



EQUIPMENT  
CORPORATION  
MAYNARD, MASS. 01754

DEC-10

**FOR REFERENCE**

**Do Not Take From This Room**

For Further Information:  
Mark Nigberg  
(617) 897-5111 Ext. 2268

FOR IMMEDIATE RELEASE

Operating Results for Nine Months Ending

	<u>March 30, 1968</u>	<u>April 1, 1967</u>
Net Sales	\$ 37,646,000	\$ 26,772,000
Income Before Taxes	8,595,000	5,905,000
Provision for Income Taxes	4,126,000	2,850,000
Income After Taxes	4,469,000	3,055,000
Income Per Share	1.53	1.05
Shares Outstanding	2,919,750	2,910,000

4-29-68

DEC REPORTS NINE-MONTH OPERATING RESULTS

MAYNARD, Mass., April 29--Digital Equipment Corporation today reported nine-month operating results reflecting continued growth in profit and volume. The rate of new orders shows an excellent reception of the company's new products, as well as continuing demand for established product lines.

- more -

MODULES · COMPUTERS · SYSTEMS

During this quarter, the company made first deliveries of the PDP-8/I, which is the new integrated circuit version of the popular PDP-8. There are now over 2,000 of the PDP-8 family of computers installed. The new PDP-8/I sells for only \$12,800 and promises to continue the popularity of this computer family.

By the end of the quarter, the company had delivered seven PDP-10's, which is DEC's new, large time-sharing computer. Each computer was delivered with tested time-sharing software and each is operating very satisfactorily, the company stated. Because of PDP-10's enthusiastic acceptance, new orders are continuing at an increasing rate.

"We will continue our substantial engineering investment in new products and automated production techniques. We expect new products to continue to evolve and manufacturing to continue to increase in efficiency", stated Kenneth H. Olsen, President.

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## Operating Results for 12 Months Ending

	<u>June 29, 1968</u>	<u>July 1, 1967</u>
Net Sales	\$ 57,339,400	\$ 38,895,782
Income Before Taxes	12,934,690	8,319,760
Provision for Income Taxes	6,078,000	3,778,555
Income After Taxes	6,856,690	4,541,205
Income Per Share	2.34	1.56
Shares Outstanding	2,926,600	2,910,000

7-24-68

## DEC REPORTS FY 1968 EARNINGS

MAYNARD, Mass., July 24--Digital Equipment Corporation announced earnings of \$2.34 per share on a sales volume of \$57,339,400 for its fiscal year ending June 29, 1968.

- more -

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100 MAIN ST., MAYNARD, MA 01754

Harry Mann, Vice President and Treasurer stated that income after taxes increased 51% on a volume - 47% higher than the prior year. The increase in earnings is after giving effect to the recently imposed federal surtax which was applicable to the last half of the Company's fiscal year.

Increases in sales were noted in electronic modules and the entire PDP computer line. Deliveries of the PDP-10 time-sharing systems began in December and had a significant effect on results for the last half of the year.

digital

November 3, 1970

To Our Stockholders:

Sales for the first quarter of Fiscal 1971 were \$34,010,000 and earnings were \$2,950,000. This compares with sales of \$28,942,700 and earnings of \$2,952,400 for the first quarter of Fiscal 1970.

We are pleased with Digital's performance in light of the current economic climate. The company is continuing its product and market development programs, and expanding its sales and service organization. While others are cutting back, we believe that this is the time to build. Investments of this type made now will provide us with a substantially broader market base for the future.

## Operating Results for the First Quarter Ending:

	<u>Sept. 26, 1970</u>	<u>Sept. 30, 1969</u>
Net Sales	\$ 34,010,000	\$ 28,942,700
Income Before Taxes	4,860,000	5,793,400
Provision for Income Taxes	1,910,000	2,841,000
Net Income	2,950,000	2,952,400
Shares Outstanding <sup>1</sup>	9,674,602	9,354,720
Income per Share	.30	.32

1. Based on the average number of shares outstanding during the period.

During the quarter, Digital continued to expand its product line and broaden its market base. The company introduced two small computers that established new price/performance levels in the industry, the PDP-8/E and the PDP-11/15. The PDP-8/E is the lowest-cost, full-scale computer available today with a base price of only \$4,990.

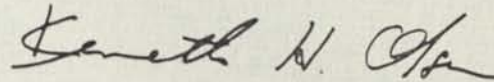
DIGITAL EQUIPMENT CORPORATION  
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146 MAIN ST. MAYNARD, MA 01754

Stockholder Letter  
Page 2

Another important step forward for the PDP-10 this quarter was the delivery of COBOL and the announcement of more powerful batch processing facilities on the PDP-10. Also, a computer-based system for use in the petrochemical industry was introduced this quarter. Called the RSX-15, the system is designed for process control applications, and at costs approximately one-half that of other systems with the same capability.

We emphasize the fact that these new products are indicative of how Digital is continually opening new markets for computer systems and meeting the demands of our present customers.

Cordially,



Kenneth H. Olsen  
President

/d



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FOR IMMEDIATE RELEASE

DEC RELEASES NINE MONTH'S

INCOME STATEMENT

3/70

MAYNARD, Mass.--Digital Equipment Corporation today released its nine-month income statement for the period ending on the last business day of March of this year (see page 2). Kenneth H. Olsen, DEC's president, indicated that, since the company's last report: "We have stepped up our efforts in the software and peripherals area across our product lines, and we are continuing our plant expansion activities."

The company made its nine-month sales and earnings known last month. At that time, a common stock offering was contemplated. Since then, because of stock market conditions, these plans have been cancelled.

Commenting on his company's continued development of the small computer market, Olsen indicated that PDP-11 production was already up to 20 a week and a new minicomputer would be introduced shortly.

In the past two months, DEC also has introduced three new systems, a small computer-based system for commercial applications, an advanced clinical laboratory system, and a small industrial controller, all of which have been well received in the market place.

