

MEMOREX CORPORATION
ANNUAL MANAGEMENT MEETING
SILVERADO 1980

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A. N. LAPINE
GENERAL MANAGER
DISK DRIVE DIVISION, GENERAL PRODUCTS GROUP

IN 1979 THE DISC DRIVE DIVISION BECAME THE #1 SUPPLIER OF OEM DISC DRIVES IN THE MARKETS IT SERVES.

THROUGH COMPETITIVE EXCELLENCE WE ARE #1 AND PROUD OF IT. WE ARE THE RECOGNIZED LEADER IN SELECTED SEGMENTS OF THE OEM MARKETPLACE FOR WINCHESTER AND REMOVABLE PACK DISC DRIVES.

WE ARE COMPRISED OF 520 EMPLOYEES OCCUPYING 61,000 SQUARE FEET OF MANUFACTURING AND OFFICE SPACE IN SANTA CLARA.

THE DISC DRIVE DIVISION DEVELOPS, MANUFACTURES AND MARKETS 601 AND 677 PRODUCT LINES.

WE ENJOYED AN EXCELLENT YEAR BY 'EXCEEDING' THE GROWTH IN OUR MARKET SEGMENTS. . . . PAUSE

REVENUE MARKET SHARE AND NEW UNIT BUILDS - ALL SHOWED IMPRESSIVE GROWTH.

NEW RECORDS WERE ESTABLISHED IN THE AREAS OF PRODUCTION REVENUE & ID BACKLOG. THE YEAR END BACKLOG GOING INTO 1980 WAS AT A RECORD HIGH OF OVER \$53 MILLION DOLLARS.

WE ADDED 16 NEW CUSTOMERS TO OUR ROSTER. . . . PAUSE

AND REVENUE PROJECTIONS SHOW OUR GROWTH CONTINUING.

THE SIGNIFICANT FACTORS BEHIND OUR REVENUE GROWTH WERE:

- OUR OUTSTANDING PRODUCT QUALITY
- OUR IMPROVED PRODUCT AVAILABILITY.
- AND THE GROWING MARKET DEMAND.

DIGITAL EQUIPMENT CORPORATION CONTINUES TO BE MEMOREX'S LARGEST SINGLE CUSTOMER CONTRIBUTING 33M DOLLARS OF REVENUE IN 1979.

WE GENERATED OVER \$2.4 MILLION DOLLARS OF PROFIT FOR THE CORPORATION PROJECT A 50% INCREASE IN PROFITS FOR 1980.

THIS PERFORMANCE WAS ACHIEVED AS A RESULT OF SEVERAL PROGRAMS WE ESTABLISHED DURING THE YEAR WHICH INCLUDED:

- PRICING ACTIONS
- COST REDUCTIONS
- EXPENSE CONTROLS
- PRODUCTIVITY IMPROVEMENTS, AND
- QUALITY CIRCLES

PRICES WERE RAISED ON BOTH DRIVES AND RELATED SPARES.

COST REDUCTION PROGRAMS. ... PAUSE

SPEARHEADED BY ED PEEK AND BILL YEE. . . . PAUSE

RESULTED IN COST SAVINGS OF OVER HALF A MILLION DOLLARS IN 1979.

WE ENHANCED PRODUCTIVITY BY INSTALLING A HIGH SPEED CONVEYOR SYSTEM ON OUR 601 PRODUCTION LINE. . . . PAUSE

THE PRODUCTIVITY OF OUR SALESMEN IMPROVE Y THE APPLICATION OF SOME INNOVATIVE SALES TECHNIQUES. . . . PAUSE

THE DISC DRIVE DIVISION WAS A CASH CONTRIBUTOR WHILE GROWING REVENUES 40% - A REMARKABLE ACHIEVEMENT. AND WE ARE POSITIONED TO CONTRIBUTE A SIGNIFICANTLY LARGER AMOUNT OF CASH IN 1980.

AND IN ASSET MANAGEMENT,

DESPITE EXPLOSIVE GROWTH IN 1979, WE WERE ABLE TO MANAGE OUR ASSETS WELL MEANWHILE ERIC CROSON OUR FINANCE MANAGER WAS BUSY WRINGING OUT CASH BY REDUCING

DAYS' SALES FROM 59 TO 34'DAYS.;

AND, PERHAPS THE MOST AVANT GARDE PRODUCTIVITY PROGRAM THE DISC DRIVE DIVISION WAS THE IMPLEMENTATION OF QUALITY CIRCLES.

QUALITY CIRCLE EXTENDS PARTICIPATIVE MANAGEMENT TO THE MOST PRODUCTIVE LEVEL AND CAPTURES THE COLLECTIVE POWER OF A GROUP WORKING TOGETHER TO ACHIEVE TARGETED OBJECTIVES.

