1776:

Measure

Has it started all over again

☐ Thank goodness George III isn't still around trying to run The Empire the way he did back in the 18th century. Otherwise those playful modern Minutemen on the cover would still be firing real bullets from their muskets. And the make-believe British regulars below, calmly approaching Old North Bridge in Concord, Massachusetts, where the shooting started in 1775, would have to take after them on the double with those real bayonets.

And what if — this time — they won? What if they adapt to woodman's tactics, if Paul Revere's horse stumbles, George Washington sticks to farming, or King George revokes the Stamp Act and so on?

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No chance, say today's Minutemen. For years now they've been reenacting the skirmishes of Concord and Lexington and other battlefields. And each time, without fail, King George's men ultimately take it on the chin from General George's.

The American Revolution and the subsequent founding of the Republic are providing quite a few HP people with an opportunity to participate in their local history. This is generally true of those folk living within the borders of the original American colonies—and especially true of those in Massachusetts where so much of the early revolutionary action took place.

For example, Waltham Division's Ron MacInnis and Andover Division's John Sullivan have been serving for a number of years as troopers in the Sudbury Minute Militia. Their predecessors responded to a call to arms in April 19, 1775, a day celebrated with considerable vigor in the state as "Patriot's Day." As you might have guessed in such a stronghold of tradition, the wives of Ron and John were called on to design and tailor the men's uniforms. It is also noteworthy that the Sudbury troop holds its regular muster at the Way-

If these bluecoats of General George Washington's Continental Army get carried away by their enactment of an 18th Century bayonet charge, they may claim one HP photographer as a victim.

A pageant dear to the hearts of New Englanders was reenacted this past April 19 at Concord, Massachusetts. Known as Patriot's Day, it commemorates the start of military hostilities on that date in 1775 between the redcoated British 10th Regiment (at left), and the rebellious American farmers calling themselves Minutemen. A number of HP people participate in these return engagements which reached their peak during this past year of bicentennial celebration.

3

all over again?

side Inn just as it did 200 years ago. No wonder they're happy warriors.

Another purposeful Minuteman Company exists nearby in the town of Stow, of which Orrin Benjamin of HP's Bear Hill annex is a ten-year member. The company was formed in 1775 to protect Henry Gardner who the town elected to receive tax monies in place of the King's treasurer, who naturally became upset and incensed at the loss. So each year the Stow men march again to Concord to become members of the Continental Army and to have it out with the Redcoats of King George.

Still another Minuteman is Waltham's Bob Bannister of the Assabet Village Company. An Assabet Minuteman was the first Colonist wounded at the battle of Concord, April 19, 1775, threby becoming one of the very first casualties of the revolution. So strenuous were last year's bicentennial celebrations that Bob himself almost became a casualty of exhaustion, but managed to escape in time to Florida, a retreat unknown to the Assabet originals.

Perhaps the most interesting bicentennial participation is that undertaken by Dick Bonney of Waltham's Cardiography department. Through his late father's and now his mother's presidency of the West Roxbury Historical Society, Dick has been taking on volunteer assignments to do historical research and photography. The photos, showing West Roxbury and its people of today, will be preserved and displayed during the nation's tricentennial in the year 2076.

