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## NO. 2 MAN RESIGNS CONTROL DATA JOB

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A founder and a vice-president of Control Data Corp., the Minneapolis-based "wonder" of the computer industry, has quit his post for "personal reasons."

The executive, Frank C. Mullaney, 43, was considered the No. 2 officer at Control Data, a company which has lately fallen on lean days after several years of quick growth.

Industry sources speculated that Mr. Mullaney no longer saw eye to eye with William C. Norris, chairman and president of Control Data, on the company's role in the fiercely competitive computer industry.

Mr. Mullaney is one of several engineers and scientists who broke away from Sperry Rand's Univac division more than a decade ago to form Control Data.

He could not be reached for comment yesterday on his unexpected resignation, but company sources said he would remain as a director and that his job "probably will be incorporated into other executive positions."

Mr. Mullaney's departure from Control Data comes as a time when the company has been hit by declines in revenues and profits in the last six months.

Those setbacks have been attributed by Mr. Norris to heightened competition, technical problems and to a growing trend among its customers to lease, instead of buy outright, the company's computers.

For the first fiscal months, ended Dec. 31, revenues dropped to \$73.7 million from \$78 million in the like period the year before. The company suffered a loss of 5 cents a share, compared with earnings of 57 cents a share.

While neither the company nor Mr. Mullaney would elaborate on the reasons for his resignation, industry sources speculated that Mr. Mullaney may have fought a losing battle in urging the company to move more actively into the smaller and middle-sized computer market.

Heretofore, the company has determinedly concentrated on the "super" computer end of the market, selling giant-sized systems selling for \$4 million to \$9 million.

But customers have apparently switched in recent months from outright purchase of the expensive machines to leasing them—in effect postponing profits and forcing the company to go into the money market for funds to maintain operations.

This problem was pinpointed by Mr. Norris last year when he declared that "the greatest difficulty in achieving forecast goals of profitability in the computer industry is controlling the mix of sales versus rentals of equipment."

Mr. Norris has predicted an improvement in second-half results and a small profit for the year ending June 30. The company earned \$1.07 a share on revenues of \$160.4 million in fiscal 1965.

Mr. Mullaney has sizable stockholdings in Control Data. As of early last December, according to a report he filed with the Securities and Exchange Commission, he held 59,448 shares and was guardian for another 4,221 shares. In November, he sold 3,000 shares from his personal holdings and 400 shares as guardian.

The stock closed yesterday on the New York Stock Exchange at 27½, off 1¼. It has ranged between 64¼ and 26½ in 1965-'66.

## Control Data Officer F. C. Mullaney Quits

Frank C. Mullaney, one of the 11 engineers that left the Univac Division of Sperry Rand Corp. to found Control Data Corp. nine years ago, resigned Tuesday.

Control Data said the 43-year-old Mullaney resigned as vice-president, data products group, for "personal reasons," but will remain a director of the company.

MULLANEY said, "I don't care to discuss the reason for my resignation." He said his future plans "aren't firm right now."

Control Data indicated that Mullaney's duties would be incorporated into other ex-

ecutive positions in the company.

The data products group is generally responsible for the development and design of all Control Data's computer systems—both the equipment (hardware) and programming systems (software).

The most recent Securities and Exchange Commission's "insiders" report noted that Mullaney sold 3,000 shares of Control Data common stock in November, reducing his holdings to 59,448 shares.

CONTROL DATA recently reported a loss of 5 cents per common share for the six months ended Dec. 31, compared with earnings per share of 57 cents in the same period the previous year.

President William C. Norris has explained that the company was not able to

meet the goals of revenue and profit from one major product area — the 6000 Series computers.

"The 6000 Series has been adversely affected by International Business Machines Corp.'s competitive actions and by technical difficulties," he said.



Mullaney

## THE MINNEAPOLIS Business and Markets

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## Control Data Official Resigns

The resignation of Frank C. Mullaney as vice-president of Control Data Corp. was disclosed by the firm Tuesday.



Mullaney, a founder of the firm and head of its data products group, resigned effective yesterday for "personal reasons," a Control Data spokesman said.

The spokesman said Mullaney will remain as a director but that his duties as head of the data products group "probably will be incorporated into other executive positions."

Mullaney declined to discuss the reason for his resignation and said his future plans are indefinite.

The group he had headed is generally responsible for designing and developing Control Data's computer systems.

A recent Securities and Exchange Commission report noted that Mullaney was one of seven Control Data officers and directors to have sold shares of the firm's common stock. Mullaney sold 3,000 shares — the largest amount—and thus reduced his holdings to 59,448 shares.

The transaction was noted at about the time Control Data reported a loss of 5 cents per common share for the six months ended Dec. 31. This compared with earnings of 57 cents per share in the comparable period a year earlier.