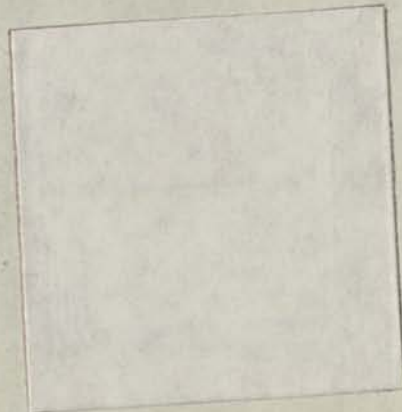
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Operating Results for the Nine-Month Period Ending:

	<u>March 1970</u>	<u>March 1969</u> <sup>2</sup>
Net Sales	\$ 97,000,000	\$ 60,984,000
Income Before Taxes	18,100,000	11,958,000
Provision for Income Taxes	7,736,000	6,314,000
Income After Taxes	10,364,000	5,644,000
Income per Share <sup>1</sup>	1.10	.63

The company has revised its reporting method so that subsidiaries report results on the basis of a July to June fiscal year, the same as the parent company, rather than a May to April fiscal year.

1. Based on the average number of shares outstanding during the period.
2. Restated.





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FOR IMMEDIATE RELEASE

OPERATING RESULTS FOR THE FISCAL YEAR ENDING:

	<u>June 27, 1970</u>	<u>June 28, 1969<sup>2</sup></u>
Net Sales	\$ 135,000,000	\$ 91,000,000
Income Before Taxes	25,500,000	17,300,000
Provision for Income Taxes	11,100,000	7,900,000
Net Income	14,400,000	9,400,000
Average Shares Outstanding <sup>1</sup>	9,534,875	9,047,341
Income Per Share	1.51	1.04

1. Average number of shares outstanding during the period.
2. Restated. In 1969, the company revised its reporting method so that foreign subsidiaries report results on the basis of a July to June fiscal year rather than a May to April fiscal year.

MAYNARD, Mass.--Record sales of \$135,000,000 were reported by Digital Equipment Corporation President Kenneth H. Olsen today for the Fiscal Year ending June 27, 1970. Sales volume was up 48 per cent over the previous year as restated. Net income was up 53 per cent from the previous year. The company also reported earnings of \$1.51 per share, compared with \$1.04 for the same period last year as restated.

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"We are particularly proud of our people," Mr. Olsen said, "who were able to accomplish these gains in a time when the education, research and capital equipment markets were in a recession. In addition, we have been able to maintain our personnel training, plant expansion, new product development, and new market development programs."

"We have followed our accounting practice of charging all of the costs of our development programs against current operations," Mr. Olsen said. "During Fiscal 1970, the company also felt it was prudent to provide a \$4,000,000 allowance against risks in accounts receivable."

Mr. Olsen noted that two significant new computers were introduced last year, the PDP-11, Digital's new 16-bit computer, and the PDP-8/E, which sells for under \$5,000, making it the lowest-cost, full scale computer presently available.

"The PDP-8/E uses a unique internal data path system called OMNIBUS<sup>TM</sup>, and a packaging system that allows more computer to be put into less space," Mr. Olsen said. "The PDP-11 with its UNIBUS<sup>®</sup> concept, has been well received since its introduction in January. Over 500 PDP-11s are on order."

Mr. Olsen noted that other new products Digital Equipment Corporation has introduced include a line of Pulse Height Analysis systems; the CLINILAB-12 system, which processes data from clinical laboratory instruments; and the RAD-8, a PDP-8/I-based system to help plan efficient

radiotherapy treatment for cancer patients; a smaller version of the company's solid state controller, the PDP-14/L; BASIC-8, a hardware and software package for schools; DIBOL, a programming language designed specifically for use by smaller business; and AP-2, a small computer accounting program.

"During the fourth quarter of Fiscal 1970, the company shipped 16 PDP-10 computer systems, the largest number of PDP-10s delivered in any quarter," Mr. Olsen said. "The PDP-10 is the company's large-scale computer, and it continues to be popular despite a very definite slowdown in the time-sharing utility industry."

"During Fiscal 1970, some 125 medium-scale PDP-15 computers were delivered," Mr. Olsen added.

He noted that the company began building new plants in Westminster, and Westfield, Massachusetts, during the past year, and has expanded its plant facilities in Puerto Rico, Canada, and England. He said the Westfield plant is complete and in operation and the Westminster plant will be completed by early fall.

"Our worldwide employment increased to 5,800 during the past year," Mr. Olsen said.

"This is an increase of 1,400 people over the previous year." He added that approximately 3,800 of these employees are located at the company's main plant in Maynard.

For Further Information:  
Donald B. Allen  
(617) 897-5111 Ext. 3858

For Release at 1 P.M.

Thursday, January 27, 1972

DEC ANNOUNCES RESULTS  
FOR SIX-MONTH SALES, EARNINGS

MAYNARD, Mass.-- Digital Equipment Corporation (NYSE) today reported increases in both sales and earnings for the six-month period ended January 1, 1972.

Sales totaled \$83,348,000 and earnings amounted to \$6,588,000, or 64 cents per share, which includes approximately 3 cents of non-recurring gain from foreign currency translation.

"The firming of business we saw starting last spring has continued through the year," said Kenneth H. Olsen, DEC President. "Shipments in our small computer lines have been very strong recently. Minicomputers have continued to grow even during last year's slowdown in the capital equipment market."

To meet the demand for its small computers, DEC recently increased production of its PDP-11 line by 40 per cent. Olsen predicted that PDP-8 line sales were expected to be strong through 1972 and that PDP-11 sales were expected to be excellent.

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Referring to earlier announcements regarding DEC's agreement to purchase core memory equipment from RCA, he noted that "the addition of core memory production and testing equipment to our other manufacturing capabilities is expected to give us greater flexibility in meeting our customers' cost/performance needs and to help us maintain our competitive position."

"Considering factors such as these, we view 1972 as a year that holds good promise," he concluded. "We feel we can be positive and optimistic because we see encouraging signs in the general economy that should have a positive effect on our performance."

