

newspaper said Cray Research is buying the INMOS building, which was a former integrated circuit facility, the mailman came in the next day with a great big bag and he dumped it on the floor. In a few days we had 2,000 technical applications. I thought, "Well, maybe we did that part right." We were hard pressed just to read the mail. We've hired about 30 or 40 people and we're on the way to building a new facility there.

That's recent history. Where we are in terms of weeks and months is we took possession of the building on August 1. It was getting a little run down because the INMOS facility was run by the British government. They hadn't had much luck building integrated circuits in the United States so they didn't do anything with carpet for 8 years, and they didn't paint the walls for 8 years. It looked like a building in need of refurbishment so we are doing that. We're knocking down all of the walls and there's plaster dust and hammers going every which way. We think by October 1 we will have prettied it up with all new walls and carpets and we'll be ready to get serious about building CRAY-3 computers in Colorado. This is causing some delay in the program. I'd like to size that for you because our customers are very concerned about this, and perhaps some of you are too.

When we started the program we were projecting we would deliver the first computer, a 16-processor CRAY-3, to Mendota Heights at the end of this year. Now we're saying there's almost a year delay. I hope it's only 9 months, but it's something like that. I feel that about 6 months of that is due to the technical problems that caused us to stall, having nothing to do with relocating, but there's another 6 months that's due to the move, hiring new people, etc. I hope it turns out to be a good investment in the long run because I think the goal of getting some diversity of location is important. I wanted to do this for some time, and now it's really happening. There may be some negatives in loss of program schedule, but I hope in the long term this was good judgement.

There is a factor of 3 in my mind in gallium arsenide circuit improvement over silicon today. It's the same as it was several years ago. This says that if, in fact, we can make circuits with the same complexity as we're now making, a factor of 3 in the marketplace is very significant. There aren't many customers that wouldn't buy another product if there were a factor of 3 difference in performance. This says this is a very meaningful effort. We want to try very hard before we give up on this one. With that, I'll show you some physical things. We have a few pictures that will be helpful here.