Let's hope so. □
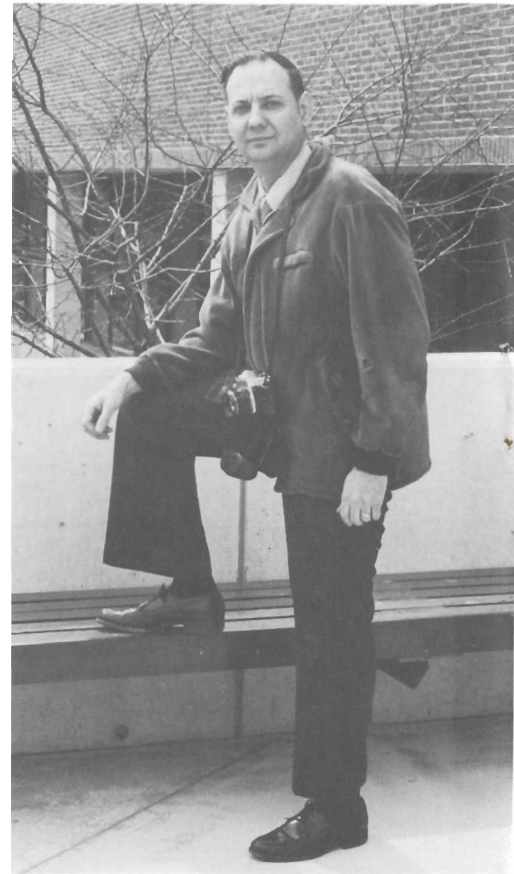
Looking forward to the year 2076 is Waltham Division's Dick Bonney. Dick has been devoting much time off the job to photographing his town of West Roxbury and its people for display 100 years hence during the celebration of the nation's tricentennial.

From Massachusetts to Maine, the New England militia and minutemen are sticklers for authentic costumes and cannon. The guns sound real enough to scare every dog for miles around. It's a lot of fun for the HP people involved.

Concord's Wayside Inn, at left, provides a fitting background for HP's Ron MacInnis and his wife, Joyce, members of the Sudbury Minute Company. The Inn was headquarters for the company back in the years of real revolution. Having fortified himself at the Inn, Ron now can be seen below on Old Muster Field with fellow Minuteman John Sullivan of Andover Division.

Orrin Benjamin, machine operator at the Andover Division, takes the part of a Stow Minuteman. Because Minutemen were frontier-trained and lacking in formal military traditions, their guerilla tactics often were very effective.

Maryanne Bigwood, a clerk in the Waltham order processing department, adds a touch of authentic costuming to the Sudbury team.
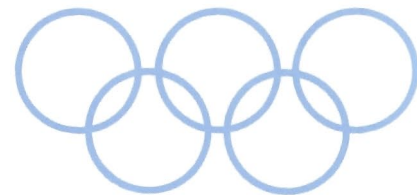
A dozen HP gas chromatographs will conduct the initial drug screening of winning Olympic athletes. Half the equipment is being loaned by the company.

Keeping the Olympics drug free:

The real champion at Montreal

☐ The pressures to win an Olympic event are enormous: ideological prestige, national honor, and personal glory are all put to work on the young athletes. To gain a needed margin for victory, many of them in past Olympiads — as far back as the Greek and Roman games—have taken potent stimulants and other performance-enhancing drugs. Some have undoubtedly won because of this usage, while several have died and others suffered serious health problems from it.

Fortunately, the International Olympic Committee began a program of deterrance at the 1968 Olympics in Mexico City. At the Munich games four years later, the drug-detection program became a real factor: twelve cases of drug taking

were discovered by a system using HP's gas chromatography equipment. This coming July in Montreal the setup is going to be the most elaborate and extensive ever undertaken. HP equipment is on the scene in a big way, with half of it on loan for the duration of the games.

Dr. Robert Dugal, associate professor at the University of Quebec, described the program he heads: "We will use the same basic concept of testing for drugs as in Munich. However, we have adapted it to reflect recent advances in instrument technology and methods of chemical analysis.

"Our prime concern has been to develop a sensitive, completely accurate and fast system."

The Olympic lab, operated by the Uni-

versity's Institut National de la Recherche Scientifique, stands ready to analyze more than 3,000 urine samples during the games. After every event, the lab will process samples from the top four finishers as well as other competitors picked at random.

The testing is to be done with the use of HP gas chromatographs, laboratory automation systems, and computerized gas chromatograph/mass spectrometer systems (GC/MS). Twelve GC's, which separate chemical compounds into their identifiable components, are controlled by two computer laboratory data systems capable of recognizing any of 200 drugs that may be used. When found, such a sample will be put to further test on the

This HP equipment, composed of two gas chromatograph/ mass spectrometer systems, will perform the final analysis of suspected drug violations at the Montreal Olympiad this coming July.

may be a machine

lab's two GC/MS systems for confirmation and quantitative measurement.