RESULTS FOR SIX MONTHS ENDING:

	<u>January 1, 1972</u>	<u>December 26, 1970</u>
NET SALES	\$83,348,000	\$68,517,000
INCOME BEFORE FEDERAL AND FOREIGN INCOME TAXES	10,980,000	9,070,000
FEDERAL AND FOREIGN INCOME TAXES	4,392,000	3,664,000
NET INCOME	6,588,000	5,406,000
NET INCOME PER COMMON SHARE, BASED ON AVERAGE NUMBER OUTSTANDING	.64	.55

For Further Information:  
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(617) 897-5111, Ext. 3858

FOR IMMEDIATE RELEASE

DEC ANNOUNCES RESULTS FOR NINE-MONTH SALES, EARNINGS

MAYNARD, Mass. -- Digital Equipment Corporation (NYSE) today reported increases in both sales and earnings for the **nine-month period ended April 1, 1972.**

Sales totaled \$131,085,000 for the period. Net earnings amounted to \$10,240,000 or \$1.00 per share. These compared with sales of \$104,330,000 and net earnings of \$7,748,000 or 78 cents per share for the comparable period of fiscal 1971.

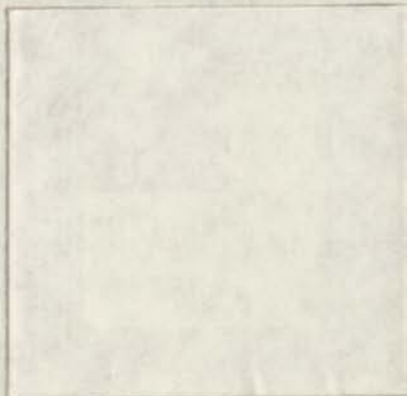
"This improved performance reflects the strength of the minicomputer market and our position within that market," said Kenneth H. Olsen, Digital president. "We see encouraging signs in the general economy and feel it will continue to have a positive effect on our performance."

Olsen indicated that the previously-announced core memory production and testing equipment purchased from RCA had been brought on stream during the third quarter. As a consequence, certain core memory component prices were reduced, giving the company additional flexibility to meet customer cost/performance needs.

RESULTS FOR NINE MONTHS ENDING:

	<u>April 1, 1972</u>	<u>March 27, 1971</u>
Net Sales	\$ 131,085,000	\$ 104,330,000
Income before Federal and Foreign Income Taxes	17,067,000	12,910,000
Federal and Foreign Income Taxes	6,827,000	5,162,000
Net Income	10,240,000	7,748,000
Net Income per Common Share Based on Average Number Outstanding	1.00	.78

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FOR IMMEDIATE RELEASE

August 14, 1972

DIGITAL REPORTS INCREASED SALES AND EARNINGS

MAYNARD, Massachusetts, August 14, 1972 --- Digital Equipment Corporation (NYSE DEC) today reported sales and earnings results for its fiscal year which ended July 1, 1972.

Increased sales of \$187,553,000 were reported for fiscal 1972, compared to \$146,849,000 a year ago, an increase of \$40,704,000 or 28 percent. Net income for the year amounted to \$15,300,000 versus \$10,600,000 in fiscal 1971. This represents a 44 percent increase in earnings. On a per share basis, \$1.49 was earned in fiscal 1972 compared to \$1.06 per share last year. Earnings per share were calculated on the basis of an average number of common shares outstanding, which in fiscal 1972 totaled 10,282,319 shares versus 10,043,923 a year ago.

Kenneth H. Olsen, Digital President, indicated that despite the slow recovery of the national economy, which began to improve in early spring, Digital achieved gains in sales and earnings. Operating results were favorably influenced by several factors --- the increased level of capital spending, the introduction of new and improved systems and peripheral equipment during the year and a strong sales and service organization which continued to penetrate traditional as well as new markets.

A strong demand for the PDP-8 and PDP-11 minicomputer systems contributed to the record sales results. The PDP 11/45, a new high performance, medium scale computer, which was announced in October, 1971 has received good customer acceptance. Initial shipments of the 11/45 began in the fourth quarter of 1972.



An improved order rate from customers in the time sharing, publishing, and educational markets, in the fourth quarter, helped to increase shipments of the DECsystem 10. The DECsystem 10 is the most powerful system in the Digital product line. DECsystem 10 installations have continued to grow worldwide with more than 225 systems now in use.

Headquartered in Maynard, Massachusetts, Digital Equipment Corporation is the world's largest manufacturer of minicomputers. In addition, the company is a major producer of small, medium, and large scale computer systems, peripheral equipment, interfacing devices, software packages and support services.

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YEAR END OPERATING RESULTS

	Year Ended	
	<u>July 1, 1972</u>	<u>July 3, 1971</u>
Net Sales	\$187,553,000	\$146,849,000
Income Before Taxes	25,100,000	18,000,000
Provision for Income Taxes	9,800,000	7,400,000
Net Income	15,300,000	10,600,000
Average Number of Shares Outstanding	10,282,319	10,043,923
Income Per Share	1.49	1.06

**digital** EQUIPMENT CORPORATION  
MAYNARD, MASS. 01754

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Albert E. Mullin, Jr.  
(617) 897-5111 Ext. 5350

FOR RELEASE:  
October 24, 1972

**FOR REFERENCE**

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DIGITAL ANNOUNCES FIRST QUARTER RESULTS

MAYNARD, Mass.---October 24, 1972 - Digital Equipment Corporation (NYSE-DEC) today released first quarter results for the current fiscal year ending **June 30, 1973.**

Net sales of \$51,741,000 were reported for the first quarter which ended September 30, 1972, against \$38,412,000 for the corresponding period a year ago, an increase of 35 percent. Net income for the quarter amounted to \$3,427,000 as compared with \$2,940,000 for the comparable quarter last year, up 17 percent. On a per share basis, the company earned 33 cents versus 29 cents per share a year ago. Earnings per share were calculated on the basis of an average number of common shares outstanding which totaled 10,511,658 versus 10,244,211 shares last year.

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MODULES · COMPUTERS · SYSTEMS

Digital continued to benefit from the high level of customer demand for its mini-computers during the first quarter according to Kenneth H. Olsen, President. The increase in sales over a year ago and in the current order rate reflects the improvement in general business conditions, the wide acceptance of the PDP-8 and PDP-11 minicomputer systems, and improvement in shipments of the larger, more powerful DECsystem-10.

