it than luck.

By finding markets it can reach with new or better services and capitalizing on opportunities with old-fashioned hustle, Outlook Graphics is building a resume that is attracting regional and national attention.

"Lots of companies have luck," said Raymond Cabillot, an analyst who follows Outlook Graphics for Piper, Jaffray & Hopwood, a securities firm in Minneapolis. "What they [at Outlook] have been able to do is use their luck and build on it."

Consider that the company packages the prizes that go into Alpha-Bits cereal boxes and the napkins that go into Oscar Mayer Foods' Lunchables meals. It does much of the printing of Green Bay Packers tickets and stuffs the fabric softener sheets into Bounce boxes used in vending machines — all in addition to printing and packaging thousands of sports picture cards.

Not bad for a business created by five friends who set out to start a local bulk-mailing service.

"We just look for niches," said David Erdmann, co-founder and president. "And we identify customers we think we can provide services to. The strategy works."

Outlook Graphics' sales are projected to reach about \$65 million for the year that ends May 31, up from \$11.5 million four years ago. Its employment is about 1,000 and has been growing by more than 100 a year since 1984.

The company is completing a 115,000-square-foot expansion of one of its buildings in the Town of Menasha near Neenah. The expansion is expected to accommodate growth for about two years.

The company's two top executives, Erdmann and Executive Vice President Charles Thompson, are looking ahead to another expansion, which they said probably

crs. Consequently, business goes up and down based on what jobs the customers have.

Almost 50% of the company's business is divided among five customers. If one of the five should shift business elsewhere, Outlook Graphics would suffer.

Furthermore, while the company's managers were successful in handling Outlook Graphics as a small business, they are untested in managing a business of the company's present size.

Nevertheless, financial analysts and investors like the company's prospects so much that its stock price has nearly doubled in the nine months it has been publicly traded. The company's stock closed Friday at \$21.75.

"They have now equipment, a strong management team and they're in some unique niches," said Theodore Moreau, an analyst who follows the company for Robert W. Baird & Co. in Milwaukee.

"There's still a lot of room to grow."

Outlook Graphics owes much of its growth to the fact that it was unintentionally in the right place at the right time with the right experience when the business of printing and packaging sports picture cards exploded in 1989 and 1990.

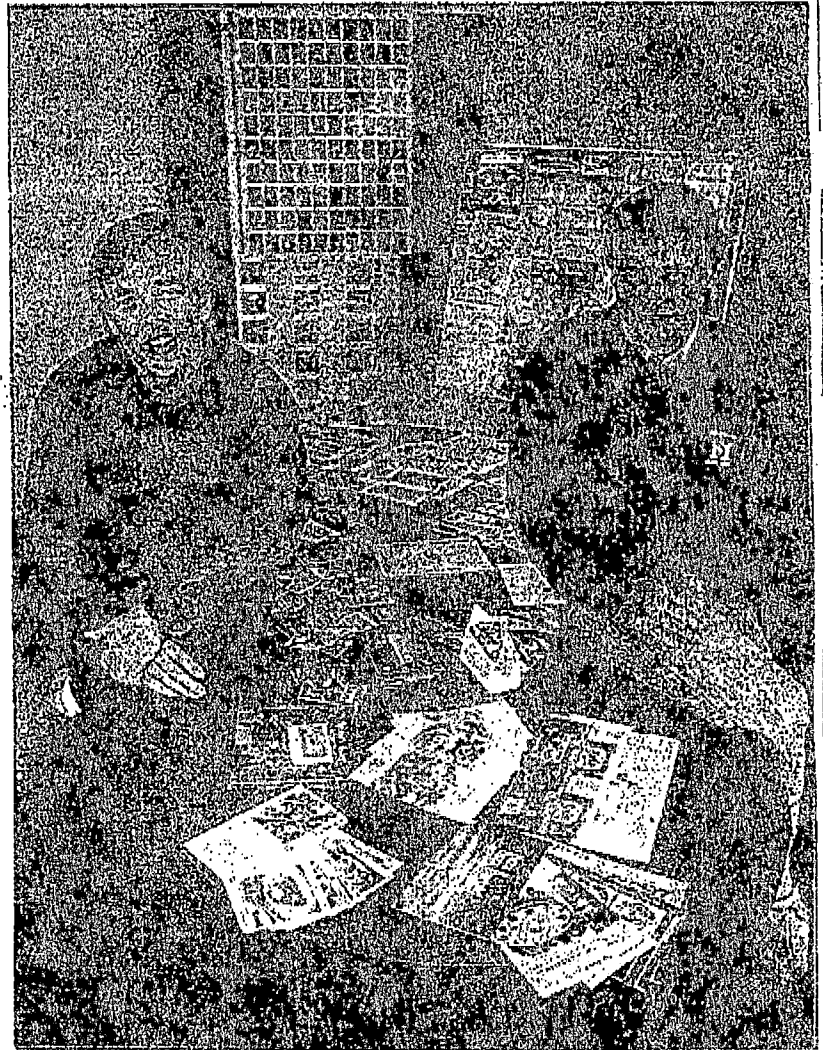
The picture card business contributed nothing to the company's business before 1989, but it is likely to be worth slightly more than \$30 million this year.

It wasn't planned that way. When the five founders of Outlook Graphics created the business in 1977, they had more modest goals in mind.

Elton Beattie Jr., John Wiley, Erdmann and Thompson, then in their early 30s, had been buddies since high school. The fifth partner was Beattie's father, Elton Beattie Sr.

The men intended that their business, then called Mailing and Printing Services Inc., would perform bulk mailing services for a large local employer, a printing company called Banta Corp.

Gradually, the company expanded into the printing business. In 1984, the company started printing, cutting and wrapping cards for the Trivial Pursuit board game, which was a big — if brief — hit

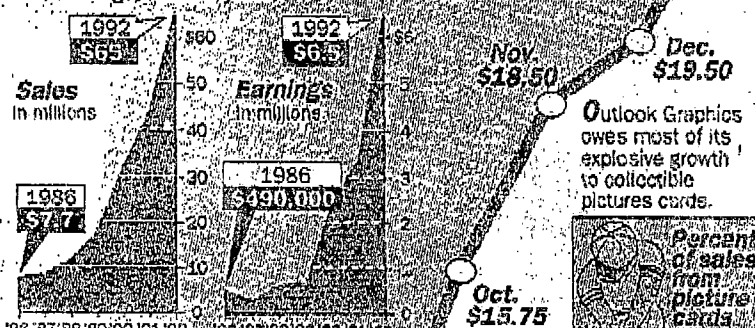


Journal photo by Tom Lynn

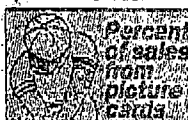
CHARLES THOMPSON (left) and David Erdmann show a sampling of their products at Outlook Graphics in Neenah. They were photographed on a Friday, the firm's "dress-down day."

Outlook is rosy

Outlook Graphics Corp. expects sales to be up 30% for the 12 months that end May 31. Financial analysts project that earnings will nearly double.



Outlook Graphics owes most of its explosive growth to collectible pictures cards.



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sion, which they said probably would be through an acquisition outside Wisconsin. They are scouting for a business to buy on the East Coast.

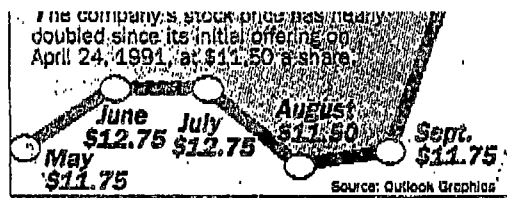
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Two years later, Outlook got into the business of packaging cards when it began overwrapping recipe cards that it had printed for a customer.

The moves appeared to be logical.

Please see Outlook page 10



'89	20%
'90	25%
'91	39%
'92	50%

Journal graphic by Larry Steingraeber

79 cents. Badger Periodicals will be distributing them to about 200 stores locally.

Erdmann said work is under way on a second series of Berenstain Bears cards, possibly including stories written exclusively for the cards, and and special gift sets will be available for Christmas. Outlook is exploring the possibilities for other licensing agreements as well.

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE E--LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	1991	1990
Term loans	\$ —	\$6,005
Revolving loan	—	1,600
Industrial development bonds	4,835	2,245
Various notes	—	20
	<u>4,835</u>	<u>9,870</u>
Less current maturities	<u>426</u>	<u>2,865</u>
	<u>\$4,409</u>	<u>\$7,005</u>

TERM LOANS

The loans were payable in monthly installments ranging from \$13,000 to \$55,000 including interest ranging from 11.1% to prime plus .5%. These loans were paid in full during May 1991.

REVOLVING LOAN

The Company has a \$3,750,000 revolving credit agreement expiring September 12, 1991. Borrowings thereunder bear interest at .5% over prime. The outstanding balance was paid in full during May 1991.

INDUSTRIAL DEVELOPMENT BONDS

On April 1, 1980, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$650,000 with interest ranging from 9.2% to 9.5%, due in annual principal installments of \$55,000 through April 1992. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$1,300,000 with annual principal installments ranging from \$74,000 to \$321,000 commencing on June 1, 1991, with interest at 98% of the prime rate through June 1, 1999. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$835,000 with annual principal installments ranging from \$26,000 to \$522,000 commencing on June 1, 1991, with interest at 10% through June 1, 1994, and then at 98% of the prime rate through June 1, 1999. As of both May 31, 1991 and 1990, \$835,000 was outstanding.

On September 1, 1990, Outlook Label entered into an agreement for industrial development bond financing in the aggregate principal amount of \$4,000,000 with annual principal installments of \$400,000 commencing September 1, 1991, with interest at a floating rate determined by a remarketing agent (5.75% at May 31, 1991). As of May 31, 1991, \$4,000,000 was outstanding.

The revolving loan and the industrial development bonds are collateralized by the Company's accounts receivable, inventories, property, plant and equipment and the common stock of Outlook Label.

The revolving loan and the industrial development bond obligations are subject to the terms of certain loan agreements which contain provisions setting forth, among other things, working capital, net worth and debt to equity requirements, and restrictions on property and equipment additions, loans, investments, other borrowings, management consulting services, and acquisitions and redemptions of the Company's stock or the issuance of stock except for cash. Additionally, the Company may not pay cash dividends without the prior consent of its lenders. The Company has obtained waivers for certain past actions which otherwise would have constituted violations of covenants under the loan agreements. The waivers relate to limitations on additional indebtedness and investments in other entities, capital expenditure limitations, prohibitions on repurchase of stock, limitations on the purchase or the sale and leaseback of equipment, the issuance of shares of stock and prepayments of outstanding debt.

