Good afternoon.

A year ago at this time I was able to share with you the good news that Control Data had recorded its first profitable quarter in two years. Today I can report that we've had another profitable first quarter. However, the results have another message as well. It's a real simple message: "O.K." is not good enough. We have to do better. Let's get moving.

In first-quarter 1987, the Company recorded net earnings of $7.2 million, or 17 cents per share, on revenues of $821.7 million. For the same period this year, the Company had net earnings of $7.7 million, or 18 cents per share, on revenues of $902M. Our budget for 1st Qtr. '88 was revenues of $822 million.

But for DSPG, which overachieved in 1st Qtr. '88, we would be unable to call the 1st Quarter "O.K." The fact is that most of you aren't meeting your budget commitment thus far. And the revenue forecast is showing some familiar "push out and hope" aspects; it's clear that we have a big hill to climb in order to make the the revenue budget for 1988 of $3.9 billion.
In 1986 we had to stabilize the business. We did that. Last year we set out to regain good product momentum. We did that -- especially in the latter part of the year. This year we set out to realize the payoff from all that work. There's only one way to do that -- selling. Sales momentum is 1988's executive challenge. We haven't met that challenge yet. It's time we did. It's time to get moving!

On the 14th floor of the Headquarters building, there's a sign that's particularly appropriate. It reads: "If nobody sells, a terrible thing happens--nothing." I use that saying a lot. But, you know, actually it's not quite true -- something does happen -- something even worse than nothing. We build idle inventory, we have in place unused service capacity. That ties up cash and exacerbates the cash flow problem. So to state it simply, improved selling means improved cash flow. John Buckner is going to tell you more about that in a few minutes.

So, the No. 1 task you have this year is to build sales momentum -- sales momentum to equal the product momentum we generated in 1987.

I reviewed that product momentum with you at the last Executive Briefing in October. Later in today's program -- after John's financial report -- Gil Williams will discuss the Transparent
Computing Environment that reflects the product momentum being built in Computer Systems and Services. Product momentum is also the theme of the 1987 annual report. So I'm not going to repeat all that here. Suffice it to say, "we've got the goods" ... and 1988 is the year to capitalize on that. That means selling.

There's no magic formula for building sales momentum. There's no revolutionary prescription that I or any other senior executive can give you. The only way to build sales momentum is to sell. It's a simple matter of getting out and selling the products we have.

Nobody has any better products or services than we do. Sure, we operate in a fast-paced industry where hardly a day passes when someone doesn't introduce some new product. And you also know the world is never perfect -- there are always strengths and weaknesses in both C.D.'s products and those of the competition. The challenge is overcoming deficiencies through solid salesmanship based on the many, many strengths we do have.

Incidentally, we have guests today who know what that's all about -- DSPG sales management team. They've had a super 1st quarter. (ask rise) Let's give them a hand.
Time and again, you've heard me talk about **Marketing**, **Quality**, and **People**. Those three values essentially represent a set of management processes; a method of managing the business; a way of life for carrying out business strategies. And, it's no accident we have better business strategies today. It's no accident that we have product momentum and have re-established the Company's reputation for technology leadership. The progress we've made in Marketing and Quality has helped us focus on customer need and on meeting customer expectation. Strategically that adds up to competitive advantage. But we still have to get that message across to the people who count -- the ones that issue the orders.

Let me put that even more simply. Quality, we say, is conformance to customer expectation; but marketing is also conformance to customer expectation -- in the sense you are helping customers gain a competitive advantage for themselves. And selling is simply the vital process of getting that message across. As the sign says -- without that, nothing happens -- all we have are good ideas.

So the values of marketing and quality -- as well as the people value that's at the root of both -- have given us both the opportunity and the challenge to build sales momentum.
I began 1988 confident that we could attain this year's objective of 15 percent revenue growth. We have more strengths than we had to begin 1987. We not only accomplished the major task we had set for ourselves in 1987 --profitability -- we did much more. We achieved significant quality improvements through TQMP. We had a boost from the Sami-Burke acquisition. Most of all, my confidence was based on the product introductions we made last year.

Well, the first quarter is over. There's nothing more that can be done about it one way or another. But there's something each of you can do about the next nine months.

First, you can renew your own commitment to executing your strategy through the system of management embodied in Marketing, Quality and People. You can drive those values and that system deeper into your organizations so that they become even more solidly embedded as the underpinning of sales momentum and superior financial performance. A few of you have already attended the "Marketing, Quality, People" workshop. Most of you will do so before the end of this year. In the managerial behavior profile with regard to Marketing, you will find these two statements which are very closely related:

(1) Effectively communicates the group's competitive advantage to employees and customers.

(2) Strives to inspire confidence in Control Data's future.
Each of you in this room plays a different role in the task of generating sales momentum in Control Data. But those two behaviors I expect from all of you every day. That's the least you can do.

The challenge for 1988 is selling. You meet that challenge and we'll not only have a satisfying 1988, we'll have sales momentum to carry us into the 90's. It's time to get moving.

Thank you.