An increasing number of customers have been purchasing the PDP-11/45, a medium scale minicomputer, and the DECsystem-10. Since shipments began in the fourth quarter of 1972, more than a hundred PDP-11/45 systems have been shipped by Digital. The time-sharing service, educational and commercial markets have been particularly strong areas of demand for the DECsystem-10.

The company continued to penetrate both the OEM and its traditional markets - industrial, scientific, commercial, educational and medical-with a broad array of minicomputer systems and peripherals.

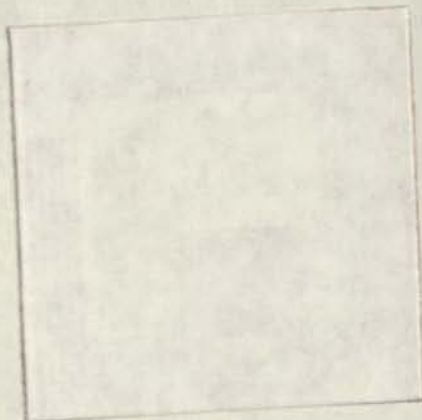
Headquartered in Maynard, Massachusetts, Digital Equipment Corporation is the world's largest manufacturer of minicomputers. Digital reported sales of \$187.5 million in Fiscal 1972 and employs more than 8,000 people worldwide.

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DIGITAL EQUIPMENT CORPORATION  
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OPERATING RESULTS FOR THE FIRST QUARTER ENDING :

	<u>September 30, 1972</u>	<u>October 2, 1971</u>
NET SALES	\$51,741,000	\$38,412,000
INCOME BEFORE TAXES	5,527,000	4,900,000
PROVISION FOR INCOME TAXES	2,100,000	1,960,000
NET INCOME	3,427,000	2,940,000
AVERAGE NUMBER OF SHARES OUTSTANDING	10,511,658	10,244,211
INCOME PER SHARE	.33	.29



LYBRAND, ROSS BROS. & MONTGOMERY

ACCOUNTANTS AND AUDITORS

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH	HARTFORD	SEATTLE

COOPERS & LYBRAND

IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 30, 1958 and the related statement of income and deficit for the period August 23, 1957 to June 30, 1958. 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 statements present fairly the financial position of Digital Equipment Corporation at June 30, 1958 and the results of its operations for the period then ended, in conformity with generally accepted accounting principles.

Boston, Massachusetts  
August 14, 1958

*Lybrand, Ross Bros. & Montgomery*

DIGITAL EQUIPMENT CORPORATION  
 STATEMENT OF INCOME AND DEFICIT  
 Period August 23, 1957 to June 30, 1958

Sales		\$94,029.05
Cost of goods sold		<u>46,199.33</u>
		47,829.72
Selling, general and administrative expenses		<u>55,136.44</u>
Operating loss		7,306.72
Other income:		
Interest	\$ 277.09	
Miscellaneous	<u>266.77</u>	<u>543.86</u>
		6,762.86
Other charges:		
Start up expenses of a nonrecurring nature	4,444.31	
Interest	<u>792.33</u>	<u>5,236.64</u>
Net loss for the period and deficit		
June 30, 1958		<u><u>\$11,999.50</u></u>

DIGITAL EQUIPMENT CORPORATION  
BALANCE SHEET

As at June 30, 1958

ASSETS

Current:

Cash			
Accounts receivable			\$37,766.27
Inventories, at the lower of cost or market:			22,679.93
Raw materials			
Work in process	\$ 5,984.62		
Finished goods	9,377.45		
	<u>5,547.38</u>	20,909.45	
Insurance and other prepayments			2,147.40
Total current assets			<u>63,503.05</u>
Equipment, at cost:			
Machinery	7,000.12		
Manufacturing equipment	1,701.02		
Furniture and fixtures	<u>2,428.02</u>		
	11,129.16		
Less allowance for depreciation			
Leasehold improvements at amortized cost	<u>922.13</u>	10,207.03	
			1,427.28
			<u>\$95,137.36</u>

LIABILITIES AND CAPITAL

Current:

Accounts payable			
Employees' withholdings			3,630.87
Accrued expenses:			872.33
Salaries and wages			
Taxes	884.89		
Interest	756.44		
	<u>792.33</u>	2,433.66	
Total current liabilities			6,936.86
Note, payable in eight annual instalments beginning January 29, 1960 (note)			30,000.00
Common stock, par value \$1.00 per share, authorized 1,000 shares, issued and outstanding 900 shares			900.00
Capital in excess of par value	69,300.00		
	<u>70,200.00</u>		
Profit	11,999.50	58,200.50	
			<u>\$95,137.36</u>

Note -- Under the terms of the 6% note payable it is provided among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.



LYBRAND, ROSS BROS. & MONTGOMERY

ACCOUNTANTS AND AUDITORS

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH	HARTFORD	SEATTLE

COOPERS & LYBRAND  
IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 30, 1959 and the related statement of income and retained earnings 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 statements present fairly the financial position of Digital Equipment Corporation at June 30, 1959 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 prior period.

Boston, Massachusetts  
August 6, 1959

*Lybrand, Ross Bros. & Montgomery*

DIGITAL EQUIPMENT CORPORATION  
BALANCE SHEET

As at June 30, 1959

ASSETS

Current:			
Cash			
Marketable securities, at cost which approximates market			\$ 55,291
Accounts receivable			109,444
Inventories, at the lower of cost or market:			110,423
Raw materials	59,846.62	\$ 55,666	
Work in process	9,377.45	30,780	
Finished goods	3,547.39	25,139	
Insurance and other prepayments			111,585
Total current assets			<u>3,039</u>
			389,782
Equipment, at cost:			
Machinery	7,000.02	28,775	
Manufacturing equipment	1,701.02	5,175	
Furniture and fixtures	2,428.02	9,010	
Motor vehicle		800	
	11,129.16	43,760	
Less allowance for depreciation		7,572	36,188
Leasehold improvements at amortized cost			<u>12,072</u>
			<u>\$438,042</u>

LIABILITIES AND CAPITAL

Current:			
Accounts payable			70,328
Note payable, instalment due January 29, 1960			3,750
Employees' withholdings			4,092
Accrued expenses:			
Salaries and wages		12,699	
Taxes		18,765	
Interest		1,571	
Provision for federal income taxes			33,035
Total current liabilities			<u>103,000</u>
Long-term debt (note A):			214,205
6% note, payable in seven equal annual instalments beginning in 1961 (instalment due January 29, 1960 shown above)		26,250	
6% note, payable in eight equal annual instalments beginning in 1961		<u>25,000</u>	51,250
Capital (notes B and C):			
Common stock, par value \$1.00 per share, authorized 100,000 shares, issued and outstanding 46,000 shares		46,000	
Capital in excess of par value		26,200	
		<u>72,200</u>	
Reserve for contingencies	\$10,000		
Retained earnings	<u>90,387</u>	100,387	172,587
			<u>\$438,042</u>

The accompanying notes to financial statements are an integral part of this balance sheet.