At May 31, 1991, future maturities of long-term debt were as follows (in thousands):

1992	\$ 426
1993	429
1994	432
1995	436
1996	440
Thereafter	<u>2,672</u>
Total maturities	<u>\$4,835</u>

The Company offers a 401(k) savings plan for all employees that meet certain eligibility requirements. Employee contributions to the plan are made through payroll deductions. In addition, the Company matches 25% of the first 6% of each employee's compensation deferral. Employer matching contributions under the 401(k) plan for the years ended May 31, 1991, 1990 and 1989 totaled \$51,000, \$34,000 and \$23,000, respectively.

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE I—STOCK OPTIONS**

In the fiscal year ended May 31, 1985, the stockholders approved an incentive stock option plan under which 84,862 shares of Common Stock were available for issuance. Options were granted at market value on the date of grant, but not less than the employee stock purchase plan price. The options were exercisable from the date of grant and terminate three years from date of grant.

Transactions for the last three fiscal years are as follows:

	1991	1990	1989
Options outstanding, beginning of year	4,125	12,375	16,500
Granted	—	—	—
Exercised	(4,125)	(8,250)	—
Expired	—	—	(4,125)
Options outstanding, end of year	—	4,125	12,375
Option price range at May 31		\$2.30	\$1.94–\$2.30

On August 17, 1989, the stockholders approved an incentive stock option plan under which 55,000 shares of Common Stock were available for issuance. Options were granted at market value as set for the employee stock purchase plan plus \$.18. Options are exercisable on the date of grant and terminate three years from date of grant.

Transactions are as follows:

	1991	1990
Options outstanding, beginning of year	48,125	—
Granted	—	48,125
Exercised	—	—
Expired	4,125	—
Options outstanding, end of year	44,000	48,125
Option price	\$3.09	\$3.09

On August 2, 1990, the stockholders also approved the 1990 Stock Option Plan (the "1990 Plan"). Options may be granted under the 1990 Plan through May 31, 2000, to key salaried employees, including officers. The 1990 Plan provides for a maximum issuance of 200,000 shares of Common Stock. The exercise price for options granted may not be less than the quoted market price on the date of the grant. Options may not be exercised for at least six months after the date of the grant except in the event of death or disability. The 1990 Plan supersedes and replaces the

Company's other stock option plans except that any stock options outstanding under such plans shall continue in effect until they have been exercised or have expired or otherwise terminated. No options had been granted under the 1990 Plan as of May 31, 1991.

Options outstanding under the Company's stock option plans have been considered in the computation of the weighted average number of shares outstanding used to calculate net earnings per share.

NOTE J—COMMITMENTS

At May 31, 1990, the Company conducted a portion of its operations in leased facilities under an operating lease which would have expired in October 1991. In November 1990, a new operating lease was executed which expires in November 1998. The Company is responsible for all taxes, insurance and maintenance costs and has an option to purchase the property which expires November 30, 1992. The Company also leases equipment under a noncancellable operating lease which expires in December 1996.

In April 1990, the Company acquired certain additional equipment, at a cost of \$1,162,000, and agreed with a financial institution to a sale and leaseback of that equipment. The terms of this sale and leaseback arrangement were finalized, and the transaction consummated, in August 1990. The Company did not realize or recognize any gain or loss resulting from the transaction. The operating lease expires in August 1997.

During the year ended May 31, 1991, the Company acquired certain additional equipment at a total cost of \$3,926,000. On March 21, 1991, the equipment was sold at its cost and is being leased back by the Company through March 1995. The Company did not realize or recognize any gain or loss resulting from the transaction.

The following is a schedule, by fiscal years, of the rental payments due under these leases, as of May 31, 1991, (in thousands):

1992	\$1,329
1993	1,313
1994	1,313
1995	3,162
1996	631
Thereafter	820
Total	\$8,568

Rent expense for the years ended May 31, 1991, 1990 and 1989, was \$705,000, \$330,000 and \$52,000 respectively.

The Company had agreements to purchase additional equipment for approximately \$1,728,000 at May 31, 1991.

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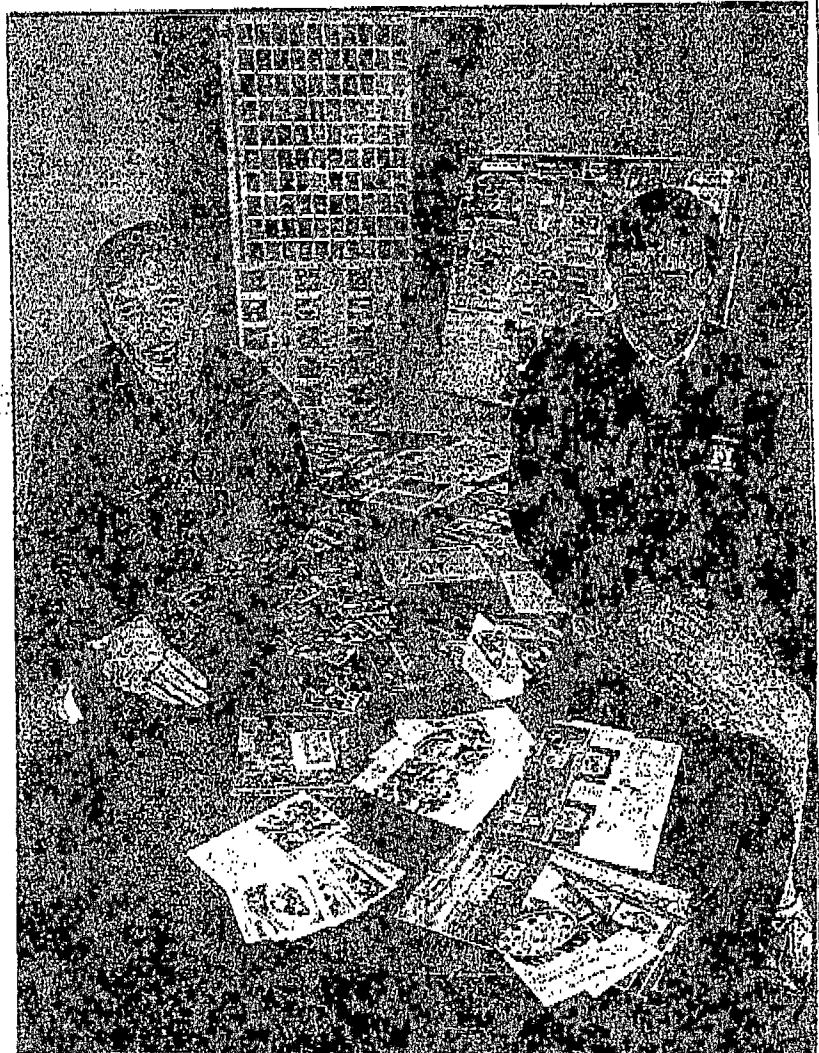
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Please see Outlook page 10

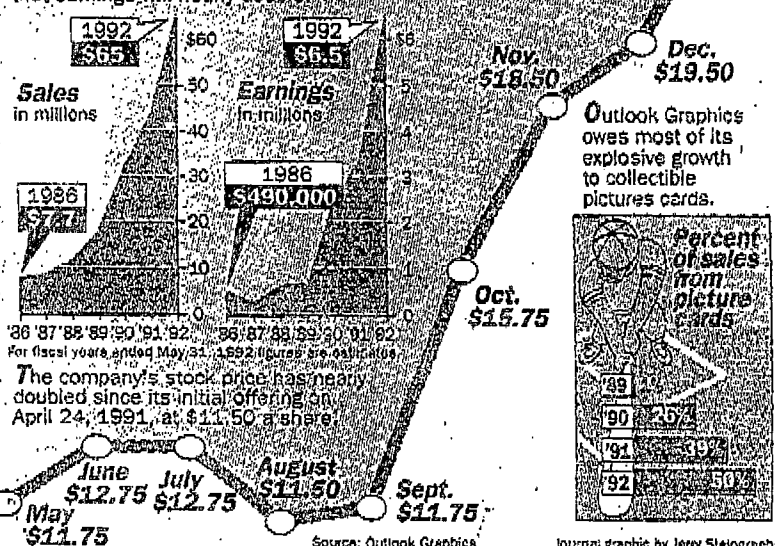


Journal photo by Len Lynn

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Journal graphic by Jerry Steingreber

Outlook/Sports card business launched company into period of strong growth

From page 1

cal decisions to serve existing markets. None of the executives knew that their card printing and packaging experience would later draw the attention of the National Football League and make the company a prime player in the business of making sports cards.

The collectible sports card business is generations old. Topps has dominated the market with its cards depicting professional baseball players. However, by the late 1980s, other companies were finding growing markets for cards in a variety of sports.

THE NFL COMES CALLING

By 1989, an arm of the NFL called National Football League Properties Inc. had decided to grant licenses to companies for the production of cards depicting NFL players.

But NFL Properties first needed to find a business that could print and package the cards for licensees. NFL Properties learned of Outlook's expertise with board game and recipe cards and came calling.

"There weren't many options for them," Erdmann said. "A lot of companies could print the cards, but nobody else could print and package them."

Soon, the company gained business in other sports card markets as well, always producing on contract for licensees.

From sports cards, Outlook has branched out into entertainment industry cards. The company makes comic book super hero cards and, in November, executives announced a joint venture to make and market cards based on the Berenstain Bears children's books. The venture will expose the company to a level of risk beyond the simple printing and packaging of cards, but it also will offer a bigger potential return.

Picture cards will be about 50% of the company's business this year. But while the picture card business has been a boon to Outlook Graphics, its tendency to rise and fall on trends and fads is a potential problem. Signs indicate that the market for most sports picture cards has peaked, Erdmann noted.

Erdmann would like to lower to 40% the proportion of the company's business devoted to picture cards. So the company is developing other businesses, with considerable success.

A prime example of the company's strategy is the Bounce fabric softener sold from vending machines. The process by which Proc-

ter & Gamble Co. once made the product included tearing off individual softener sheets by hand for stuffing into cartons.

A Procter & Gamble representative once complained about the inefficiency of the hand work to an Outlook sales representative.

Outlook managers then determined that they could use their equipment to mechanically tear and stuff the sheets.

