THANK YOU, LARRY. IT IS INDEED A PLEASURE TO HAVE AN OPPORTUNITY TO ADDRESS A GATHERING OF THE PEOPLE INVOLVED WITH THE PRIMARY DEVELOPMENT OF CONTROL DATA'S SYSTEMS PRODUCTS. NEW AND COMPETITIVE PRODUCT OFFERINGS ARE MANDATORY FOR CONTROL DATA TO ACHIEVE ITS BUSINESS OBJECTIVES. THE INTRODUCTION OF THE CYBER 170 PRODUCT LINE INTO THE MARKETPLACE WITHIN 30 MONTHS FROM START OF DEVELOPMENT TO SHIPMENT OF FIRST PRODUCT WAS A SIGNIFICANT CHALLENGE. SUCH CHALLENGES SIMPLY ARE NOT SUCCESSFULLY MET WITHOUT ENORMOUS INDIVIDUAL EFFORTS. NOR IN A PRODUCT AS COMPLEX AS A COMPUTER SYSTEM ARE THEY SUCCESSFULLY MET WITHOUT EXCELLENT COOPERATION OF MULTIPLE HARDWARE AND SOFTWARE DEVELOPMENT, MANUFACTURING AND SYSTEMS ORGANIZATIONS. NOR, AS WITH ANY SIGNIFICANT HUMAN ENDEAVOR, ARE THEY MET WITHOUT PERSONAL SACRIFICES BY THOSE INVOLVED AS WELL AS THEIR FAMILIES.

YOU HAVE MET THE 170 CHALLENGE SUCCESSFULLY. AND IT IS TRULY A PLEASURE TO BE A PART OF THIS RECOGNITION FOR EACH OF YOU OF THE EFFORT, COOPERATION AND SACRIFICE THAT YOU HAVE MADE.
A FURTHER QUESTION THAT DESERVES SOME COMMENT, HOWEVER, IS JUST WHAT HAS THIS CONTRIBUTION DONE FOR US AS A COMPANY. YOU ARE AWARE OF THE VERY LARGE LOSS CONTROL DATA INCURRED LAST YEAR. THIS WAS NOT A SUDDEN OCCURRENCE BUT RATHER AN ACCUMULATION BUILT UP OVER TIME. AND A MAJOR PART OF OUR PROFIT PROBLEM WAS IN SYSTEMS WHERE COMPETITIVE PRESSURES ON SYSTEM PRICES HAD CONTINUALLY ERODED PROFIT MARGINS AND SQUEEZED US HARDER INTO THOSE CORNERS OF THE MARKET INVOLVING SPECIALS. IN EXACTLY THE OPPOSITE WAY, THE 170 PRODUCT LINE AND ENHANCEMENTS TO THE CYBER 76 PRODUCT LINE WILL HAVE A POSITIVE EFFECT ON OUR PROFITS THROUGH THE COMING YEARS. THIS PROFITABILITY IS FURTHER INCREASED BY SIGNIFICANT ENHANCEMENTS IN SOFTWARE OPERATING SYSTEM FEATURES AS WELL AS FORTRAN, COBOL AND OTHER APPLICATIONS-ORIENTED PACKAGES. OUR NEW PERIPHERAL PRODUCTS, SUCH AS THE HIGH-CAPACITY DISK DRIVE AND 66X TAPES, ARE ALSO AN INTEGRAL PART OF OUR PERFORMANCE AND PROFITS IN SYSTEMS PRODUCTS.
PERHAPS THE EASIEST WAY FOR ME TO SUMMARIZE THE CONTRIBUTION
OF THE 170 IS TO USE THE WORDS I USED WITH CONTROL DATA'S BOARD
LAST WEEK IN DISCUSSING THE FIRST SHIPMENTS OF THE CYBER 170.

"CYBER 170 - OUR FIRST EXTERNAL CYBER 173 SHIPMENT WAS MADE TO
INIA SPAIN LAST MONTH. THE SYSTEM HAS PASSED ALL ACCEPTANCE
TESTS AND FINAL ACCEPTANCE PAPERS OF THE SYSTEM WILL BE
SIGNED NEXT WEEK.

TWO CYBER 172 EXTERNAL SHIPMENTS ARE SCHEDULED FOR NEXT WEEK
WITH 15 MORE 172-173'S SCHEDULED FOR SHIPMENT BY YEAR-END.

