

SPERRY CORPORATION
1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10104
TELEPHONE: (212) 484-4642

MICHAEL R. LOSEY
Staff Vice President
Corporate Personnel Relations

June 7, 1985

The Honorable Charles Rose
Chairman, Subcommittee on
Office Systems
Congress of the United States
House of Representatives
722 H.O.B. Annex 1
Washington, D.C. 20515

Dear Mr. Rose:

I am writing in response to your recent letter inquiring about Sperry's involvement in South Africa.

In terms of background you should know that Sperry established its South African subsidiary in 1955. Today, as a percentage of Sperry's world-wide revenue and employment, our South African organization is very small and represents only a fraction of one percent.

More specifically, our working activities in South Africa consist of selling and servicing Sperry Information Systems equipment. Flight management and control systems are also marketed to the South African commercial airlines, SAA and SAF, from here in the United States through an independent consultant. Needless to say, Sperry complies fully with the United States government regulations concerning sales to South Africa; moreover we do not sell to the South African police nor any of the government agencies involved with apartheid-related laws.

Nevertheless, by effectively extending equal employment, opportunity practices and applying the historic ideals of our country and Sperry to our South African policies, we believe that even with our small involvement we can help to improve the situation of non-whites in South Africa.

We are also proud of the fact that we were one of the first to work effectively with other companies to address the inequities in the South African environment. For instance, we were one of the first "Sullivan Signatory" companies and since joining that effort (in 1977) Sperry has always achieved the highest category rating. As you know, these ratings are based on independent evaluations of Sperry's progress in implementing the Sullivan Principles and reinforcing our long standing commitment to eliminate apartheid-related laws.

Our South African experience would also suggest that by providing equal employment opportunity plus advancement, better pay, equal benefits regardless of race, training and educational assistance for employees and children, we have not only earned a Category I rating but improved our company and the ability for it to compete successfully.

We are also actively involved in the community. We provide assistance to schools (e.g. Chamdor Training Center and PACE), financial aid for students at several universities and we've "adopted" two schools in Soweto and one in Capetown.

These are only examples of some of the activities that Sperry is taking to improve the situation of non-whites in South Africa.

Sperry's policies in these matters have advanced in many ways over the years and we continue to examine appropriate ways where our influence can be utilized to assist in eliminating apartheid. For instance, Sperry executives have met with members of the South African Parliament and a representative of the South African Embassy (in New York) to explain Sperry's position on this matter and encourage accelerated action. Other meetings with a similar objective have been held with key South African businessmen.

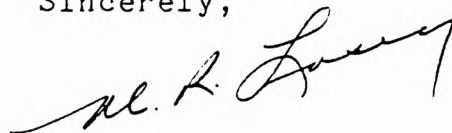
We recognize that some call for American companies to disinvest themselves from South Africa. Our position is that the first casualties would be our South African employees. Additionally, without a presence in South Africa, we would be unable to influence the dismantling of apartheid and help improve the lot of the non-whites as we and other American companies have been doing.

By our estimate, if all U.S. companies left South Africa, the impact in terms of employment would be in the neighborhood of 1% of South Africa's work force. It's unrealistic to expect that a complete disinvestment would, therefore, be effective. This is especially true when we realize that companies from other countries -- many of which may be less enlightened than the U.S. companies -- would stand ready to fill any vacuum created by a U.S. divestment scenario. Again, in our opinion, this will only serve to disadvantage many South Africans without any impact on accelerating the demise of apartheid and with the possible consequence of prolonging it.

Although there are only some 300 U.S. companies represented in South Africa, approximately 150 are Sullivan Signatories representing approximately 70% of U.S. companies' employment in South Africa. These are the finest of U.S. companies among whose presence has in the past and will in the future serve as a model for affirmative employee relations practices, particularly to domestic South African employers. A successful model that demonstrates that a working and community environment -- devoid of discrimination -- is in the best interest of all.

Thank you very much for your inquiry. We appreciate the opportunity to comment on this important issue.

Sincerely,



sdj

State of New York)
County of New York) ss:
Subscribed and sworn to before me this _____ day
of _____ 19____

THERESA LUCENTE
Notary Public, State of New York
My Comm. Expires _____
Qualified in _____ County
Comm. No. _____
Notary