They got the business and quickly tried to convince Procter & Gamble to shift more work toward Outlook Graphics.

Erdmann said the company was now close to a deal to make cartons for Bounce.

"That's typical of our strategy," Erdmann said. "We try to get a customer's business by offering something unique. Then we try to convince them to do more business with us."

Making folding cartons for consumer products holds great potential for Outlook Graphics, Erdmann said. It would be an extension of the company's picture card business because the making of cartons and cards is similar.

"They work their strategy well," said Cabillot of Piper, Jaffray & Hopwood. "They define what they want to do and they go out there and do it."

To Dan

Date _____ Time 5:10

WHILE YOU WERE OUT

M Dave Willis economic
of advisor

Phone 395-3517

Area Code	Number	Extension
TELEPHONED	☐	PLEASE CALL ☐
CALLED TO SEE YOU	☐	WILL CALL AGAIN ☐
WANTS TO SEE YOU	☐	URGENT ☐

RETURNED YOUR CALL ☐

Message ~~CONFIDENTIAL~~

Operator



AMPAD
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MEMO



OUTLOOK GRAPHICS: YOUR INNOVATIVE PARTNER



OUTLOOK'S APPROACH TO GRAPHIC MARKETING SUPPORT

Outlook Graphics has done what no one else in the industry has: carved a niche as a one-stop, full service source for powerful graphic marketing support programs. By offering a complete range of integrated services and featuring state-of-the-art equipment, and the most advanced print production processes, we at Outlook have built a reputation for helping customers seize new marketing opportunities wherever they exist.

INNOVATIVE PARTNERS

As partners, we work one-on-one with our clients to build dynamic promotional marketing programs that deliver big results. From start to finish, whether a program requires printing, labeling, card converting, film overwrapping, cartoning or direct mail and fulfillment, Outlook Graphics has the complete capability under one roof.

UNSURPASSED ADVANTAGES

Our one call concept offers unsurpassed advantages. Outlook's comprehensive services are streamlined which means every job is coordinated efficiently, eliminating costly shipping between subcontractors. A central project coordinator oversees all technical production phases, making multifaceted projects a breeze. Additional advantages are realized through improved security and quality control.

CREATIVE EXCELLENCE

What really sets us apart, in addition to offering more options and services than anyone in the industry, is our commitment to innovation and creative excellence.

COMPANY PROFILE

Outlook Graphics was formed in 1977 as specialists in printing and mailing. The company experienced explosive growth and by 1983, it was named to the "Inc. 500" list of fastest growing private companies in America. In 1988, Outlook underwent a major expansion, nearly doubling its physical plant and increasing its contract packaging capabilities. In June 1990, Outlook announced an additional expansion effort.

Outlook Graphics' commitment to the industry means a constant effort to broaden production capabilities with the most advanced equipment and a continual development of technical expertise. Today, that includes various new packaging endeavors.

For the employee stockholders of Outlook Graphics, however, it is not enough for the company to evolve to meet industry's needs. Rather the company strives to develop new technologies that provide customers with new opportunities.

GRAPHICS REPRODUCTION

Top quality marketing demands top quality printing. At Outlook, we use our creative versatility and extensive production equipment to your best advantage. We have the capabilities to produce high volume sheet fed printing in up to six colors plus varnishes and aqueous coatings. Our bindery offers intricate custom die-cutting, trimming, scoring, folding and specialty finishing.

What's exceptional about Outlook's sheet-fed printing is how it enhances our total graphics capabilities. Go ahead and use Outlook for a self-contained printing job. We compete with the best. But combine it with our on-site overwrapping, folding carton, card converting, or mailing capabilities, and you've discovered a rare treasure in the graphics industry.

LABELS • COUPONS VINYL CARDS • P-O-S

Outlook's extensive graphic capabilities are complemented by the printed promotional products offered by our label division. Outlook Label Systems. Housed in its own 90,000 square foot facility, Outlook can create virtually any narrow-web produced piece needed.

From single and continuous coupons, to dual-ply instant redemption coupons, the options are many, including product labels, stickers, vinyl cards, point-of-sale materials and game pieces. All of these items may be enhanced by the use of scratch-off inks, sequential numbering, or custom ink-jet printing which may be available upon request. We can even take it a step further by offering complete finishing services, such as affixing cards and labels to forms.

Outlook's sophisticated equipment allows us to print large quantities in a number of colors, finishes and stocks - even 12 mil vinyl. The uses — and creative possibilities — are endless.

CARD CONVERTING

It's no surprise that the licensees of the NFL, NBA and Major League Baseball chose Outlook Graphics to produce their collectable sports cards. Outlook has a national reputation for producing high quality multi-color cards, wraps and displays in phenomenal quantities.

What does that mean for you? Next time you have a card converting job that requires quality printing, critical collating expertise and eye-catching packaging, remember Outlook Graphics.



FILM OVERWRAPPING

When it comes to film overwrapping, we understand that you can't afford to take chances on deadlines or quality. Outlook has more than 20 overwrap machines to accommodate multiple large-run jobs at one time — and on time. Our elaborate quality control system, which includes a state-of-the-art testing laboratory, uses a form of statistical process control to ensure that your job has a 99% AQL.

Our capabilities include overwrapping clear or printed film in single or continuous formats. Outlook's one-of-a-kind food grade clean room has met stringent FDA standards, assuring safety and quality. Most importantly, it has received the enthusiastic approval of many leading U.S. consumer products companies. Need to overwrap coupons, premiums, foods or product samples? At Outlook, the best is guaranteed.

FOLDING CARTONS

Outlook can help you produce custom paperboard packages that make your customers sit up and take notice. Whether you want one-color printing or five-color, standard paper or heavy stock, special die cuts, gluing or crash lock bottoms, Outlook can do it all. Really want to make an impression? Consider embossing, cellophane windows or tipped-down coupons or premiums.

Trust Outlook to create a production line that includes package design, printing, die cutting, folding, gluing and inserting your product in-line. And, of course, we'll pack and ship to your distribution points, if you like. One call does it all.

DIRECT MAIL & FULFILLMENT

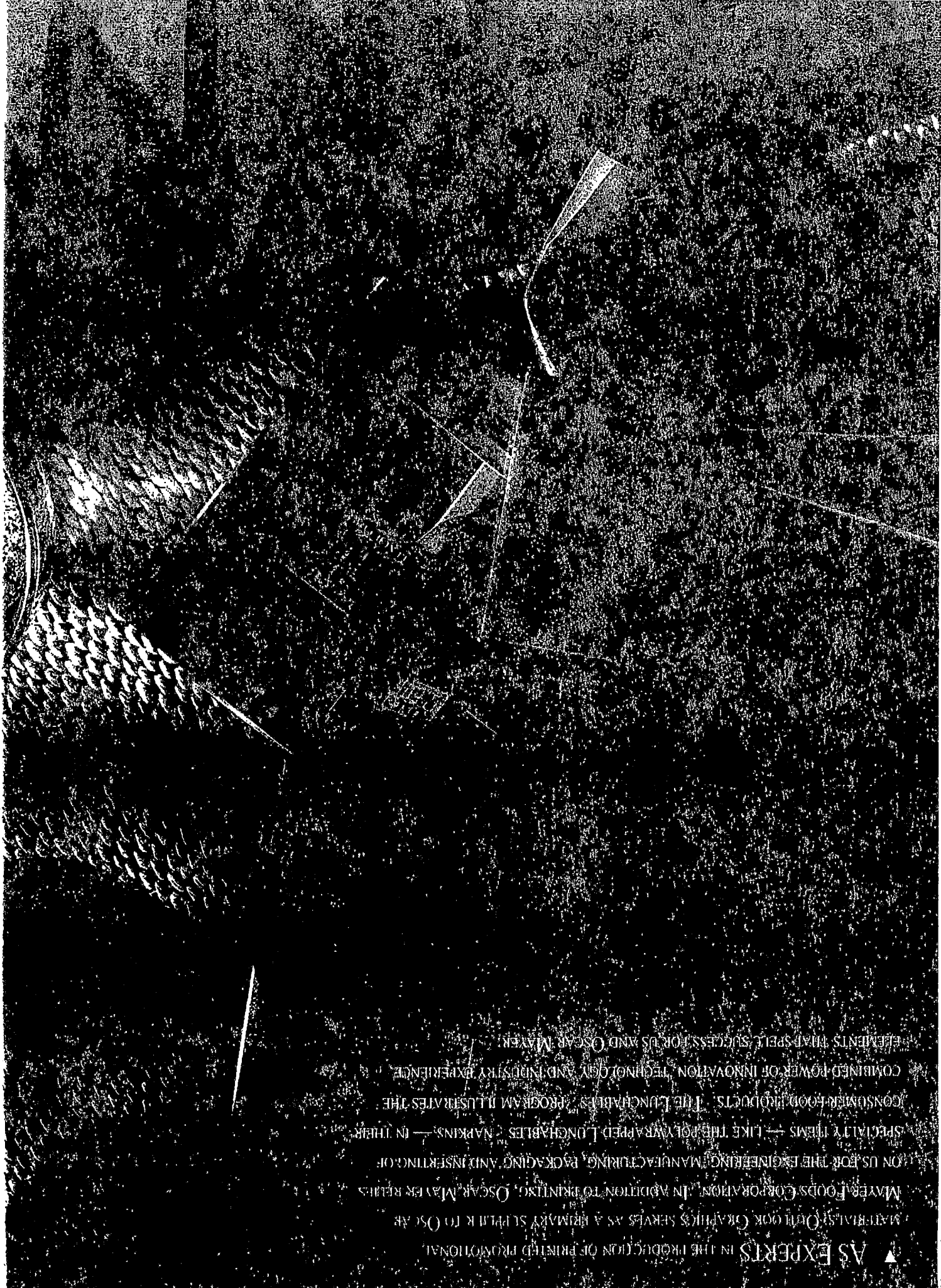
Your product has been cartoned, your coupons printed or your premiums overwrapped. Time to ship them to the next vendor for sorting, inserting, labeling, or mailing? Not at Outlook. At our 160,000-square-foot direct mail division, Outlook is fully equipped to handle your shipping and fulfillment needs.

Outlook has made a substantial investment in high-speed, high-tech equipment to maximize your time and minimize your costs. Material collating, inserting, custom polywrapping, labeling or ink-jet addressing can be done in line to reduce handling costs. Even our centralized Midwestern location and proximity to Chicago's Bulk Mailing Center are used for your convenience and financial advantage.