One Olympian at least is quite aware of the situation. He is David Anear, an Instrument Group service engineer in the Melbourne, Australia, office, and HP's only known athletic representative at Montreal. David is an archer of international standing but, much as he might like to, David will not be consuming any of Australia's nerve-steadying Tiger beer as an aid to accuracy on the Olympic archery range. He knows that Tiger would be just a sitting duck for Montreal's chemical detection system. □

Dave Anear of HP's Melbourne, Australia, office practices during lunch hour for his Olympic shootout. Archery has obviously come a long way since the days of simple curved bows, and Dave is one of the world's best.

3000 Series II: HP's new maxi mini

☐ Last month HP had a new answer to the following questions:

● Which HP product carries the highest price tag?
● Which is the largest HP computer product?
● Which HP product is the first to provide general-purpose data processing for business?

The answer to those questions was unveiled to the world last month at press conferences in New York, Paris, Dusseldorf and Stockholm: The HP 3000 Series II, a new generation of general purpose 3000 Series computers ranging in price from $110,000 to $350,000 each.

All the evidence indicates that HP has large expectations for the Series II computers. The basis of those expectations was spelled out at the various conferences.

In New York, Computer Group general manager Paul Ely noted that Series II sits squarely astride the mainstream of distributed processing, the fastest-growing segment of the computer industry. "This segment," he said, "includes the most commonly used small-business computers as well as the big general-purpose computers widely used to solve such operational tasks as order entry, inventory control, and production scheduling.

"This is a billion-dollar business that is growing between 30 and 50 percent a year," said Ely. "Large companies are buying new machines in this class to distribute their computing systems, and many organizations see them as providing the means to move into data communications in order to manage their growing data bases.

"Hewlett-Packard has devoted substantial resources to meeting those needs," Ely continued. "The result is the 3000 Series II computers with the ability to handle workloads two to six times greater than anything we have offered before, with more convenience for the user, and with greater reliability at lower cost."

He added that "New computers are often announced long before they go into production. These are different: we have put 3000 Series II production models

through months and months of testing prior to this introduction, to satisfy ourselves that our goals have been attained." (One such test conducted last month saw 63 terminals hooked to a Series II computer, all operating simultaneously.)

Ed McCracken, general manager of HP's General Systems Division which has responsibility for 3000 Series products, said the Series II computers should spur the growth of distributed computing systems. That kind of computing, he said, requires a broadly useful, general purpose type of computer such as the Series II. At the same time, since the new 3000 Series products are less expensive than most such computers, they can be expected to find wide usage in distributed computing networks.

"Customers more and more want a computer whose full power can be commanded from the keyboard of a terminal, with many such terminals operating at the same time," McCracken said. "Every user thus can obtain data easily and quickly, and change or update the stored data without keypunching. A machine of this type is the logical move upwards for the smaller organization that is outgrowing its minicomputer or small business computer."

McCracken pointed out that it is also the logical move for larger organizations who are outpacing their big central computers in managing such areas as inventory, manufacturing and distribution on a decentralized basis. For example, as HP has become increasingly diversified and decentralized, HP has solved more and more data-processing problems with decentralized networks of terminals and interactive computers linked with one another and with large central machines.

Bill Krause, GSD's marketing manager, put the marketing picture for the three Series II models into perspective: "We think Model 5 (base price $110,000) will

computer

compete effectively with the so-called 'super-mini's'. Model 7 ($150,000 base price) seems a logical upgrade from the small-business computers. Model 9 ($190,000 base) is configured to compete against full-scale general-purpose computers—although it is much less expensive."

Let's face it. What these HP people are saying is that these new HP machines will be attracting head-on competition from products of the big mainframe computer companies (as well as mini makers). Those firms recently have been shifting their focus downward from their traditional big central computer systems to distributed systems and small-business machines.

Built on HP's solid experience in small-computer technology and architecture, the Series II machines look like worthy and well-tested contenders in those fields.

What a 3000 Series II Computer can do for you...