THE FIRST CYBER 175 WAS SHIPPED TO THE BENCHMARK LAB ON AUGUST
22. THE FIRST EXTERNAL CYBER 173 SHIPMENT WILL BE COMPLETED
BY THE END OF THE MONTH. WE ARE CURRENTLY SCHEDULED TO SHIP
SIX CYBER 174/175 CLASS MACHINES BY YEAR-END.

 THESE CYBER 170 EVENTS REPRESENT MUCH MORE THAN THE SUCCESSFUL
FIRST SHIPMENTS OF A NEW COMPUTER LINE. THEY REPRESENT THE
CHANGE FROM A NO-STRATEGY, NO-WIN SYSTEMS PICTURE OF TWO YEARS
AGO - DEPENDENT MOSTLY ON SPECIAL BIDS AND HEAVY DISCOUNTS - TO
A VIABLE COMPUTER SYSTEMS PRODUCT LINE FOR PROTECTION OF OUR
INSTALLED BASE AND EXPANSION WITHIN OUR TRADITIONAL MARKETS.
ADD ADDITIONAL VITALITY FROM REDUCED SUPPORT COSTS WHICH HAS RESULTED FROM A MORE COHESIVE SOFTWARE STRATEGY AND FROM APPLICATIONS IN THE UTILITIES AND EDUCATION FIELD -- ALL-IN-ALL IT LENDS AN OPTIMISM TO OUR SYSTEMS BUSINESS THAT WE HAVE NOT SEEN IN A LONG TIME."

IN THAT CONTEXT, PERHAPS FOR THOSE OF US HERE THIS EVENING I SHOULD ADD A FEW MORE WORDS ABOUT THE FUTURE. EMPHASIS WILL CERTAINLY BE PLACED ON CONTINUING THE SUCCESSFUL INTRODUCTION OF THE CYBER 170 PRODUCT LINE INTO THE MARKETPLACE AS WELL AS DEVELOPING ENHANCEMENTS TO INSURE OUR COMPETITIVENESS. MAINTAINING COMPETITIVENESS HAS TWO ASPECTS -- ONE IS FEATURES AND THE OTHER IS PRICE. PRICE MEANS A CONTINUED REDUCTION IN COSTS IN ORDER TO STAY PROFITABLE. WE EXPECT COST IMPROVEMENTS TO COME FROM YOUR EFFORTS IN INCREASING OUR EFFICIENCY IN THE DEVELOPMENT AND MANUFACTURING PROCESS. SINCE RISE IN COSTS SEEMS INEVITABLE, ONLY CREATIVITY, INNOVATION -- FINDING A BETTER WAY -- CAN BE THE ANSWER TO CONTINUING VIABILITY OF OUR BUSINESS. ONCE AGAIN, PERHAPS THE EASIEST WAY FOR ME TO SUMMARIZE THE FUTURE OUTLOOK FOR YOU IS TO USE THE WORDS I USED LAST WEEK AT THE BOARD MEETING.
"...ONLY CONTINUED PRESSURE ON STRATEGY TO REDUCE TECHNICAL EFFORT AND A SOLID SYSTEM FOR MANAGING LEASE BASE ASSETS WILL FINALLY CHANGE THE FUNDAMENTAL SITUATION. WE ARE NOT THERE YET. NEXT YEAR, SYSTEMS SHOULD BE CLOSE TO BREAK-EVEN. BY 1977 IT WILL ACHIEVE A PROFIT. WITH CAREFUL ATTENTION TO PRODUCT STRATEGY FOR THE CYBER 80, 1978 AND 1979 CAN CONTINUE THIS PROGRESS - RATHER THAN FALL IN THE "FOUR-YEAR-HOLE".

WHILE ACHIEVING THIS, WE CAN EXPERIENCE A GROWTH IN LEASE BASE, A REDUCTION IN BANK DEBT, AND A POSITIVE CASH FLOW. NONE OF THE RESULTS WILL BE SPECTACULAR AND THEY WILL REQUIRE PATIENCE, AT LEAST, TO ENDURE -- BUT I HAVE SAID BEFORE AND I AM MORE THAN EVER CERTAIN THAT OUR BUSINESS IS BEING BUILT ON A SOUND BASIS."

FINALLY, THEN, I WOULD ONCE MORE LIKE TO EXPRESS MY PERSONAL THANKS AS WELL AS ACT ON BEHALF OF THE REST OF THE CORPORATION TO THANK YOU FOR THE CONTRIBUTIONS THAT YOU HAVE MADE. IT HAS BEEN TWO AND A HALF YEARS OF TREMENDOUS ACCOMPLISHMENT. I LOOK FORWARD TO SHARING MORE OF THE SAME WITH YOU IN THE FUTURE.