SUMMARY

In an industry where speed and accuracy are essential, Outlook is committed to delivering a finished product that meets your exacting standards every time. High-tech equipment alone won't get your job done right. It takes creative people. People of integrity. People committed to quality and customer satisfaction. It takes the people of Outlook Graphics. Put your innovative partners to work for you today.



▲ AS EXPERTS IN THE PRODUCTION OF PRINTED PROMOTIONAL MATERIALS, Outlook Graphics serves as a primary supplier to Oscar Mayer Foods Corporation. In addition to printing, Oscar Mayer relies on us for the engineering, manufacturing, packaging and inserting of specialty items — like the pol-wrapped lunchables napkins — in their consumer food products. The Lunchables program illustrates the combined power of innovation, technology and industry experience. Elements that spell success for us and Oscar Mayer.

vg



PERFORMANCE

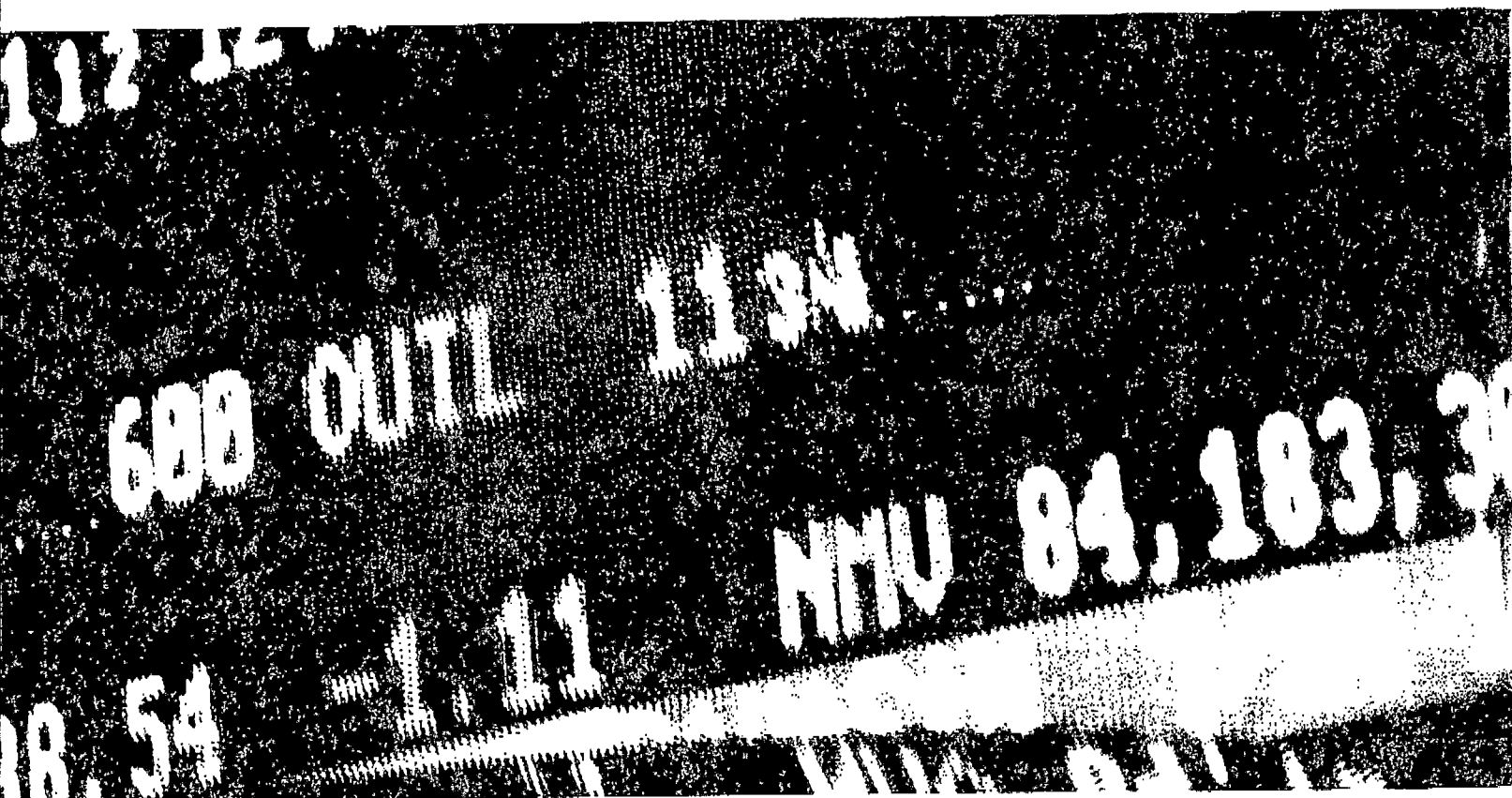
THROUGH

PARTNERSHIPS

ABOUT THE COVER

Outlook Graphics' successful performance is the result of partnerships developed with stockholders, employees, customers and suppliers. The results of our partnership with

our customers are illustrated on the cover. Shown are a variety of products produced by our specialty printing and converting and packaging operations.



CONTENTS

President's Letter	2
Our Strategy	4
Our Business	5
Operations Review	6
Selected Financial Data	12
Management's Discussion and Analysis	13
Index to Financial Statements	16
Quarterly Data	27
Market Prices and Dividends	27
Corporate Information	28

O U T L O O K G R A P H I C S C O R P .

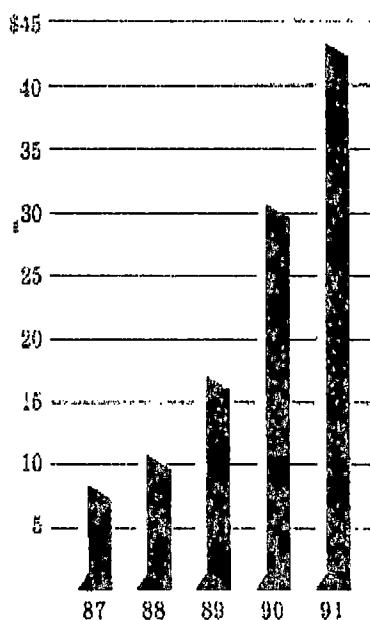
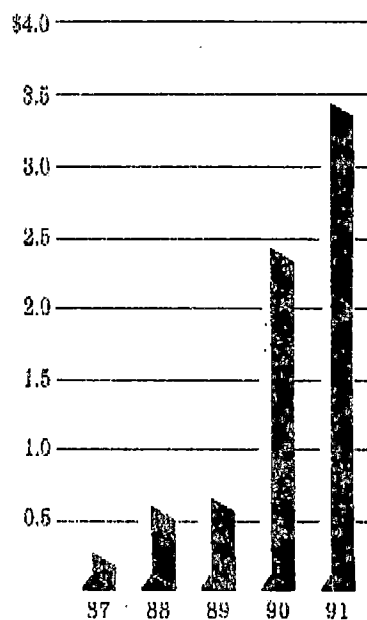
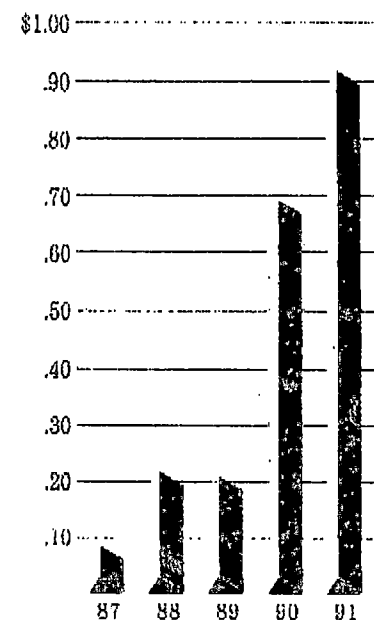
COMPANY PROFILE

Outlook Graphics Corp. is a graphic services company which offers an array of related services including specialty printing, converting and packaging, and distribution principally to

companies in the sports picture card, food, consumer products, and printing and publishing industries. The Company operates three production facilities in Neenah, Wisconsin.

FINANCIAL HIGHLIGHTS

Fiscal Year Ended May 31,	1991	1990	Change
EARNINGS STATEMENT	(dollars in thousands, except per share amounts)		
Net sales	\$43,275	\$31,765	36.2%
Operating profit	6,369	4,738	34.4
Net earnings	3,354	2,409	39.2
BALANCE SHEET (AT FISCAL YEAR END)			
Working capital	\$11,953	\$ 2,002	497.1%
Total assets	38,699	21,902	76.7
Long-term debt	4,409	7,005	(37.1)
Stockholders' equity	27,466	7,893	248.0
PER SHARE			
Net earnings per share	\$.92	\$.69	33.3%
Average shares outstanding	3,651,023	3,471,471	

NET SALES (millions)**NET EARNINGS** (millions)**NET EARNINGS PER SHARE**

DEAR STOCKHOLDERS

We completed an initial public offering of shares of Common Stock at \$11.50 per share in May 1991. All of us at Outlook Graphics extend a warm welcome to the new stockholders who have joined us. We appreciate the confidence you have placed in us by investing in our Company. We also want to thank our long-term stockholders for their support throughout the 14 years of growth which have brought us to where we are today.

■ At Outlook Graphics, we place a great deal of importance on partnerships—partnerships with stockholders, employees, customers and suppliers. These valuable relationships have enabled us to build a strong company. They serve as the foundation for our future growth as well.

■ Our partnership with employees is especially strong. One of the attributes that we believe sets Outlook Graphics apart from many other companies is the opportunity we offer our employees to manage

their own jobs and develop themselves to their fullest potential. Their growth is important to the Company's growth. Our challenge is to maintain this team spirit as we expand quality customer services and employment in the future.

FISCAL 1991 RESULTS

Our second set of "firsts" was the new highs in sales, earnings, employment and stockholders' equity achieved in fiscal 1991. For the year ended May 31, 1991, sales rose 36% to \$43,275,000. Net earnings were \$3,354,000, a 39% increase from the prior year. Net earnings per share were \$.92, up 33%. These numbers reflect the outstanding performance of our people in delivering high quality services at a reasonable cost.

■ The proceeds from the initial public offering have been used to reduce debt and to supply the growing capital needs of the Company. Capital expenditures

were \$7.0 million in fiscal 1991.

