

**Computer Terminal Corporation 1970 Annual Report**

**for the year ending July 26, 1970**

# Results in Brief

## STATEMENT OF EARNINGS (LOSS) — YEAR ENDED JULY 26, 1970

REVENUE: .....		\$3,847,462
COST AND EXPENSES:		
Cost of sales.....	\$2,222,352	
Research & development .....	895,841	
Marketing.....	1,268,866	
General & administrative .....	641,779	
Interest.....	35,181	
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TOTAL COST AND EXPENSES.....		5,064,019
		<hr/>
NET EARNINGS (LOSS).....		<u><u>(\$1,216,557)</u></u>

## To the Shareholder

Dear Shareholder:

For Computer Terminal Corporation, 1970 was a year of firsts. Each of the elements which make up a solid foundation for successful corporate growth was formed and tested for the first time. Looking aggressively to the future, Computer Terminal's management team built strong capabilities in the areas of product planning, development, production, marketing and service. These capabilities were built rapidly but thoroughly. While start-up expenses were high, the strengths that resulted attest to the value of the investment.

The Company's volume production capabilities were first illustrated in 1970, when over 1500 Datapoint 3300s were produced. Production of Datapoint 3300 Tape and Printer units was also initiated in fiscal 1970. Throughout the year production cost goals were consistently met. An effective product marketing and service force was built in 1970. Nationwide coverage is provided by 57 total personnel operating out of 14 offices throughout the country. The first product marketed by Computer Terminal Corporation, the Datapoint 3300 interactive CRT terminal, has



captured over fifty percent of its particular market segment.

The product planning and development capabilities of the Company are evident in the Datapoint 2200. This product, described in the following pages of this report, is an advanced, low-cost "intelligent" terminal aimed at the source data entry market. It was developed and introduced in 1970 and will be in production in fiscal 1971.

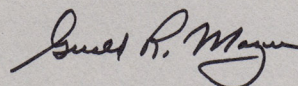
To enable the Company to market its products on a lease basis as well as a sales basis, an agreement was signed with Transamerica Computer Company during fiscal 1970. This agreement provides for the sale to Transamerica Computer Company of equipment which has been placed on lease with Computer Terminal Corporation's customers. The agreement extends through December 31, 1971 and covers a total equipment value of up to ten million (\$10,000,000) dollars.

Your management is also very pleased with the recent private placement of Common Stock and

Convertible Debentures which yielded gross cash proceeds to the Company of \$5,562,000.

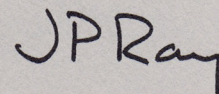
These proceeds were received from the sale of 412 units, each consisting of 2500 shares of Common Stock and \$6,000 principal amount of 7-1/2% Subordinated Notes convertible into 1200 shares of Common Stock, due October 23, 1980. This additional capital provides Computer Terminal Corporation with the financial strength to pursue its goals in the periods ahead. The following pages of this report include detailed financial, product and planning information concerning your Company.

Sincerely,



Gerald R. Mazur  
Chairman of the Board

November 10, 1970



J. P. Ray  
President

## Our Products

### Datapoint 3300

The Datapoint 3300 is a large-screen video terminal that is directly interchangeable with the widely used Model 33 teleprinter. Its most popular application is as an interactive terminal for the many computer time-sharing services. Its small size and weight as well as its speed and attractive appearance make it ideal for today's modern office environment. Accessories for the 3300 include a magnetic tape memory for storing large volumes of data and a small, quiet table top printer.

### Datapoint 3360

The Datapoint 3360 display system, similar in appearance to the 3300, provides the most economical and high performance terminal cluster available today. It is completely compatible and interchangeable with IBM 2260/65 systems and offers both economic and performance advantages in addition to remote terminal operation and an extensive "built in" screen editing system. Optional "hard-copy" output either at the individual terminal or shared by many terminals completes the system. A general purpose controller, which can handle up to sixty-four 3360 displays, interfaces the system with standard IBM system 360 equipment.





## Datapoint 2200

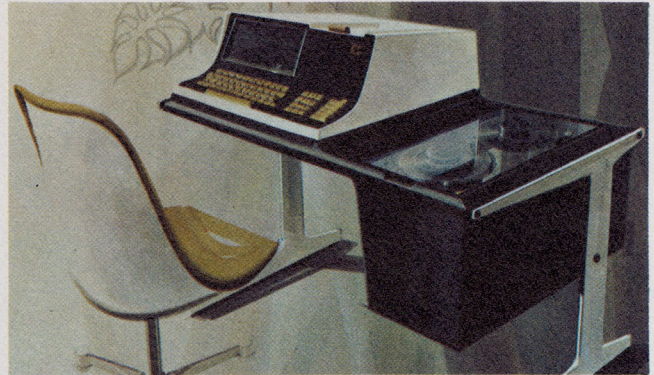
The Datapoint 2200 is an integrated data system providing an alphanumeric keyboard for data entry, a cathode ray screen for data display, two digital cassette recorders for bulk data storage, a general purpose digital computer for control, and a communications capability for interface with external devices and communications facilities.

