

EXECUTIVES TO WATCH

EDITED BY PETER FINCH

LIKE ANY NARRATIVE, BUSINESS NEWS takes dramatic shape. All this year's 25 Executives to Watch, for example, are playing major roles at companies where the stakes are high and the risks are great—everything from plotting a comeback, to trouncing a rival, to rolling out a high-profile new product.

Some of the toughest assignments are at troubled companies, where the man at the top must pick up the pieces. John Kiasick, the likely successor to Michael Milken, Drexel Burnham Lambert's junk-bond magician, has that challenge. So does Michael Carpenter, who must fix General Electric's Kidder Peabody subsidiary.

Making a multi-billion dollar merger work is another difficult task. After the predator has swallowed the prey, can it be digested? Robert Campeau struggles with Federated; Michael Miles must integrate Philip Morris' two huge food companies; Federal Express' Frederick W. Smith must absorb Tiger International.

A third situation is less obvious, but every bit as dramatic. How to keep the momentum when things are going well. The protagonists here include cable broadcaster Ted Turner, who has restored the luster to his once-troubled empire; Sun Microsystems' Scott McNealy, who seems to be doing almost everything right in the booming workstation market; and Boeing's Frank Shrontz, whose biggest problem may be too many customers for his planes.

These are just a few of the men whose stories appear in the following pages. Most of them are familiar figures to our readers, but they have more than that in common: Over the next few months, they will all mold major events—and not merely react to them.

Leo Melamed, chairman of the Chicago Mercantile Exchange's executive committee, thought the worst was over. It seemed as if the futures industry finally had stemmed the tide of criticism over its perceived role in the 1987 stock market crash. Then, wham. The Federal Bureau of Investigation revealed in January that it had secretly put four agents to work on the floors of the Merc and the Chicago Board of Trade. Over the course of a two-year undercover investigation, the agents apparently caught scores of exchange members cheating customers and violating commodity laws to cover losses. Suddenly the industry was on the defensive again.

Melamed, 57, now must try to restore confidence in the Merc. His first move: setting up a task force to examine a wide range of practices. The task force may suggest eliminating dual trading, in which exchange members trade for their own accounts as well as customers'. It's also considering ways to improve documentation of trades, and it might propose such market surveillance as on-floor cameras.

The task force, which Melamed is heading, is expected to report its findings this spring. "If changes are necessary to strengthen the real underlying practices so there's no—or little—chance of wrongdoing, we will make changes," Melamed vows.

HE CERTAINLY is suited to shake things up: He's direct, often abrasive, and never short of energy. He has also played a starring role in the Merc's development over the years. He founded the exchange's International Monetary Market in 1972, essentially creating the financial futures industry and making the Merc one of the world's top powers in futures trading. It is now the home of Eurodollar and currency futures as well as the most successful stock-index futures contract, the Stan-

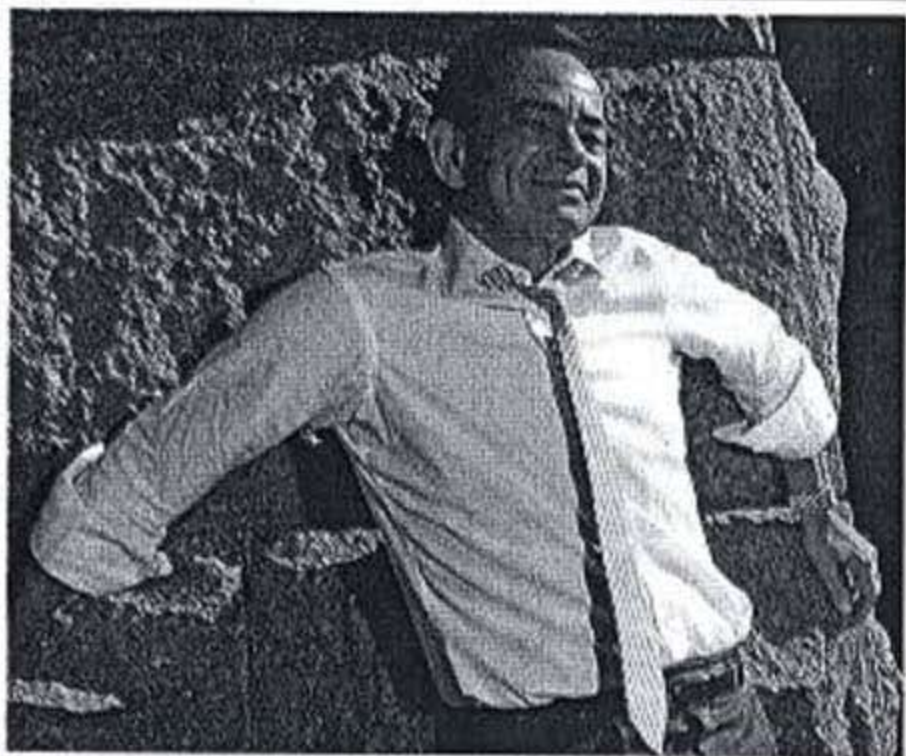


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dard & Poor's 600. Melamed, who also runs a clearing firm called Dellsher Investment Co., previously received only a small stipend for his role at the Merc. But last year the exchange rewarded him with an annual salary of \$500,000.

Melamed's other great challenge is global competition. While the Chicago exchanges continue to dominate worldwide volume in futures, with a 70% market share, exchanges in London and Tokyo are feverishly developing new futures products and distribution systems. To meet the competition head-on, Melamed has been forging domestic and foreign liaisons. Teaming up with Reuters, the Merc is about to offer an off-exchange, computerized trading system. The system, called Globex, is designed to accommodate Merc customers abroad. Now, Melamed has to make sure the Merc's internal problems don't derail these plans.

By Kathleen A. Itohof in Chicago

**LEO MELAMED**