Major equipment purchases included three six-color printing presses, labeling equipment, and wrapping and trimming machines. Stockholders' equity was \$27,466,000 at May 31, 1991, a substantial increase from stockholders' equity of \$7,893,000 at the same time last year.

GROWTH AREAS

Increased demands for specialty printing and converting capabilities were the primary reasons for the record sales and earnings. The sports picture card industry was a source of sizeable growth for us this year. We print, trim, collate and wrap picture cards for customers including Fler Corp., Impel Marketing, Inc., and The Upper Deck Company. We have diversified our picture card customer base, allowing our entry into the entertainment card market.



Charles E. Thompson
Executive Vice President

Jeffrey H. Collier
Vice President — Manufacturing

1991 WAS A YEAR OF FIRSTS



Jeffrey P. Stilp
Treasurer and
Controller

David L.
Erdmann
Chairman and
President

■ We are also pleased with our first year of experience in paperboard packaging and look for continued growth in this area in the coming year. We continue to seek other complementary service niches to further expand our vertically integrated capabilities.

■ We define ourselves as a service company. Our ability to help our customers successfully market their products has enabled us to attract many quality companies as customers, including a number of Fortune 1000 companies. The prospects for adding to this list in fiscal 1992 are excellent.

OBJECTIVES

Our corporate objectives are to: meet the needs of our customers; develop a highly motivated and well-trained employee group; and increase the value of our stockholders' investment. These objectives are the framework we use to strategize activities and evaluate our progress throughout the year.

THE FUTURE

Our solid base in consumer products and publishing, combined with our established expertise in trading cards, positions us for continued progress in fiscal 1992. There will be many opportunities for Outlook Graphics throughout the nineties. With the public offering behind us, the addition of several key managers, and our increased financial strength, we are ready to make the most of these opportunities.

■ It is appropriate to close our first annual report with a thank you to our partners—our stockholders, customers, employees and suppliers. Your support and commitment make Outlook Graphics a very special company.

David L. Erdmann

David L. Erdmann
Chairman and President

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE E—LONG-TERM DEBT**

Long-term debt consists of the following (in thousands):

	1991	1990
Term loans	\$ —	\$6,005
Revolving loan	—	1,600
Industrial development bonds	4,835	2,245
Various notes	—	20
	<u>4,835</u>	<u>9,870</u>
Less current maturities	<u>426</u>	<u>2,865</u>
	<u>\$4,409</u>	<u>\$7,005</u>

TERM LOANS

The loans were payable in monthly installments ranging from \$18,000 to \$55,000 including interest ranging from 11.1% to prime plus .5%. These loans were paid in full during May 1991.

REVOLVING LOAN

The Company has a \$3,750,000 revolving credit agreement expiring September 12, 1991. Borrowings thereunder bear interest at .5% over prime. The outstanding balance was paid in full during May 1991.

INDUSTRIAL DEVELOPMENT BONDS

On April 1, 1980, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$650,000 with interest ranging from 9.2% to 9.5%, due in annual principal installments of \$55,000 through April 1992. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$1,300,000 with annual principal installments ranging from \$74,000 to \$321,000 commencing on June 1, 1991, with interest at 98% of the prime rate through June 1, 1999. These bonds were retired during May 1991.

On June 1, 1989, the Company entered into an agreement for industrial development bond financing in the aggregate principal amount of \$835,000 with annual principal installments ranging from \$26,000 to \$522,000 commencing on June 1, 1991, with interest at 10% through June 1, 1994, and then at 98% of the prime rate through June 1, 1999. As of both May 31, 1991 and 1990, \$835,000 was outstanding.

On September 1, 1990, Outlook Label entered into an agreement for industrial development bond financing in the aggregate principal amount of \$4,000,000 with annual principal installments of \$400,000 commencing September 1, 1991, with interest at a floating rate determined by a remarketing agent (5.75% at May 31, 1991). As of May 31, 1991, \$4,000,000 was outstanding.

The revolving loan and the industrial development bonds are collateralized by the Company's accounts receivable, inventories, property, plant and equipment and the common stock of Outlook Label.

The revolving loan and the industrial development bond obligations are subject to the terms of certain loan agreements which contain provisions setting forth, among other things, working capital, net worth and debt to equity requirements, and restrictions on property and equipment additions, loans, investments, other borrowings, management consulting services, and acquisitions and redemptions of the Company's stock or the issuance of stock except for cash. Additionally, the Company may not pay cash dividends without the prior consent of its lenders. The Company has obtained waivers for certain past actions which otherwise would have constituted violations of covenants under the loan agreements. The waivers relate to limitations on additional indebtedness and investments in other entities, capital expenditure limitations, prohibitions on repurchase of stock, limitations on the purchase or the sale and leaseback of equipment, the issuance of shares of stock and prepayments of outstanding debt.

At May 31, 1991, future maturities of long-term debt were as follows (in thousands):

1992	\$ 426
1993	429
1994	432
1995	436
1996	440
Thereafter	<u>2,672</u>
Total maturities	<u>\$4,835</u>

OUR STRATEGY

OUTLOOK GRAPHICS IS A PEOPLE COMPANY.

We work hard to build strong partnerships with our employees, customers and suppliers.

■ Our partnership with employees begins with our management team. Many of these experienced managers have been with the Company since its inception. As a result, they know our business and our customers. They have developed the approach to service which makes Outlook Graphics unique.

■ We are proud of the fact that a significant number of employees are Outlook Graphics stockholders. Dedicated employees like those featured in this report help us to earn our reputation for quality and service every day with every customer.

■ We attract and retain these talented individuals because of our

innovative approach to work—an approach which encourages individuals to develop their career in a supportive environment. Sustaining the momentum of this important partnership is the future for Outlook Graphics and the people on our team.

OUTLOOK GRAPHICS IS A SERVICE COMPANY.

Partnerships with our customers are based upon quality and value. We continually seek complementary new service niches to enable our customers to effectively market their products. And we value the participation of our suppliers in enhancing our reputation for quality.

■ We are proud to work with many nationally recognized companies including AMEX Life Assurance Company, Banta Corporation, Fleer Corp., Impel Marketing, Inc.,



International Masters Publishers, Inc., Kimberly-Clark Corporation, Kraft General Foods, Inc., Oscar Mayer Foods Corporation, The Procter & Gamble Company, virtually all of the major U.S. cereal companies, and others. Service at Outlook Graphics means giving 110% to all of our customers.

OUR BUSINESS



Dirk J. DeBraal
Plant Manager

Richard R. Austin
Purchasing
Manager

Suzanne M.
McAloon
Estimating
Manager

Myron R. Jones
Production
Control Manager

Patrick R. Rusk
Division Manager

Cynthia J. Kallien
Assistant
Controller

George L. Hazen
Personnel
Manager

Outlook Graphics has three major related classes of services:

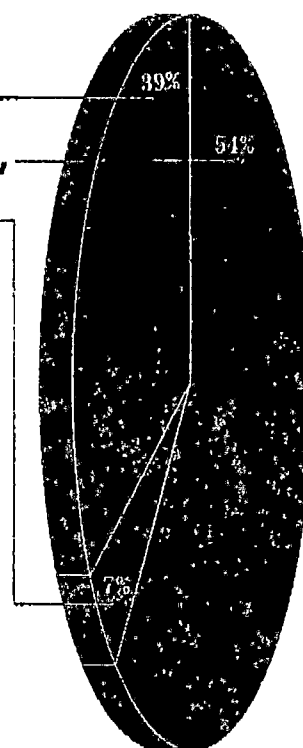
SPECIALTY PRINTING,

CONVERTING AND PACKAGING,

AND DISTRIBUTION.

Customers may utilize just one or a combination of these services, depending upon their needs. We call this our "one-stop shop" concept. This approach gives us a unique competitive advantage in the marketplace.

Instead of offering a specific set of services to customers, we design a combination of integrated services around the needs of each customer. This continuum of services can efficiently take a project from the initial concept to completion without the need for subcontractors and transporting projects to various locations. Increased efficiency and cost effectiveness are the benefits of this approach for our customers.



DISTRIBUTION



Phyllis Vaughan

Phyllis Vaughan

"We're all team members at Outlook. And as a team, we work toward serving the customer to the best of our abilities."

The final step in our one-stop service approach is direct mailing and fulfillment. This operating area was 7% of fiscal 1991 sales.

■ After our customers' products have been printed, packaged or overwrapped, we ship them out of our secured 160,000 square foot direct mail facility. We utilize high-speed equipment to ink-jet address, collate, insert, wrap and label items for bulk mailing. Zip code sorting achieves maximum postage savings for our customers. Direct mailings during the past year included catalogs, coupon packages, federal income tax forms and promotional materials.

■ Fulfillment is the distribution of items to a third party as they are ordered by the customer. These can be in response to special promotions or replenishment of standing orders for materials such as forms and booklets which are reprinted and warehoused at our facility. Remote access capabilities give customers immediate information on their inventories and the ability to reorder items by computer.

■ From concept through completion, printing to fulfillment, this review of our operations illustrates how Outlook Graphics responds to customer needs. We truly are a one-stop source, helping customers to market their products efficiently and cost effectively.

SELECTED FINANCIAL DATA

The following selected financial data of Outlook Graphics Corp. (the "Company") has been derived from the Company's audited consolidated financial statements and should be read in conjunction with

the consolidated financial statements, related notes and Management's Discussion and Analysis contained in this report.

(in thousands, except per share amounts)

Fiscal Year Ended May 31,	1991	1990	1989(1)	1988	1987
EARNINGS STATEMENT DATA:					
Net sales	\$43,275	\$31,765	\$17,292	\$11,467	\$ 8,280
Cost of goods sold	82,407	23,013	13,204	8,807	6,316
Gross profit	10,868	8,752	4,088	2,660	1,964
Selling, general and administrative expenses	4,499	4,014	2,601	1,802	1,415
Operating profit	6,369	4,738	1,487	858	549
Other income (expense):					
Interest expense	(1,323)	(1,071)	(611)	(375)	(237)
Interest and other income	420	247	154	189	202
Earnings before income taxes and cumulative effect of accounting change	5,466	3,914	1,030	672	514
Income tax expense	2,112	1,505	374	275	259
Earnings before cumulative effect of accounting change	3,354	2,409	656	397	255
Cumulative effect of accounting change on prior years (2)	-	-	-	224	-
NET EARNINGS	\$ 3,354	\$ 2,409	\$ 656	\$ 621	\$ 255
Earnings per share:					
Before cumulative effect of accounting change (2)	\$.92	\$.69	\$.21	\$.14	\$.09
NET EARNINGS PER SHARE	.92	.69	.21	.22	.09
Weighted average number of shares outstanding	3,651,023	3,471,471	3,094,152	2,883,950	2,852,768

BALANCE SHEET DATA (AT FISCAL YEAR END):

Working capital	\$11,953	\$ 2,002	\$ 3,115	\$ 1,005	\$ 573
Total assets	38,699	21,902	17,920	9,474	8,273
Long-term debt, less current maturities	4,409	7,005	8,352	3,006	3,095
Stockholders' equity	27,466	7,893	5,402	3,477	2,757

(1) Includes the results of operations of the Company's subsidiary, Outlook Label Systems, Inc. ("Outlook Label") from January 1, 1989. See Note K of Notes to Consolidated Financial Statements.

