

Control Data Expects 'Substantial Growth' In Year Ending June 30

Several Acquisitions Under Study,
Chairman Tells Annual Meeting;
New Computer to Be Marketed

Special to THE WALL STREET JOURNAL
MINNEAPOLIS—Control Data Corp. "will accomplish substantial growth" in the fiscal year ending next June 30, William C. Norris, chairman and president, predicted at the annual meeting.

The electronic computer manufacturer is considering a number of acquisitions and during the next year "probably will effect one or more," he said.

Control Data's earnings in fiscal 1963 almost doubled to \$3,064,751, or 75 cents a common share, from \$1,542,622, or 39 cents a share, in fiscal 1962. Gross income from sales and rentals climbed to \$63 million from \$41 million.

Six-year-old Control Data is said to be the only manufacturer besides International Business Machines Corp. making a profit from data-processing systems.

In recent months, Control Data's acquisitions have included the computer division of Bendix Corp. and a Netherlands maker of control instruments.

Mr. Norris didn't make specific projections of sales and earnings for the current period or fiscal year.

He told one questioner that, in his opinion, the payment of cash dividends would be deferred for "a long time, particularly if our growth continues." He said the company could put its money to better use as working capital.

In reply to another question, Mr. Norris said a stock dividend or a stock split was being considered.

Traded on the New York Stock Exchange, Control Data stock closed yesterday at \$91, down \$3 from Monday's close.

On Sept. 6 the exchange banned the use of stop orders in trading the stock, after the price fell \$6 from a historic high of \$101 set the day before. A stop order is a standing order to a broker to buy or sell a stock when it reaches a specified price. When a stock's price is fluctuating rapidly, stop orders to sell may flood the market with shares and force the price down.

Frank C. Mullany, vice president, said the company would introduce a new computer, the CDC 3200, about Oct. 1. It will be a medium-to-large-scale system fitting below the large-scale CDC 1604A in the product line.

Thomas Kamp, general manager of the peripheral equipment division, said the division had 17 products under development, nine of which are slated for production this fiscal year.

New York Post Financial Section

NEW YORK POST, FRIDAY, SEPTEMBER 20, 1963

Control Data Corp. Is Moving Ahead With a 'Third-Generation' Computer

By JACK SEARLES

William C. Norris made \$625,465 yesterday while addressing the New York Society of Security Analysts.

The gain was on paper, of course, and it really took place in a few hours longer than the period Norris, president of Control Data Corp., was on the rostrum at 15 William St.

But the fact is that Norris owns 183,220 shares of the Minneapolis-based computer company. CD, the ninth most-active stock on the New York Stock Exchange, rose 3 3/4 yesterday to 95 1/4. With a little arithmetic, Norris' paper gain becomes apparent.

As head of the company whose stock has been the fastest-rising on the NYSE in many years, Norris is accustomed to such advances, not only in the market value of his own holdings but also in his company's profits and sales.

When he addressed the analysts two years ago, CD's annual sales amounted to \$16,000,000. Today they total \$70,000,000. Net earnings in all of 1961 equaled 24 cents a share. Earnings equaled that much in the first quarter of this year and came to 45 cents a share for the first half of 1963.

The Cinderella tale goes on and on. When CD was founded in 1957 by Norris and some of his former associates at Sperry Rand's Univac division, the payroll numbered 11. At last count there were 3,700 employees. CD's stock, originally sold at \$1 a share, was split 3-for-1 in 1961, so that a \$10 investment in 1957 would be worth about \$2,857 today. It was listed on the NYSE last March.

It's a producer of high-speed digital computing systems, ranging in size, as Norris puts it, "from small to medium, large and super." By super he means the new "6600" computer scheduled for delivery next year. It will sell for \$6,000,000 and, says Norris, "might be considered the first of the third-generation computers."

CD, Norris reports, has continued to concentrate on the "technical market, producing computers for engineering and industrial purposes and leaving the field of business data-processing to its larger rival, IBM. CD also has established subsidiaries in the past year in Canada, Switzerland, Sweden, West Germany, France, the Netherlands and Australia.

As for the future, Norris won't estimate sales and earnings for the first fiscal quarter, which ends this month, but he says he's planning on "substantial growth" in the immediate as well as long-range future.

His research-and-development department has been busy perfecting "soft-wear," a trade term for the programming systems that tell a computer what to do. "During the next 12 months," Norris said, "we expect to be announcing an average of one new product every six weeks."

He said about 75 per cent of CD's sales directly or indirectly are for government use. He added that the company may need additional public financing sometime next year, but that "we haven't determined what we will need or when."

The New York Times

FRIDAY, SEPTEMBER 20, 1963

Control Data Chief Reports Order Rise

By ELIZABETH M. FOWLER

A burglar alarm on an exit door rang loudly here yesterday during a luncheon meeting of the New York Society of Security Analysts. Amid the laughter, one analyst commented, "That must be an I.B.M. man getting out." It turned out to be just a false alarm.

The main speaker was William C. Norris, chairman and president of Control Data Corporation, a small but fast-growing rival of the International Business Machines Corporation. In the hotly competitive computer business, Control Data is one of the few companies to show profits, along with the much bigger I.B.M.

Much to the chagrin of some analysts, Mr. Norris was non-committal in his talk about Control Data, and often parried questions by saying, "That's a

trade secret" or "I'm afraid there may be I.B.M. men here."

He also refused to give any sales or earnings estimates, but he did tell the analysts that the company's backlog of orders was higher than six months ago and a year ago. He revealed that 75 per cent of the company's business in computers and components was going to military companies, which he described as being like Lockheed Aircraft, for use in defense-type production. This percentage he hopes to reduce.

Mr. Norris painted a bright picture of the future in the computer business. He said that the industry, which had only begun to grow in 1952, now had some \$5,000,000,000 of systems installed, and that the total volume would increase by at least \$2,000,000,000 a year for a total of \$20,000,000,000 to \$30,000,000,000 worth by the early 1970's — not including a large foreign business.

He called it an "explosive" industry in terms of size, rate of growth and potential.