DIGITAL EQUIPMENT CORPORATION  
 STATEMENT OF INCOME AND RETAINED EARNINGS  
 Year Ended June 30, 1959

Net sales		\$775,570
Cost of goods sold		<u>334,862</u>
		440,708
Selling, general and administrative expenses		<u>225,512</u>
Operating profit (after deduction of depreciation and amortization of \$9,216)		215,196
Other income less other charges:		
Interest income	\$ 454	
Purchase discounts	2,156	
Miscellaneous	<u>51</u>	
	2,661	
Interest expense	<u>2,471</u>	<u>190</u>
Income before provision for federal income taxes		215,386
Provision for federal income taxes		<u>103,000</u>
Net income for the year		112,386
Deficit July 1, 1958		<u>(11,999)</u>
		100,387
Transfer to reserve for contingencies		<u>10,000</u>
Retained earnings June 30, 1959		<u><u>\$ 90,387</u></u>

The accompanying notes to financial statements are an integral part of this statement.

$$\frac{215}{775} = 27.7\%$$

DIGITAL EQUIPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 1959

- A - Under the terms of the 6% notes payable it is provided among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.
- B - In November, 1958, pursuant to vote of the stockholders, forty-nine shares of common stock, par value \$1.00 per share, were distributed for each of the 900 shares, par value \$1.00 per share, then outstanding and in connection therewith \$44,100 was transferred from capital in excess of par value to the common stock account.
- C - In November, 1958, 5,000 shares of unissued common stock were reserved for issue under stock options to be granted to officers, directors and key employees. In the period to June 30, 1959 options had been granted for 3,200 shares, of which options for 1,000 shares at \$2.00 per share were exercised. Of the 2,200 shares subject to outstanding options at June 30, 1959, 2,000 shares are exercisable within five years of option date at \$3.00 per share and 200 shares are exercisable on or before August 15, 1959 at book value.

Stock

LYBRAND, ROSS BROS. & MONTGOMERY  
ACCOUNTANTS AND AUDITORS

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH	HARTFORD	SEATTLE

COOPERS & LYBRAND  
IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 30, 1960 and the related statement of income and retained earnings 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 statements present fairly the financial position of Digital Equipment Corporation at June 30, 1960 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.

Boston, Massachusetts  
August 18, 1960

*Lybrand, Ross Bros. & Montgomery*

## DIGITAL EQUIPMENT CORPORATION

## BALANCE SHEETS

As at June 30, 1960 and 1959

## ASSETS

	<u>1960</u>	<u>1959</u>
Current:		
Cash		
Marketable securities, at cost which approximates market	\$ 25,566	\$ 55,291
Accounts receivable		109,444
Inventories, at lower of cost or market:	395,906	110,423
Raw materials	114,251	55,666
Work in process	70,807	30,780
Finished goods	<u>40,472</u>	<u>25,139</u>
Insurance and other prepayments	225,530	111,585
Total current assets	<u>5,005</u>	<u>3,039</u>
	652,007	389,782
Equipment, at cost:		
Machinery	34,977	28,775
Manufacturing equipment	5,649	5,175
Office furniture, fixtures and equipment	13,355	9,010
Motor vehicle	<u>800</u>	<u>800</u>
Less allowance for depreciation	54,781	43,760
	<u>17,404</u>	<u>7,572</u>
	37,377	36,188
Leasehold improvements at amortized cost	<u>17,124</u>	<u>12,072</u>
	<u>\$706,508</u>	<u>\$438,042</u>

## LIABILITIES AND CAPITAL

Current:		
Accounts payable	97,429	70,328
Notes payable, instalments due within one year	6,875	3,750
Accrued liabilities:		
Provision for federal income tax	124,400	103,000
Other taxes	26,083	18,765
Interest	1,930	1,571
Salaries and wages	18,553	12,699
Other	1,494	
Employees' withholdings	<u>9,951</u>	<u>4,092</u>
Total current liabilities	286,715	214,205
Long-term debt (less amount included in current liabilities (note A))	119,375	51,250
Capital (note B):		
Common stock, par value \$1.00 per share, authorized 100,000 shares, issued and outstanding 46,650 shares at June 30, 1960 and 46,000 shares at June 30, 1959	46,650	46,000
Capital in excess of par value	<u>28,078</u>	<u>26,200</u>
Total paid-in capital	74,728	72,200
Reserve for contingencies	10,000	10,000
Retained earnings	215,690	90,387
Total capital	<u>300,418</u>	<u>172,587</u>
	<u>\$706,508</u>	<u>\$438,042</u>

The accompanying notes to financial statements are an

DIGITAL EQUIPMENT CORPORATION  
 STATEMENTS OF INCOME AND RETAINED EARNINGS  
 Years Ended June 30, 1960 and 1959

	<u>1960</u>	<u>1959</u>
1 mil. Net sales	\$1,299,799	\$775,570
Cost of goods sold	<u>522,820</u>	<u>334,862</u>
	<u>776,979</u>	<u>440,708</u>
15% approx. Research and engineering expenses	186,433	72,476
Selling, general and administrative expenses	<u>342,120</u>	<u>153,036</u>
	<u>528,553</u>	<u>225,512</u>
Operating profit (after deduction of depreciation and amortization of \$12,915 and \$9,216, respectively)	248,426	215,196
Other income less other charges (including interest charges of \$5,830 and \$2,471, respectively)	<u>22</u>	<u>190</u>
Income before provision for federal income taxes	248,448	215,386
Provision for federal income tax	<u>123,145</u>	<u>103,000</u>
Net income for the year	125,303	112,386
Retained earnings (deficit) at beginning of year	<u>90,387</u>	<u>(11,999)</u>
	215,690	100,387
Transfer to reserve for contingencies	<u>          </u>	<u>10,000</u>
Retained earnings at end of year	<u>\$ 215,690</u>	<u>\$ 90,387</u>

The accompanying notes to financial statements are an integral part of these statements.