(2) Effective June 1, 1987, the Company changed its method of accounting for income taxes to the liability method in accordance with Statement of Accounting Standards No. 96. The cumulative effect of this accounting change increased earnings by \$224,000 (\$.08 per share) for fiscal 1988.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The following table shows, for the fiscal years indicated, certain items from the Company's consolidated statements of earnings expressed as a percentage of net sales.

Year Ended May 31,	Percentage of Net Sales		
	1991	1990	1989
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	74.9	72.5	76.4
Gross profit	25.1	27.5	23.6
Selling, general and administrative expenses	10.4	12.6	15.0
Operating profit	14.7	14.9	8.6
Other income (expense):			
Interest expense	(3.1)	(3.4)	(3.5)
Interest and other income	1.0	.8	.9
	(2.1)	(2.6)	(2.6)
Earnings before income taxes	12.6	12.3	6.0
Income tax expense	4.9	4.7	2.2
NET EARNINGS	7.8%	7.6%	3.8%

FISCAL 1991 COMPARED TO FISCAL 1990

Net sales for fiscal 1991 of \$43.3 million were \$11.5 million, or 36.2%, higher than the sales of \$31.8 million in fiscal 1990. Net sales of converting and packaging services increased 67.9% to \$23.5 million during fiscal 1991 from \$14.0 million in fiscal 1990, primarily due to increased volume of sports and other collectible picture card production for new customers. This increase occurred in spite of the absence of converting and packaging sales in fiscal 1991 to two customers which had been the Company's largest customers in fiscal 1990. In addition, net sales of specialty printing increased 20.0% to \$16.8 million during fiscal 1991 from \$14.0 million in fiscal 1990, primarily due to increased production of sports and other collectible picture cards.

Gross profit increased \$2.1 million, or 24.2%, during fiscal 1991 as compared to fiscal 1990 due to increased sales, offset in part by lower gross profit margins. Gross profit as a percentage of net sales decreased during fiscal 1991 to 25.1% from 27.5% during fiscal 1990. This decrease was due primarily to a reduction in gross margins at Outlook Label because of a change in project mix and higher labor costs at the Company related to the training and retention of additional employees hired to support new and increased production requirements.

Selling, general and administrative expenses as a percentage of net sales decreased during fiscal 1991 to 10.4% as compared to 12.6% for fiscal 1990, primarily due to the increase in net sales and the fixed nature of certain selling, general and administrative expenses.

Interest expense as a percentage of net sales decreased slightly to 3.1% during fiscal 1991 from 3.4% for fiscal 1990. However, the dollar amount of interest expense increased by \$252,000 to \$1.3 million for fiscal 1991 due to increased borrowings to finance capital expenditures prior to the Company's initial public offering in May 1991. Interest income increased during fiscal 1991 primarily due to earnings from \$3.1 million of unexpended funds from industrial development bond financing.

As a result of the factors discussed above, and reflecting a relatively constant effective income tax rate for both periods, net earnings for fiscal 1991 increased by \$945,000, or 89%, compared to fiscal 1990. Net earnings as a percentage of net sales increased slightly to 7.8% for fiscal 1991 compared to 7.6% in fiscal 1990.

Because of the project-oriented nature of the Company's business, the Company's largest customers tend to vary from year to year depending on the number and size of the projects completed for these customers. Additionally, the Company's sales have been relatively concentrated among its largest customers, as well as concentrated in the sports picture card business which constituted 43% and 26% of net sales in fiscal 1991 and 1990, respectively. Changes in the Company's project mix and customer base, or the demand for the Company's services relating to sports picture cards, could affect future sales volume and profitability.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FISCAL 1990 COMPARED TO FISCAL 1989

Net sales for fiscal 1990 increased by \$14.5 million, or 83.7%, over net sales for fiscal 1989. In fiscal 1990, the Company significantly expanded its converting and packaging of sports picture cards, which accounted for \$8.3 million, or 26.2%, of net sales in fiscal 1990. Outlook Label completed its first full year of operations with the Company and generated net sales of \$6.9 million (representing 21.8% of net sales), as compared to \$1.8 million for the five month period included in fiscal 1989.

Gross profit increased \$4.7 million, or 114%, in fiscal 1990 as compared to fiscal 1989. Gross profit as a percentage of net sales increased to 27.5% for fiscal 1990 from 23.6% for fiscal 1989. The improvement in gross profit margins is primarily attributable to the growth in converting and packaging services and the resulting more efficient utilization of production resources. Increases in Outlook Label's net sales and improvement in its margins also contributed to the increase in gross profit percentage.

While total selling, general and administrative expenses increased by \$1.4 million from fiscal 1989 to fiscal 1990, they decreased as a percentage of net sales to 12.6% in fiscal 1990 from 15.0% in fiscal 1989. The increase in the dollar amount primarily reflects a full year of Outlook Label operations, increased compensation expense and other expenses related to the growth in net sales. The decrease in the percentage amount primarily resulted from the increase in net sales and the fixed nature of certain selling, general and administrative expenses.

Interest expense as a percentage of net sales decreased slightly to 3.4% in fiscal 1990 from 3.5% in fiscal 1989. However, the dollar amount of interest expense increased by \$460,000 from \$611,000 in fiscal 1989 to \$1,071,000 in fiscal 1990 due to additional bank borrowings used to finance capital expenditures to support the growth in sales.

As a result of the factors discussed above, and despite an increase in the Company's effective tax rate from 38.4% to 38.5%, net earnings as a percentage of net sales increased to 7.6% in fiscal 1990 from 3.8% in fiscal 1989.

LIQUIDITY AND CAPITAL RESOURCES

The Company completed an initial public offering in May 1991. The Company's issuance of 1,561,372 shares of Common Stock netted proceeds to the Company of \$16.2 million. The Company used \$13.5 million of the proceeds to reduce outstanding debt and the balance of the proceeds were retained as working capital.

The Company has a bank agreement with an available revolving credit facility. As of May 31, 1991, 1990 and 1989, \$0, \$1.6 million and \$2.2 million, respectively, had been drawn under the revolving credit facility, which provides a commitment of \$3.75 million through September 12, 1991. In addition, the bank agreement included term loan facilities under which \$0, \$6.0 million and \$5.8 million, respectively, were outstanding as of May 31, 1991, 1990 and 1989.

The Company has generated cash flows from operations during each of the past three full fiscal years. The Company's line of credit provides an additional source of liquidity when needed.

The Company's policy has been to fund capital expenditures with cash generated from operations and through borrowings, and by leasing certain assets rather than purchasing them. In some instances, the Company has acquired capital equipment with cash generated from operations or its revolving credit facility and has recovered these funds through the ensuing sales of that equipment (at cost) to third parties that lease the equipment back to the Company. Amounts recoverable from sale and leaseback transactions relate to cash amounts recoverable by the Company at a stated date pursuant to sale/leaseback financing commitments not yet funded. The Company uses sale/leaseback financing with respect to new equipment, and does not sell and lease back existing equipment as a source of funds.

The competitive requirements of the graphic services industry require the Company to make significant capital expenditures to maintain and improve its equipment and facilities. During fiscal 1991, the Company made approximately \$7.0 million in capital expenditures, excluding the cost of capital equipment financed through sale/leaseback transactions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The expenditures consisted of \$5.4 million for equipment, \$660,000 for expansion of the Company's pressroom facilities, and \$1.0 million for a plant expansion at Outlook Label. The Company financed its fiscal 1991 capital expenditures through increased bank borrowings, industrial development bond financing and working capital. Additionally, during fiscal 1991, the Company entered into two operating leases for equipment valued at \$5.0 million which require total annual lease payments of \$901,000.

During fiscal 1990, the Company made approximately \$4.6 million in capital expenditures of which the Company recovered \$1.2 million during the first quarter of fiscal 1991 through a sale and leaseback of new equipment. During fiscal 1990, the Company generated cash from operations of approximately \$4.2 million, which was used primarily for the acquisition of capital equipment. Also during fiscal 1990, the Company borrowed \$2.1 million using industrial development bond financing, of which \$605,000 remained available for future use at May 31, 1990.

During fiscal 1989, the Company's capital expenditures totalled \$4.3 million and were funded through bank borrowings and cash generated from operations.

The Company anticipates capital expenditures of approximately \$3.0 million in fiscal 1992. The Company intends to finance the expenditures

through \$2.7 million in working capital of the proceeds remaining from the initial public offering after debt repayment, and through funds obtained from operations and borrowings. The Company's capital position has been strengthened as a result of the repayment of outstanding debt with the proceeds from the initial public offering. The Company believes this strengthening will enhance its ability to obtain future additional debt financing under favorable terms. Outlook Label also has available \$3.0 million in unexpended proceeds from previous industrial development bond financing. The Company may also continue to obtain the use of new equipment through operating lease arrangements if advantageous to the Company to do so.

The Company's debt agreements include covenants and restrictions which require the Company to maintain certain capital levels, prohibit the payment of dividends, restrict capital expenditures and otherwise require the Company to meet certain financial tests. The Company has, in the past, received waivers to permit it to take actions which would not otherwise be permitted by the covenants; those waivers have permitted additional specified capital investments, repurchases of securities and stock dividends. The Company currently is negotiating a new debt agreement with an expanded line of credit and less restrictive covenants.

IMPACT OF INFLATION

In general, the Company believes that the effects of inflation on the Company have not been material in recent years.