By itself, an HP 3000 Series II computer can provide all the computer power needed by a small-to-medium size organization — the size of a typical HP division, for example. In fact, today many HP divisions are using 3000 computers for their own data processing needs. One reason for the growing acceptance of the 3000s is the ease with which they can be operated. They can do traditional "batch" jobs — many at once — with cards or tape. But unlike most computers, they can also become simultaneously available to many different keyboard terminal users — as many as 63 at a time. Each user has command of the computer's full power, quickly obtaining and processing data as if the machine had nothing else to do (the terminals usually are local, but may also be remote via telephone lines). As an organization grows, it can expand its Series II computer greatly. A 3000 Series II computer can be connected to a larger central processing computer system or to other 3000 Series II computers in a distributed network. □

A Model 9 of HP's new 3000 Series II computer systems is a real "super-mini" machine with a wide range of general-purpose business applications. Prices of the new computer can range from $110,000 to $350,000. Individually, one can support many terminals. In combination with other 3000 Series II computers, and large central computers, it can provide decentralized organizations with a network that offers highly efficient "distributed" computing capability.

Tully Knoles (left), a retired assistant superintendent of the Palo Alto schools, has enjoyed serving on scholarship selection committees at HP and other companies for the past three years. For Carol Rinna, personnel assistant at Delcon Division, it was the first time. "These kids are very active and poised," Carol commented later. "I got so much enjoyment and insight out of these interviews, I went home that day feeling very excited." The poised young man in this case is Jim Kelly, who works about fifteen hours a week, enjoys the theater, and wants to be a dentist.

Your dollars aid 98 scholars

☐ Anyone who thinks the world is going to the dogs hasn't met an HP scholarship winner. And those who see today's teenagers as a generation of half-educated TV addicts and dropouts had better look again. The future doers and thinkers, the leaders and planners, the scientists, humanitarians and businesspeople are also among them. And judging from this year's recipients of HP scholarship awards, their parents and schools are preparing them well.

This is the "do-your-own-thing" generation. Michele was stage manager for the school play, and Kenneth builds and flies rockets. Paula wants to be a forest ranger, Jim enjoys Shakespeare, and Janice narrowly missed getting into the Air Force Academy. Although many have a different view of success than their parents, they are highly motivated.

For all their differences, they have at least two things in common. They're all sons and daughters of HP employees, and they will all receive $750 checks from the HP scholarship fund when they enroll in college next fall.

The spirit of Christmas gave birth to the HP scholarship program in 1951. The company was getting too big for the traditional employee Christmas party and gift-giving. The scholarship program was a way of channeling the growing amounts that were being spent this way into something more lasting. A scholarship trust fund and a board of trustees were established, and a selection committee was appointed to screen the applicants. One $500 scholarship was awarded the following spring.

The program works pretty much the way it did then, except that the fund drive is now conducted in March and April instead of at Christmastime. Annual contributions and income from the trust fund have grown to the point that 98 scholarships were awarded this year.

The number of scholarships given in each geographical area depends on the amounts contributed by the HP people working there. So the selection process can be a matter of choosing two winners from four applicants in a small outlying division, or of narrowing a field of 92 down to 43, as in the Bay Area. Either way, all the applicants usually have such good scholastic qualifications that the choices are not easy to make. There were 221 applicants this year for the 98 scholarships awarded across the country.

Selection committees are made up of both HP people and local citizens. They may be school board members, retired professionals, business leaders, or homemakers. In the Bay Area, pre-selection committees screen out some students on the basis of the written applications, and other committees make the final choices after personal interviews. "It's really satisfying to meet all these bright young people, but making the selections is tough," said Jerry Hansen, a school district official who served on a Bay Area committee.