DIGITAL EQUIPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 1960

A - Long-term debt (including current instalments) comprised the following 6% notes issued to American Research and Development Corporation:

ARD  
notes

<u>Date of Issue</u>	<u>Balance June 30</u>	
	<u>1960</u>	<u>1959</u>
January 29, 1958	\$ 26,250	\$30,000
January 19, 1959	25,000	25,000
November 30, 1959	<u>75,000</u>	<u>      </u>
	<u>\$126,250</u>	<u>\$55,000</u>

These notes are each due in eight equal annual instalments with the first instalment due two years from the date of the note.

Under the terms of these notes payable it is provided among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.

The principal payments on these notes shall be subordinated to borrowings from banks maturing not more than one year from their respective dates.

B - At June 30, 1960, 3,350 shares of unissued common stock were reserved for issue under stock options granted or to be granted to officers, directors and key employees. The 2,000 shares subject to outstanding options at that date are exercisable at \$3.00 per share to February 11, 1964. Options were exercised during the year for 650 shares, 200 granted during the year ended June 30, 1959 and 450 granted during the year ended June 30, 1960. Of the total amount received for these shares (\$2,528), \$650 has been credited to capital stock account and \$1,878 to capital in excess of par value.

stock



LYBRAND, ROSS BROS. & MONTGOMERY  
ACCOUNTANTS AND AUDITORS

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH	HARTFORD	SEATTLE
PHOENIX	PORTLAND	

COOPERS & LYBRAND  
IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 30, 1961 and the related statement of income and retained earnings 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 statements present fairly the financial position of Digital Equipment Corporation at June 30, 1961 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.

Boston, Massachusetts  
August 16, 1961

*Lybrand, Ross Bros & Montgomery*

## DIGITAL EQUIPMENT CORPORATION

## BALANCE SHEETS

As at June 30, 1961 and 1960

## ASSETS

	<u>1961</u>	<u>1960</u>
Current:		
Cash	\$ 21,413	\$ 29,366
Marketable securities, at cost which approximates market	29,927	
Accounts receivable	416,723	395,906
Inventories, at lower of cost or market:		
Raw materials	283,368	114,251
Work in process	178,357	70,807
Finished goods	<u>256,978</u>	<u>40,472</u>
	718,703	225,530
Insurance and other prepayments	12,940	5,005
Total current assets	<u>1,199,706</u>	<u>652,007</u>
Leased equipment at cost less allowance for depreciation of \$18,859	60,343	
Equipment, at cost:		
Machinery	40,883	34,977
Manufacturing equipment	8,017	5,649
Office furniture, fixtures and equipment	18,248	13,355
Motor vehicle	<u>1,800</u>	<u>800</u>
	68,948	54,781
Less allowance for depreciation	<u>27,200</u>	<u>17,404</u>
	41,748	37,377
Leasehold improvements at amortized cost	<u>23,656</u>	<u>17,124</u>
	<u>\$1,325,453</u>	<u>\$706,508</u>

## LIABILITIES AND CAPITAL

Current:		
Accounts payable	111,388	97,429
Notes payable, instalments due within one year	16,250	6,875
Accrued liabilities:		
Provision for federal income tax	323,000	124,400
Other taxes	65,576	26,083
Salaries and wages	39,106	18,553
Other	2,989	3,424
Employees' withholdings	<u>20,708</u>	<u>9,951</u>
Total current liabilities	579,017	286,715
Long-term debt (less amount included in current liabilities (note A))	103,125	119,375
Capital (note B):		
Common stock, par value \$1.00 per share, authorized 100,000 shares, issued and outstanding 46,650 shares	46,650	46,650
Capital in excess of par value	<u>28,078</u>	<u>28,078</u>
Total paid-in capital	74,728	74,728
Reserve for contingencies	10,000	10,000
Retained earnings	<u>558,583</u>	<u>215,690</u>
Total capital	<u>643,311</u>	<u>300,418</u>
	<u>\$1,325,453</u>	<u>\$706,508</u>

The accompanying notes to financial statements are an

DIGITAL EQUIPMENT CORPORATION  
 STATEMENTS OF INCOME AND RETAINED EARNINGS  
 Years Ended June 30, 1961 and 1960

	<u>1961</u>	<u>1960</u>
Net sales	\$2,648,100	\$1,299,799
Leased equipment revenues	9,543	
	<u>2,657,643</u>	<u>1,299,799</u>
Cost of goods sold	912,542	522,820
Depreciation on leased equipment excluding \$10,374 charged to selling expense	8,485	
	<u>921,027</u>	<u>522,820</u>
	<u>1,736,616</u>	<u>776,979</u>
Research and engineering expenses	383,308	186,433
Selling, general and administrative expenses	682,079	342,120
	<u>1,065,387</u>	<u>528,553</u>
Operating profit (after deduction of depreciation and amortization of \$35,341 and \$12,915, respectively)	671,229	248,426
Other income less other charges (including interest charges of \$7,396 and \$5,830, respectively)	5,580	22
Income before provision for federal income taxes	676,809	248,448
Provision for federal income taxes	333,916	123,145
Net income for the year	342,893	125,303
Retained earnings at beginning of year	215,690	90,387
Retained earnings at end of year	<u>\$ 558,583</u>	<u>\$ 215,690</u>

The accompanying notes to financial statements are an integral part of these statements.