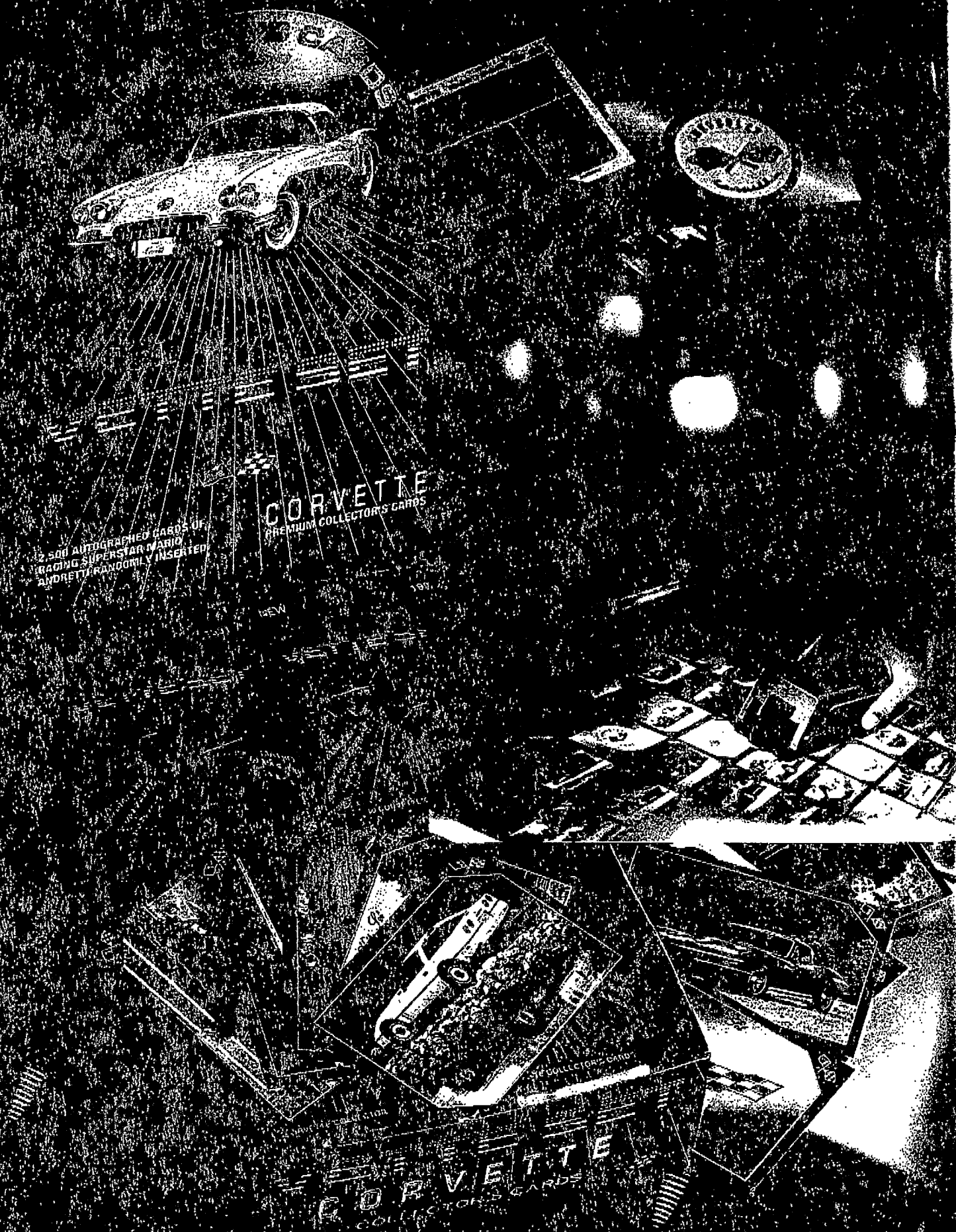
PRINCIPAL CLASSES OF SERVICES

The following table sets forth the approximate amount and percentage of net sales contributed by each principal class of the Company's services during the last three fiscal years:

Fiscal Year Ended May 31, (dollars in thousands)	1991		1990		1989	
Specialty Printing	\$16,754	39%	\$14,007	44%	\$ 8,299	48%
Converting and Packaging	23,546	54	14,037	44	5,817	34
Distribution	2,975	7	3,721	12	3,176	18
TOTAL	\$43,275	100%	\$31,765	100%	\$17,292	100%

INDEX TO FINANCIAL STATEMENTS

Consolidated Balance Sheets	17
Consolidated Statements of Earnings	18
Consolidated Statements of Stockholders' Equity	19
Consolidated Statements of Cash Flows	20
Notes to Consolidated Financial Statements	21
Statement of Management Responsibility for Financial Statements	26
Report of Independent Certified Public Accountants	26



SPECIALTY PRINTING



Jim Friebe

Jim Friebe

"People make the difference here. Management recognizes the contributions we make on an hour by hour basis, assuring that the best work is being done on behalf of our customers."

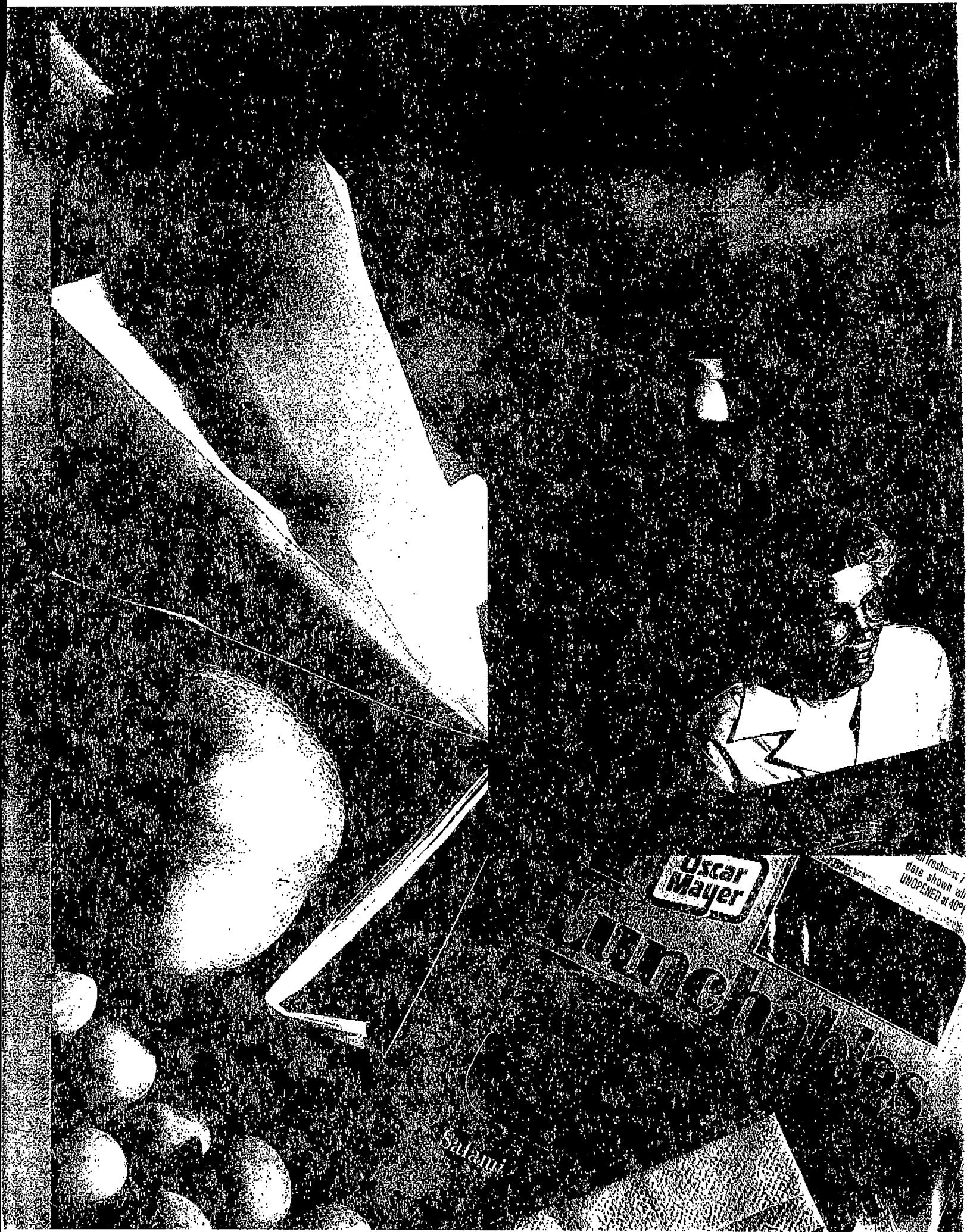
Increased demand for specialty printing was a key factor in our record 1991 earnings. This class of services represented 39% of sales in fiscal 1991.

■ Utilizing the latest in technology and equipment, Outlook Graphics provides high volume sheet-fed printing in up to six colors plus varnishes and aqueous coatings. We also offer custom die-cutting, trimming, scoring, folding and specialty finishing.

■ Examples of some specialty printing products include sports and other picture cards, recipe cards, folding cartons, food coupons and labels, vinyl cards (such as temporary credit cards), pressure sensitive labels, sweepstakes and game pieces, and stickers.

■ Our label division produces product labels, stickers, vinyl cards, point-of-sale materials and game pieces. These can be enhanced with scratch-off inks, sequential numbering or custom printing.

■ The successful specialty printing operation offers quality reproduction either as a single service or combined with collating and packaging for a complete project. This approach gives us the flexibility to meet a variety of customer requirements.



CONVERTING AND PACKAGING



Diane L. Kettner

Diane Kettner

"In order to provide customers with quality products and services, you have to be a company made up of quality people who care about their work. Like Outlook."

Converting and packaging services comprised 54% of fiscal 1991 sales. These operations were strong contributors to 1991 profits.

■ Our packaging operation performs film overwrapping functions for a variety of products. A popular example of this capability is the folding and overwrapping of the napkins for Oscar Mayer's Lunchables™ packages. Other activities in this operation include overwrapping toys and other promotional items for inside cereal boxes and packaging fabric softener sheets for laundry room vending machines. Outlook Graphics' food grade clean room meets stringent FDA standards for safety and quality.

■ A major activity of the converting and packaging area is our expertise in picture card converting. This process involves printing the cards, cutting, trimming, collating, overwrapping and cartoning the cards for distribution. We currently produce cards for licensees of the American and National Baseball leagues, the

National Basketball Association, the National Football League and the National Hockey League. We have diversified this area of our operations outside of sports cards to include entertainment and other collectible cards which offer growth opportunities.

