

LATE SALES TRIM PRICES OF STOCKS

Continued From Page 49

Control Data dropped 4½ to 41½, a new low for 1965, on 78,000 shares. Control Data's high this year was 64¼. Reports from the floor indicated that a number of stop-loss orders were on the books at

around 42. Most of these were covered at 41½, according to report. The issue then began to come back, but weakened with the rest of the market in late trading.

Control Data weakness continues to reflect the feeling that the company will earn only \$1 a share, compared with earlier estimates of \$1.10. The company cannot talk about its circumstances because of Securities and Exchange Commission restrictions following a recent financing.

However, more Control Data customers are shifting to computer rental from outright purchases. Although trade sources say business is proceeding at a record clip, rentals do not show up as well in current earnings as sales do.

BUSINESS WEEK July 3, 1965

Customer switch from purchase to lease may be reflected in Control Data's earnings

Brokers attribute part of the sharp decline in the price of Control Data Corp.—from a 1965 high of 64¼ to 37½ this week—to uncertainty over profits to be reported for both fiscal 1965 (year ended June 30) and fiscal 1966. One analyst of computer stocks, who has been estimating Control Data's fiscal 1965 profits at \$1.15 to \$1.30 per share, now has lowered his sights to a range of 90¢ to \$1.05, against 88¢ in fiscal 1964.

Control Data acknowledges that several large customers who were expected to purchase computer systems chose instead to lease them. According to Marvin G. Rogers, assistant treasurer, this decision "obviously has an effect on near-term earnings." It takes about four years to realize the same earnings from the leasing of a given system as from its outright sale.

Rogers explains that Control Data uses a percentage of completion accounting system for large equipment that allows partial credit for a sale while the equipment still is under construction. If the same equipment is to be leased, the company not only is deprived of a lump-sum sales figure upon shipment, but also revenue and earnings during construction.

28 THE WALL STREET JOURNAL
Thursday, July 8, 1965

Wednesday Volume, 3,020,000 Shares

Volume since Jan. 1: 1965 1964
Total sales 719,020,424 663,289,891 581,525,764

MOST ACTIVE STOCKS

	Open	High	Low	Close	Chg.	Volume
Control Dat	35¼	37½	35	37	+1	71,700
Polaroid	59¼	61	59	61	+1	42,000
Gen Motors	97½	97½	96¾	96¾	-1¼	33,300
Fair Cam	41½	43¼	40¾	43¼	+1¾	30,800
Chrysler	46½	46¾	45¾	46	-	28,900
Am Bd Par	53½	54¾	53¾	54¾	+	24,100
Sperry Rd	12	12¼	11¾	12	-	24,100
Ford Mot	52¾	53	52¾	52¼	-½	23,300
Avco Corp	19¾	20	19¾	19¾	-	21,800
Westg El	48¼	48¾	47¾	47¾	-½	21,400

Average closing price of most active stocks: \$47.02.

Two More Companies Leave Thorny Computer Market

By Dennis Duggan
Herald Tribune News Service

In the past few weeks, the departure of two companies from the fiercely competitive computer market has underscored a point: The gate to the computer business is clearly double-hinged.

Companies come and companies go. In recent months, General Precision Equipment Corp. and Union Carbide Corp. decided they were not meant for the computer industry.

Carbide's quick exit from an industry in which it spent only 13 months recalls some other outstanding industry shipwrecks on the shoals of this big but tough-to-conquer industry.

Bendix Corp. played a waiting game between 1955 and 1963 which industry experts say cost the company something like \$30 million. Bendix called it quits in March, 1963, when it sold out to Control Data Corp.

Royal McBee also sat in on the game. Royal threw in its cards early in 1963 after suffering losses of \$1.7 million in 1962 and \$1.1 million the year before.

It sold its half interest to General Precision for \$5 million. That wheel came full turn early this year when General decided it had suffered enough.

A Surprise Exit

Control Data Corp., of Minneapolis, a specialist in big, scientific computers, is acquiring General Precision's commercial computer assets in a transaction expected to be completed soon.

Carbide's decision to quit the computer market comes as something of a surprise.

It has both the money, (sales last year ran to \$1.87 billion) and the marketing muscle to make a serious run at the market.

But on June 30, it joined the long list of computer has-beens. The company's official explanation for quitting is that "the projected rate of growth in digital computer equipment has not been realized."

Homer Morrison, sales promotion manager of Carbide's Linde division, to which Data Systems reported, explains that the parent bought Data in 1964 to tie in with their acquisitions in the electronic field.

"We also thought the company would give us a corner in the basic digital computer market." He adds: "We discovered plenty of competition."

"Just Lost Interest"

According to industry estimates, Union blew slightly more than \$1 million in an attempt to expand the marketing of Data Systems' computers—a small systems unit selling for about \$12,000.

Data Systems unveiled a new \$20,000 computer at a recent computer show in New York. Morrison says of the new machine—the DSI 2000—"We just lost interest in it."

But while Union Carbide lost interest in Data Systems, that firm's president and co-founder, Samuel Erwin, disagrees with Carbide's contention that the

company wasn't growing fast enough.

THE WALL STREET JOURNAL,
Wednesday, July 7, 1965

Control Data Purchases Business Computer Line From General Precision

By a WALL STREET JOURNAL Staff Reporter

CHICAGO — Control Data Corp. purchased General Precision Equipment Corp.'s inventory of business computers, its business computer rental and service contracts and its business computer sales and service organization.

The acquisition was for an undisclosed number of shares of Control Data common stock. In May, the companies said discussions on a transaction were under way.

J. W. Murray, chairman of General Precision, announced in February that the company is concentrating on computers for military, space and special uses. General Precision continues to produce drum and disk memory systems for its own computers and those made by other companies.

Control Data specializes in small computers, priced at \$10,000 to \$50,000 for business and engineering applications. William C. Norris, president, said the acquisition augments this line.