DIGITAL EQUIPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 1961

A - Long-term debt (including current instalments) comprised the following 6% notes issued to American Research and Development Corporation:

<u>Date of Issue</u>	<u>Balance June 30</u>	
	<u>1961</u>	<u>1960</u>
January 29, 1958	\$ 22,500	\$26,250
January 19, 1959	21,875	25,000
November 30, 1959	<u>75,000</u>	<u>75,000</u>
	<u>\$119,375</u>	<u>\$126,250</u>

These notes are each due in eight equal annual instalments with the first instalment due two years from the date of the note.

The terms of these notes provide among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.

The principal payments on these notes shall be subordinated to borrowings from banks maturing not more than one year from their respective dates.

- At June 30, 1961 there were outstanding options under the company's restricted stock option plan for the purchase of 2,000 shares of stock at \$3.00 per share. These options are exercisable at any time until February 11, 1964. An additional 1,350 shares of authorized but unissued stock were reserved at June 30, 1961 for options not yet granted.

stock

See FY 62-67 summaries on  
67 AR.

( $\$$  1,100,000  
New financing  
long + short)

LYBRAND, ROSS BROS. & MONTGOMERY  
ACCOUNTANTS AND AUDITORS

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH	HARTFORD	SEATTLE
PHOENIX	PORTLAND	

COOPERS & LYBRAND  
IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 30, 1962 and the related statement of income and retained earnings 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 statements present fairly the financial position of Digital Equipment Corporation at June 30, 1962 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.

Boston, Massachusetts  
August 10, 1962

*Lybrand, Ross Bros. & Montgomery*

DIGITAL EQUIPMENT CORPORATION  
BALANCE SHEETS

As at June 30, 1962 and 1961

ASSETS

	1962	1961
Current:		
Cash	\$ 342,006	\$ 21,413
Marketable securities		29,927
Accounts receivable	952,116	416,723
Inventories, at lower of cost or market:		
Raw materials	567,217	283,368
Work in process	1,268,587	178,357
Finished goods	691,295	256,978
Prepaid expenses	2,527,099	718,703
Total current assets	<u>24,154</u>	<u>11,319</u>
Fixed equipment at cost less allowances for depreciation 1962, \$48,363; 1961, \$18,859	3,845,375	1,198,085
Machinery and equipment at cost less allowances for depreciation of \$59,865 and \$27,200	31,137	60,343
Household improvements at amortized cost	261,905	41,748
Unearned surrender value of life insurance	35,742	23,656
	<u>3,204</u>	<u>1,621</u>
	<u>\$4,177,363</u>	<u>\$1,325,453</u>

LIABILITIES AND CAPITAL

Current:		
Notes payable to bank	800,000	
Accounts payable	432,676	132,096
Accrued liabilities:		
Salaries and wages	96,355	39,106
Royalties	45,547	
Other	21,120	2,989
Provision for federal income tax	743,695	323,000
Provision for Massachusetts excise and other taxes	142,604	65,576
Notes payable to parent company (note A)	<u>316,250</u>	<u>16,250</u>
Total current liabilities	2,598,247	579,017
Notes payable to parent company (note A)	86,875	103,125
Capital (note B):		
Common stock, par value \$1.00 per share, authorized 100,000 shares, issued and outstanding 49,250 shares and 46,650 shares	49,250	46,650
Capital in excess of par value	67,228	28,078
Total paid-in capital	116,478	74,728
Reserve for contingencies	10,000	10,000
Retained earnings	1,365,763	558,583
Total capital	<u>1,492,241</u>	<u>643,311</u>
	<u>\$4,177,363</u>	<u>\$1,325,453</u>

The accompanying notes to financial statements are an integral part of these balance sheets.

DIGITAL EQUIPMENT CORPORATION  
 STATEMENTS OF INCOME AND RETAINED EARNINGS  
 Years Ended June 30, 1962 and 1961

	<u>1962</u>	<u>1961</u>
sales	\$6,466,752	\$2,648,100
deductible equipment revenues	<u>68,750</u>	<u>9,543</u>
	6,535,502	2,657,643
Cost of goods sold	* 5% - 2,851,694	921,092
Depreciation on leased equipment excluding 10,374 charged to selling expense in 1961	<u>29,503</u>	<u>8,485</u>
	2,881,197	929,577
	3,654,305	1,728,066
Research and engineering expenses	<u>613,549</u>	<u>374,758</u>
Selling, general and administrative expenses	<u>1,352,694</u>	<u>682,079</u>
	1,966,243	1,056,837
Operating profit (after deduction of depreciation and amortization of \$73,488 and \$35,341)	1,688,062	671,229
Interest charges less other income (including interest charges of \$24,454 and \$7,396)	<u>20,882</u>	<u>(5,580)</u>
Income before provision for federal income taxes	1,667,180	676,809
Provision for federal income taxes	<u>860,000</u>	<u>333,916</u>
Net income for the year	<u>807,180</u>	<u>342,893</u>
Retained earnings at beginning of year	<u>558,583</u>	<u>215,690</u>
Retained earnings at end of year	<u>\$1,365,763</u>	<u>\$ 558,583</u>

The accompanying notes to financial statements are an integral part of these statements.

$$\frac{1667}{6466} = 25.78\%$$

DIGITAL EQUIPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 1962

- Notes payable to parent company comprise the following 6% notes issued to American Research and Development Corporation:

<u>Date of Issue</u>	<u>Balance June 30</u>	
	<u>1962</u>	<u>1961</u>
January 29, 1958	\$ 18,750	\$ 22,500
January 19, 1959	18,750	21,875
November 30, 1959	65,625	75,000
June 25, 1962	<u>300,000</u>	<u>          </u>
	<u>\$403,125</u>	<u>\$119,375</u>

The first three notes are each due in eight equal annual instalments with the first instalment due two years from the date of the note. The note dated June 25, 1962 is due on June 25, 1963.

The terms of these notes provide among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.

The principal payments on these notes shall be subordinated to borrowings from banks maturing not more than one year from their respective dates.

- At June 30, 1962 there were outstanding options under the company's restricted stock option plan to purchase 1,250 shares at \$3.00 per share and 2,400 shares at \$30.50 per share. Options to purchase 750 shares at \$3.00 per share were exercised during the year ended June 30, 1962.