■ Our sports card production expertise evolved from our earlier work on cards for board games including Trivial Pursuit®. We also convert recipe cards, children's picture cards and educational flashcards. Some of the specialized equipment used in this process has been researched and developed by Outlook Graphics employees.

■ Our newest packaging service is the paperboard packaging capabilities we introduced one year ago. We are pleased with the excellent market response for this service, which utilizes paperboard stock to print, die-cut, fold, glue and insert products and promotional items into folding cartons, blister cards, pocket folders and other point-of-purchase materials.

Outlook Graphics Corp. and Subsidiary

CONSOLIDATED BALANCE SHEETS

May 31, (in thousands, except share amounts)	1991	1990
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note A)	\$ 3,467	\$ 440
Accounts receivable, less allowance for doubtful accounts of \$208 and \$202 respectively	7,347	8,226
Notes receivable—current maturities (note B)	21	65
Recoverable funds from sale/leaseback (note J)	—	1,162
Inventories (notes A and C)	4,369	2,016
Prepaid expenses	285	125
Deferred income taxes (note H)	685	342
Other	295	177
Total current assets	16,469	7,553
PROPERTY, PLANT AND EQUIPMENT—AT COST		
Buildings	5,651	4,006
Machinery and equipment	16,585	12,253
Machinery and equipment deposits	848	145
	23,084	16,404
Less accumulated depreciation (note A)	4,887	3,520
	18,197	12,884
Land	152	125
	18,349	13,009
OTHER ASSETS		
Equipment acquisition trust fund (note D)	2,985	605
Goodwill (notes A and K)	521	550
Notes receivable—less current maturities (note B)	99	95
Other	286	90
	3,881	1,340
TOTAL ASSETS	\$38,699	\$21,902
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt (note E)	\$ 426	\$2,865
Accounts payable	2,201	667
Accrued liabilities		
Salaries and wages	1,385	975
Payroll and other taxes	205	109
Interest	58	144
Other	241	119
	1,889	1,347
Income taxes (note H)	—	672
Total current liabilities	4,516	5,551
LONG-TERM DEBT, less current maturities (note E)	4,409	7,005
DEFERRED INCOME TAXES (note H)	2,308	1,453
COMMITMENTS (note J)	—	—
STOCKHOLDERS' EQUITY (notes F and I)		
Cumulative Preferred Stock, \$.01 par value—authorized 1,000,000 shares; none issued	—	—
Common Stock, \$.01 par value—authorized 15,000,000 shares; issued and outstanding, 5,055,382 and 3,489,885 shares, respectively	51	35
Additional paid in capital	18,280	2,077
Retained earnings	9,135	5,781
	27,466	7,893
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$38,699	\$21,902

The accompanying notes are an integral part of these statements.

Outlook Graphics Corp. and Subsidiary

CONSOLIDATED STATEMENTS OF EARNINGS

Year Ended May 31, (in thousands, except per share amounts)	1991	1990	1989
Net sales	\$48,275	\$31,765	\$17,292
Cost of goods sold	32,407	23,018	13,204
Gross profit	10,868	8,752	4,088
Selling, general and administrative expenses	4,499	4,014	2,601
Operating profit	6,369	4,738	1,487
Other income (expense)			
Interest expense	(1,328)	(1,071)	(611)
Interest income	178	112	66
Other income	242	135	88
	(908)	(824)	(457)
Earnings before income taxes	5,466	3,914	1,030
Income tax expense (note H)	2,112	1,505	374
NET EARNINGS	\$ 3,354	\$ 2,409	\$ 656
NET EARNINGS PER SHARE (NOTE A)	\$.92	\$.69	\$.21
Weighted average number of shares outstanding	3,651,023	3,471,471	3,094,152

The accompanying notes are an integral part of these statements.

Outlook Graphics Corp. and Subsidiary

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)	Common Stock		Additional	Retained	Total
	Shares	Amount	paid in capital	earnings	
Balance at May 31, 1988 (note F)	2,919,852	\$30	\$ 782	\$2,716	\$ 3,478
Issuance of shares under stock purchase plan (note G)	17,045	—	39	—	39
Issuance of shares in acquisition of Outlook Label (note K)	536,245	5	1,282	—	1,287
Repurchase of shares	(17,333)	—	(38)	—	(38)
Net earnings for 1989	—	—	—	656	656
Balance at May 31, 1989	3,455,809	35	1,995	3,372	5,402
Issuance of shares under stock purchase and stock option plans (notes G and I)	35,880	—	92	—	92
Repurchase of shares	(2,804)	—	(10)	—	(10)
Net earnings for 1990	—	—	—	2,409	2,409
Balance at May 31, 1990	3,489,885	35	2,077	5,781	7,893
Issuance of shares under stock option plan (note I)	4,125	—	9	—	9
Issuance of shares in initial public offering (note F)	1,561,372	16	16,195	—	16,211
Net earnings for 1991	—	—	—	3,354	3,354
Payment of fractional shares	—	—	(1)	—	(1)
Balance at May 31, 1991	5,055,382	\$51	\$18,280	\$9,135	\$27,466

The accompanying notes are an integral part of these statements.

Outlook Graphics Corp. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWSYear Ended May 31,
(in thousands)

	1991	1990	1989
Cash flows from operating activities:			
Net earnings	\$3,354	\$2,409	\$ 656
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	1,694	1,284	803
Deferred income taxes	512	343	123
Other	(7)	(5)	(23)
Change in assets and liabilities net of effects from purchase of business:			
Increase in accounts receivable	(4,121)	(159)	(853)
(Increase) decrease in inventories	(2,353)	313	(911)
Increase in prepaid expenses	(160)	(11)	(66)
Increase in other current assets	(118)	(125)	(34)
Increase (decrease) in accounts payable	1,534	(937)	641
Increase in accrued liabilities	542	547	182
Increase (decrease) in income taxes	(672)	552	(10)
Net cash provided by operating activities	205	4,211	508
Cash flows from investing activities:			
(Increase) decrease in recoverable funds from sale/leaseback	1,162	(1,162)	-
Acquisition of property, plant and equipment	(6,950)	(3,449)	(4,265)
Increase in equipment acquisition trust fund	(2,380)	(605)	-
Proceeds from notes receivable	65	333	186
Proceeds from sale of equipment	39	147	157
Change in other assets	(50)	(70)	(4)
Business acquired, net of cash received	-	-	(212)
Net cash used in investing activities	(8,114)	(4,806)	(4,138)
Cash flows from financing activities:			
Net payments under revolving credit agreement	(1,600)	(635)	(275)
Proceeds from long-term borrowings	8,601	2,200	4,549
Proceeds from net issuance of Common Stock	16,219	82	1
Payments on long-term borrowings	(12,036)	(612)	(762)
Change in other assets	(248)	-	-
Net cash provided by financing activities	10,936	1,035	3,493
Net increase (decrease) in cash and cash equivalents	3,027	440	(137)
Cash and cash equivalents at beginning of year	440	-	137
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,467	\$ 440	\$ -

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ 1,409	\$ 990	\$ 572
Income taxes	2,393	609	260

Supplemental disclosures of non-cash investing and financing activities:

During 1989, the Company acquired all of the common stock of Outlook Label and acquired fixed assets from Olympic Partnership in exchange for 536,245 shares of Common Stock and \$250,000 in cash (see Note K).

Liabilities were assumed as follows:

Fair value of assets acquired	\$3,480
Cash paid	(250)
Stock issued	(1,267)
Liabilities assumed	\$1,963

On September 1, 1989, the Company issued 1,157,052 shares of Common Stock in a 3-for-2 stock split effected in the form of a 50% stock dividend. On August 3, 1990, the Company issued 2,223,418 shares of Common Stock in a 2.75-for-1 stock split effected in the form of a 175% stock dividend.

The accompanying notes are an integral part of these statements.

Outlook Graphics Corp. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**NOTE A-SUMMARY OF ACCOUNTING POLICIES**

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all the accounts of Outlook Graphics Corp. and Outlook Label Systems, Inc. ("Outlook Label") (a wholly owned subsidiary formerly known as Olympic Label Systems, Inc.). All intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements. The Company operates in a single industry segment, graphic services.

During the year ended May 31, 1991, 43% of the Company's net sales, and 56% of the accounts receivable balance at May 31, 1991, relate to the production of sports and other collectible picture cards.

REVENUE RECOGNITION

Revenue is recognized when services have been completed and the product has been shipped.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less.

The Company maintains its cash balance in several financial institutions in Wisconsin. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution. At May 31, 1991, uninsured amounts held at these financial institutions aggregate to \$4,473,000.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

DEPRECIATION

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis as follows:

Buildings 10-40 years
Machinery and equipment 5-10 years

Accelerated methods are used for tax purposes.

GOODWILL

The excess of cost over the fair value of assets acquired in the purchase of Outlook Label is being amortized on the straight-line basis over a period of 20 years. Accumulated amortization is \$64,000 and \$35,000 at May 31, 1991 and 1990.

EARNINGS PER SHARE

Net earnings per share is computed based on the weighted average number of shares of stock outstanding during each year.

NOTE B-NOTES RECEIVABLE

Notes receivable consist of the following (in thousands):

	1991	1990
11% note, due June 28, 1990, including interest (1)	\$ -	\$ 47
11% note, due September 28, 1994, receivable in annual payments of \$30,595, including interest (1)	95	113
10% note due April 15, 1994, receivable in monthly installments (2)	15	-
	<u>110</u>	<u>160</u>
Less current maturities	<u>21</u>	<u>65</u>
	\$ 89	\$ 95

(1) Collateralized by a guarantee from the parent company of the borrower.

(2) Collateralized by equipment.

Future maturities of notes receivable as of May 31, 1991, are as follows (in thousands):

1992	\$ 21
1993	30
1994	32
1995	27
	<u>\$110</u>

NOTE C-INVENTORIES

Inventories consist of the following (in thousands):

	1991	1990
Raw materials	\$2,485	\$1,528
Work in process	<u>1,884</u>	<u>490</u>
	\$4,369	\$2,018

NOTE D-EQUIPMENT ACQUISITION TRUST FUND

As discussed in Note E, the Company obtained proceeds of \$835,000 from the sale of industrial development bonds. During September 1990, the Company obtained an additional \$4 million from the sale of industrial development bonds. Unexpended funds are held by a bank under a trust agreement and will be used to purchase new machinery and equipment.