The selection teams are given the criteria to be used in their judging — scholastic marks and test scores, extracurricular activities, work experience, letters of recommendation, career objectives and financial need — but they're not told what weight or priority should be given to each one. Two pages of explanatory notes offer guidelines for considering each factor in relation to others. For instance: "An applicant who has been constantly employed in a time-consuming job after school will not have been able to participate in most extracurricular activities." A student's job ex-

Robert Packard (no relation to HP's chairman) has straight-A grades and is going to Harvard in the fall. He qualified for an honorary Harvard scholarship, but his family didn't meet the requirement of financial need. He's president of his class, a Little League baseball coach and a tennis player. He plans to study engineering and computer science and apply them to medicine.

Jocelyn Ho plans to live at home during her first year in engineering at San Jose State. When she worked at a McDonald's restaurant she was able to save two-thirds of her earnings, and she has an HP job for this summer. She also received a scholarship award from Bank of America. She's never been a poor loser, she says, but "I always put pressure on myself to win."

It would seem a nerve-wracking ordeal for a teenager to be ushered to the head of the long boardroom table to answer questions from six distinguished-looking strangers. But the students take it in stride, and members of the selection committee quickly put them at ease with their casual manner and wit. Second-year committee member Dr. Glen Toney, a Palo Alto school official, said of his role: "It's a job I really enjoy, but I also find it frustrating because they're all so deserving."

perience during the school year may be more significant than summer work, according to the guidelines. And a student with brothers and sisters of college age may have a greater financial need.

The committees ask probing questions on such subjects in the interviews. They discuss and weigh the information carefully, and try to be as objective as possible in making their choices. The members don't always agree on how to apply the instructions. Don Hammond of HP Labs, who served on one committee, feels that the scholarship should recognize achievement rather than need. "Some people think financial need should be an important consideration, but I don't think it should weigh very heavily at all," he said during a break between interviews.

No matter how the guidelines are applied, HP scholarship applicants are generally such outstanding young people that it's difficult to eliminate any of them. Most combine work and a variety of outside activities with school, and still maintain good grades. Some have already saved a great deal of money to use for their education. Many have definite career objectives. And one can't help but be impressed

at how poised and articulate they are in the interview situation.

In the Bay Area, each interview lasts ten minutes. In a small division such as McMinnville (Oregon), where there were three applicants for one scholarship, the selection committee can talk to each student for 30 or 40 minutes. But that doesn't make the decision any easier. "We had three very qualified applicants this year," said Blanche McCormick, who coordinated the program at McMinnville. "I think the committee had a difficult job."

Sometimes the scholarship program produces important community-relations side effects. At Avondale (Pennsylvania) Division, the headmaster of a prestigious private school located just across the state line in Delaware served on the selection committee. This led to a continuing relationship with the school that turned out to be beneficial for both the company and the institution.

As HP's Joe Terone told it, "When the two outside members of the committee came up here we gave them a tour of the facility and they were very impressed. As a result of that, the head of the school's science department and one of the science

teachers were also given a tour and were impressed with HP. Now we've arranged for one of their classes to come through and see a demonstration of our gas chromatograph and the mass spectrometer made at SID." In addition, HP employee Fran Durbin, who was also on the selection committee, was invited to the school to speak on the changing role of women in business. All such contacts earn good will for HP and help fulfill the company's objective of good corporate citizenship.