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LYBRAND, ROSS BROS. & MONTGOMERY  
ACCOUNTANTS AND AUDITORS

COOPERS & LYBRAND  
IN AREAS OF THE WORLD  
OUTSIDE THE UNITED STATES

Digital Equipment Corporation  
Maynard, Massachusetts

We have examined the balance sheet of Digital Equipment Corporation as at June 29, 1963 and the related statement of income and retained earnings 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 statements present fairly the financial position of Digital Equipment Corporation at June 29, 1963 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.

Boston, Massachusetts  
July 31, 1963

*Lybrand, Ross Bros. & Montgomery*

DIGITAL EQUIPMENT CORPORATION  
 STATEMENTS OF INCOME AND RETAINED EARNINGS  
 Years Ended June 29, 1963 and June 30, 1962

	<u>1963</u>	<u>1962</u>
<sup>new</sup> Net sales and equipment rentals	\$9,902,798	\$6,535,502
Cost of goods sold	<u>4,207,210</u>	<u>2,881,197</u>
Gross profit	<u>5,695,588</u>	<u>3,654,305</u>
Research and engineering expenses	1,190,241	613,549
Selling, general and administrative expenses	<u>2,096,902</u>	<u>1,352,694</u>
	<u>3,287,143</u>	<u>1,966,243</u>
Operating profit (after deduction of depreciation and amortization of \$166,916 and \$73,488)	2,408,445	1,688,062
Other charges less other income (including interest charges of \$34,818 and \$24,454)	<u>5,289</u>	<u>20,882</u>
Income before provision for federal income taxes	2,403,156	1,667,180
Provision for federal income taxes	<u>1,245,000</u>	<u>860,000</u>
Net income for the year	1,158,156	807,180
Retained earnings at beginning of year	1,365,763	558,583
Transfer from reserve for contingencies	<u>10,000</u>	<u>          </u>
Retained earnings at end of year	<u><u>\$2,533,919</u></u>	<u><u>\$1,365,763</u></u>

The accompanying notes to financial statements are an integral part of these statements.

DIGITAL EQUIPMENT C  
BALANCE SHEET  
As at June 29, 1963 and

ASSETS	<u>1963</u>	<u>1962</u>
Current:		
Cash	\$ 315,593	\$ 342,006
Marketable securities	299,171	
Accounts receivable	1,356,083	952,116
Inventories, at lower of cost or market:		
Raw materials	462,061	567,217
Work in process	1,168,780	1,268,587
Finished goods	<u>605,484</u>	<u>691,295</u>
	2,236,325	2,527,099
Prepaid expenses	<u>43,802</u>	<u>24,154</u>
Total current assets	4,250,974	3,845,375
Investments in wholly owned foreign subsidiaries, at cost	6,000	
Leased equipment at cost less allowances for depreciation of \$81,410 and \$48,363	134,644	31,137
Machinery and equipment at cost less allowances for depreciation of \$163,382 and \$59,865	396,195	261,905
Leasehold improvements at amortized cost	49,211	35,742
Cash surrender value of life insurance	4,813	3,204
	<u>\$4,841,837</u>	<u>\$4,177,363</u>

The accompanying notes to financial statements are an integral part of these balance sheets.

CORPORATION

AT

June 30, 1962

LIABILITIES AND CAPITAL

	<u>1963</u>	<u>1962</u>
Current:		
Notes payable to bank	<i>pd.</i> <u>                    </u>	\$ 800,000
Accounts payable	\$ 506,320	432,676
Accrued liabilities:		
Salaries and wages	115,804	96,355
Royalties	69,468	45,547
Other	40,172	21,120
Provision for federal income tax	857,819	743,695
Provision for Massachusetts excise and other taxes	<i>refin.</i> 199,882	142,604
Notes payable to parent company (note A)	<u>16,250</u>	<u>316,250</u>
Total current liabilities	1,805,715	2,598,247
Notes payable to parent company (note A)	<u>370,625</u>	86,875
Capital (note B):		
Common stock, par value \$1.00 per share, authorized 100,000 shares, issued and outstanding 50,650 shares and 49,250 shares	50,650	49,250
Capital in excess of par value	<u>80,928</u>	<u>67,228</u>
Total paid-in capital	131,578	116,478
Reserve for contingencies		10,000
Retained earnings	<u>2,533,919</u>	<u>1,365,763</u>
Total capital	<u>2,665,497</u>	<u>1,492,241</u>
	<u>\$4,841,837</u>	<u>\$4,177,363</u>

Financial statements are an  
attached sheets.

DIGITAL EQUIPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 29, 1963

A - Notes payable to parent company comprise the following 6% notes issued to American Research and Development Corporation:

<u>Date of Issue</u>	<u>1963</u>	<u>1962</u>
January 29, 1958	\$ 15,000	\$ 18,750
January 19, 1959	15,625	18,750
November 30, 1959	56,250	65,625
June 25, 1962		300,000
June 25, 1963	<u>300,000</u>	
	<u>\$386,875</u>	<u>\$403,125</u>

*refine*

The first three notes are each due in equal instalments with the final instalment due nine years from the date of the note. The note dated June 25, 1962, due on June 25, 1963, was renewed to mature on June 25, 1966.

The terms of these notes provide among other things that dividend payments, without the prior written consent of the holder, will be limited to 50% of the net income for the preceding fiscal year.

The principal payments on these notes shall be subordinated to borrowings from banks maturing not more than one year from their respective dates.

B - At June 29, 1963 there were outstanding options under the company's restricted stock option plan to purchase 250 shares at \$3.00 per share and 2,200 shares at \$30.50 per share. Options to purchase 1,000 shares at \$3.00 per share and 200 shares at \$30.50 per share were exercised during the year ended June 29, 1963.

*1200?*

C - Portions of the company's sales are made under contracts which may be subject to renegotiation. A statement that sales for fiscal 1961 were not subject to renegotiation has been filed with the Renegotiation Board and, since the Board has not commenced renegotiation proceedings within the period provided by statute, the company believes that year has been closed. The company believes it will be able to file similar statements for fiscal 1962 and 1963.