Through programming of the self contained control computer the Datapoint 2200 may be used for an infinite variety of data processing applications.

The achievement of a small computer with integrated keyboard, display, storage and communications at a low cost now makes possible computer sophistication for applications not previously practical—particularly in the computer terminal/data entry/ communications area.

## Looking ahead to meet the expanding needs of the next decade

During the 1960's the use of data processing in business applications became well established. Extensive use of general purposes computing systems in the business environment has created the need for greatly improved methods of data entry and retrieval. Computer Terminal Corporation is dedicated to serving this need with the most advanced cost-effective devices in the industry. This market is forecast to expand very rapidly throughout the 1970's bringing data processing capability to almost every level of business activity. With the advent of the Datapoint 2200, a highly efficient method of source data



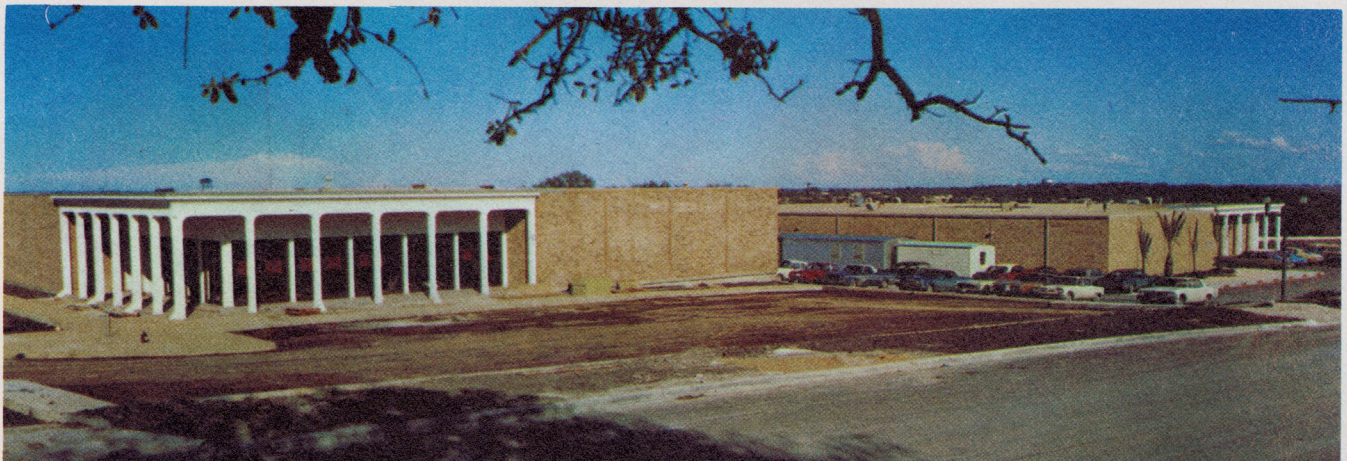
capture will now be available to all areas of computer usage. This product, the first general purpose "intelligent" terminal to be introduced, will provide the keystone for the company to successfully serve and expand into a major supplier of business data processing products.

## Research

Research and development of new technology and techniques is a continuous process at Computer Terminal Corporation. An outstanding example of the results of Company research has been the development of a general purpose computer design that can be implemented on a single semiconductor chip, permitting versatility in terminal design not previously possible. The research staff includes outstanding specialists in systems design, software development, logic and electronics design, mechanical design, human factors and industrial engineering.

## Facility Planning

To meet the expanding facility needs of the future, your management has taken steps to assure that well organized, consolidated facilities will be available. For example, an option agreement has been secured on an additional 14 acres of land adjacent to the present 14 acre site. The space now being occupied consists of two modern buildings of 22,000 and 9,000 square feet respectively. With the expanded production facility of 62,350 square feet now nearing completion, floor space will aggregate 93,350 square feet. Future space requirements are examined periodically to avoid last minute facility restrictions.



# Financial Statements

## PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL BANK OF COMMERCE BUILDING

SAN ANTONIO, TEXAS 78205

The Board of Directors  
Computer Terminal Corporation:

We have examined the balance sheet of Computer Terminal Corporation as of July 26, 1970 and the related statements of earnings (loss) and retained earnings (deficit), additional paid-in capital and source and application of working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings (loss) and retained earnings (deficit) and additional paid-in capital present fairly the financial position of Computer Terminal Corporation at July 26, 1970 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of source and application of working capital for the year ended July 26, 1970 presents fairly the information shown therein.

*Peat, Marwick, Mitchell & Co.*

September 28, 1970