In the 25 years since it started, the HP scholarship program has given awards totalling $476,000 and has helped more than 600 students get started in college. Not all of them have finished — there are scholarship winners that have quit school to join the Marines, get married, and even to go to work for HP — but most have earned their degrees. A recent survey showed that they and their parents are very thankful for the help. As one parent wrote: "It's good to know that so many HP people recognize the importance of education for our children." □
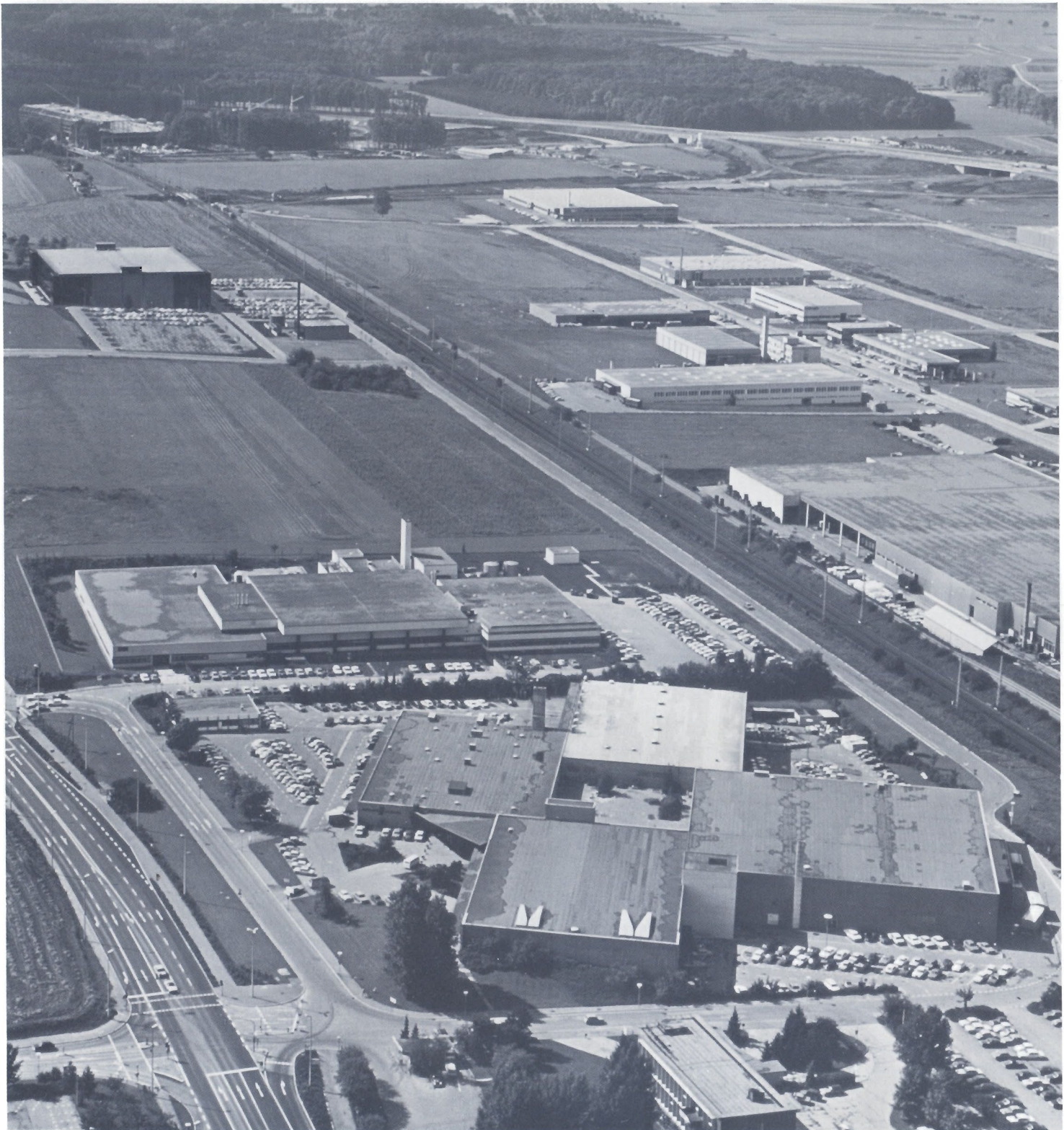
Although the new "Work II" HP building at Boeblingen seen at top left of the photo is separated from the original building at bottom by a non-company property, many steps have been taken to bolster communication as well as individual identity of the new divisional organizations. A company road puts the two locations in easy shuttle range. The new building is home for Boeblingen Instrument Division which previously was spread over many locations in Work I.

The new look at Boeblingen

It seems such a short time ago that all of HP's manufacturing operations in West Germany were conducted by the "Boeblingen Division." And most of those operations were confined within one major building, plus a couple of satellite activities involving systems and analytical products.

That's all been changed during the past year. The lineup in West Germany now includes the Boeblingen Instrument Division, the Boeblingen Medical Division, the Waldbronn Analytical Division (still located for the time being in Groetzingen), Calculator Operations Europe, Computer Systems Europe, Parts Center Europe, as well as administration, distribution and facility management. A large new building just down the road from the original HP plant has provided the necessary room and opportunity for the reorganization.

Let's take a look at that new look:

Here are some scenes that reflect the new working environment at Boeblingen. Clockwise from below: apprentices receive instruction in assembly techniques; a technician checks data; circuit loaders take a break for lunch; an order for parts is filled in Parts Center Europe; a nearly completed oscilloscope is tested for quality. If you get the impression that this is a very typical HP operation — you're right!

HP NEWS

Three key management changes

PALO ALTO — Three key management changes were announced by the HP board of directors meeting here on May 21.

President Bill Hewlett announced the retirement of Frank Cavier, 65, as vice president and secretary. The board elected Jean Chognard to the newly created position of vice president-patents and licenses, and Jack Brigham as secretary and general counsel of the company.

Frank Cavier joined HP in 1942, and was appointed secretary-treasurer and a member of the board when the company was incorporated in 1947. Frank became vice president-finance in 1957 and vice president and secretary in 1963. He will continue to serve as a director of the company until HP's annual meeting of shareowners next February. Several hundred of Frank's many friends in the company gave him a festive farewell in Palo Alto on June 1.

First-half cash profit-sharing

PALO ALTO — On May 20 President Bill Hewlett reported on HP's cash profit-sharing results for the first six months of this year: "I am afraid that as you may have guessed the bonus is not one of our best as it will be 5½ percent as compared to 6⅔ percent for the first half of 1975. The profit sharing will be paid on May 28.

"The actual total dollars to be distributed will be $9.6 million, a 7 percent decrease from the first half of last year. As you may remember, we had a very poor start this year, earning only 54¢ in the first quarter compared to 67¢ last year, a 19 percent decline. On the other hand, we have just completed our second quarter and the results are much better — 85¢ versus 87¢ last year. Thus we are very much headed in the right direction but we just could not catch up in view of our poor start in the first quarter.

"To compound the problem of having fewer dollars to distribute, we have had a 13 percent increase in the base eligible earnings amongst whom these dollars must now be distributed. These two factors combined to drive the bonus percentage figure down.

"Have a good summer and keep the ball rolling."

Lauhon to head new division

PALO ALTO — Tom Lauhon, managing director of HP Singapore, will return to the U.S. to head a new service division within Computer Systems Group. The appointment was announced by Paul Ely, Group general manager.

The new organization, to be called the Customer Service Division, will be responsible for field customer engineering, the repair and distribution of exchange boards, and marketing of computer supplies and consumables.

According to Ely, re-organization of the $40-million service activity will require a major expansion of Computer Systems Group's Mountain View repair center.

New San Jose site optioned

PALO ALTO — The company has obtained options to purchase about 350 acres of land in the southeast section of San Jose, California, as a site for a future plant.

The options to purchase are with several groups of owners and terms of the purchases were not disclosed.

Bruce Wholey, HP vice president-Corporate Services, said that the site is to be occupied initially by the Microwave Semiconductor Division, now located in several buildings in Palo Alto.

1976 first-half results

PALO ALTO — The company has reported a 13 percent increase in sales and a one percent decrease in net earnings for the second quarter of the fiscal year. Net earnings were 8.5 percent of sales.

Sales for the second quarter ended April 30 totaled $279,764,000 compared with $248,357,000 for the corresponding quarter of fiscal 1975. Net earnings amounted to $23,771,000, equal to 86 cents per share on 27,821,990 shares of common stock outstanding. This compares with earnings of $23,952,000, equal to 87 cents a share on 27,492,522 shares, during last year's second quarter.

President Bill Hewlett said the company's incoming orders for the quarter amounted to $271,500,000, a gain of eight percent over orders of $250,373,000 booked in the corresponding period of 1975. For the six month period ended April 30, orders totaled $550,738,000, up 12 percent from a year ago.

Sales for the six months amounted to $515,403,000, a 12 percent increase over the first half of 1975. Net earnings declined eight percent to $38,847,000, equal to $1.40 a share. This compares with earnings of $42,365,000, equal to $1.54 a share, during last year's first half.

Ray Wilbur heads new Human Resources; John Doyle named Personnel director

PALO ALTO — The company has broadened its personnel management responsibilities with the creation of a new executive position, vice president of human resources. Appointed to the position was Ray Wilbur who had been vice president of personnel since 1963.

Named as director of personnel was John Doyle who has assumed several of the responsibilities previously held by Wilbur. Doyle had served as the company's director of corporate development since 1972.

In his new capacity, Wilbur will have a primary responsibility for managing HP's growing activities in the areas of Affirmative Action, employee benefit administration, and corporate donations. Doyle will be responsible, on a world-wide basis, for personnel policy, employee compensation programs, professional staffing, and employee training and management development.

From the president's desk

You have now seen the second quarter financial results for the company, and it might be of some help if I commented on them.

In summary, our shipments were up 13 percent from last year's second quarter, and up 19 percent from the first quarter of this year. Our profit was basically the same as last year, but up 58 percent from the previous quarter. Finally, orders were up 8 percent from last year, and down slightly from the record high of this year's first quarter. Let me comment on each of these separately.

In general, we have been running with a fairly short backlog, and thus there tends to be a correlation between shipments and orders. The very strong order picture of the first quarter allowed us to have a good second quarter shipment record compared with the previous year. You may remember, however, that due to the "cleaning out of the pipeline" at the end of last year, our shipment record for the first quarter was very poor. Therefore, the 19 percent increase in comparative shipments must be viewed in this light.

The relatively poor profit showing between this year and last is not quite as easy to explain. In the first place, our production costs rose more than our shipments — something we must keep on top of at all times. In the second place, our spending for R&D is still substantially ahead of last year, although pretty much on target, and is now at a more traditional level of about 10 percent of sales.

The largest factor, however, is fundamentally an item over which we have little control — the trading income/expense of our international business. This is not a question of exchange losses or gains on foreign currencies; more, it is simply a question of how the dollar is moving versus the currencies of our principal trading partners.

As an example, we cannot change our prices in a foreign country every time there is a slight market change.

Thus, if the Deutsche Mark is very strong (rising in value) as it was a year ago, and if we have not as yet changed our prices to reflect this change, then we will show a favorable adjustment (that is, we are paid in D Marks which convert into additional dollars). If, on the other hand, the dollar is getting stronger as it has of late, then we may have an unfavorable balance.

There are many items of this general type that go into the catch-all item of trading income/expense. It just turns out that the comparison between the two years was poor.

The problem has been compounded by the very soft order picture from abroad. Perhaps this can best be seen by the fact that in comparing the first and second quarters of this year, domestic orders rose 6 percent while international orders dropped 11 percent.

Now, you are going to get me out on a limb and ask, "What will the rest of the year look like?"

The answer is that very much depends on the order level. However, the domestic economy seems to be improving at a satisfactory rate, and there are some indications that the economic conditions in our principal foreign market, Europe, are improving. Fortunately, our extensive R&D effort over the past year or so has put us in a good position to benefit from these positive economic trends. We introduced a significant number of important new products during the first half which are just beginning to contribute to sales, and others are scheduled for introduction during the remainder of the year.

Also on the favorable side is the fact that in the second quarter of last year we had record earnings, while the remainder of the year was somewhat slow. Thus, we should be comparing an improving environment of this year with a deteriorating environment of last year. As partial proof of this, our employment was declining during last year's second quarter, and now is definitely on the rise.

My own guess is that we will be able to look back at 1976 and say that it was not such a bad year after all.

Bill Hewlett

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The most important product

In Philadelphia last month to receive The Franklin Institute's Vermilye Medal for outstanding accomplishment in the field of industrial management, Bill Hewlett and Dave Packard at one point were asked to name the most important HP product from the thousands that have been developed over the years since 1939. Their reply, arrived at after very little discussion: "Our HP people."