THE RESULTS HAVE BEEN REWARDING, AS AN EXAMPLE, WE REDUCED THE ASSEMBLY TIME OF A 601 POWER SUPPLY BY 1 HOUR AND 9 MINUTES THAT EQUATES TO A SAVINGS OF OVER 23,000 DOLLARS IN THE SECOND HALF OF THE YEAR.

IT IS A PEOPLE ORITNED PROGRAM THAT HELPED THE

DIVISION TO ACHIEVE THE LOWEST COST OF QUALITY IN MEMOREX. ... PAUSE'

THE DISC DRIVE DIVISION ACCEPTED THE TRANSFER OF MANUFACTURING RESPONSIBILITY, FOR THE 677 FROM LSSG IN JUNE OF 1979, AND MET THE CHALLENGE OF A STEEP PRODUCTION RAMP THAT TRIPLED PRODUCTION IN THE SECOND HALF OF THE YEAR.

WHILST THE SAME TIMETIN CREAMING 601 PRODUCTION OVER 100%.

TO ASSURE THAT FUTURE WE ARE ALLOCATING A PROGRESSIVELY LARGER SHARE OF OUR ENGINEERING DOLLARS

TOWARDS THE DEVELOPMENT OF NEW PRODUCTS.

NEAR TERM FUTURE PRODUCTS INCLUDE THE 612 WINCHESTER DRIVE AND THE 300 MB VERSION OF THE 677,

OUR 612 PRODUCT IS A MID-LIFE KICKER TO THE 601, UTILIZING BOTH THE LATEST 3650 TECHNOLOGY AND THE OLDER 3640 TECHNOLOGY. A HIGH COMMONALITY WITH 601 PERMITS THE USE OF EXISTING TRAINED MANPOWER ND MANUFACTURING PROCESSES.

THE 300 MB VERSION OF THE 677 IS A HIGH CAPACITY DRIVE ALLOWING US TO EXTEND THE DEC BUSINESS AND TO PENATRATE CDC'S MARKET.

OTHER NEW PRODUCTS INCLUDE AN 812 OFF-LINE TESTER.

AND A LOW PROFILE POWER SUPPLY . . . PAUSE

THE DIVISION CONTINUES TO MANTAIN AN AGGRESOVE POSTURE TOWARDS FUTURES INVESTMENT IN NEW TECHNOLOGY.

ALL THIS WHILE OUR CURRENT PRODUCTS CONTINUE TO ENJOY A HIGH MARKET ACCEPTANCE.

(MUSIC: START WITH PEOPLE)

PEOPLE ARE OUR MOST IMPORTANT ASSET. WE RECOGNIZE THAT AND IN 1979 INVESTED HEAVILY IN THEIR DEVELOPMENT . . . PAUSE

OUR MANAGEMENT TEAM REPRESENTS AN AVERAGE OF OVER 12 YEARS OF INDUSTRY EXPERIENCE AND ALMOST 5 YEARS OF MEMOREX EXPERIENCE . . . PAUSE

LET ME INTRODUCE THE DISC DRIVE DIVISION TEAM

HERE IS OUR MARKETING AND PRODUCT PLANNING STAFF . . .PAUSE

DEVELOPMENT ENGINEERING AND SPARES '!' . . PAUSE

FINANCE AND QUALITY ASSURANCE . . . PAUSE

601 AND 677 MANUFACTURING . . . PAUSE

AND INDUSTRIAL RELATIONS . . . PAUSE

OUR SUCCESS IN 1979 WAS THE DIRECT RESULT OF THE SPIRITED DEDICATION AND INTENSE ENTHUSIASM OF OUR PEOPLE AND OUR FRIENDS.

(MUSIC: START AT END OF MUSIC)

LET ME INTRODUCE MY FRIENDS FROM THE LARGE STORAGE SYSTEMS GROUP WHO HELPED MAKE IT ALL POSSIBLE . . . PAUSE

JOHAN AND HIS TIGER TEAM . . . PAUSE

HAL MATTICE . . . PAUSE

HAL'S NOGALES OPERATIONS , . . PAUSE

PCB OPERATIONS . . . PAUSE

AND THE RECORDING TECHNOLOGY CENTER THROUGH THE SPECIAL EFFORTS OF IAN GRAHAM . . . PAUSE

(MUSIC: START WITH "WE HAVE JUST BEGUN')

THROUGH COMPETITIVE EXCELLENCE WE EXPERIENCED A SIGNIFICANT GROWTH LAST YEAR AND WHILE 1979 WAS AN EXCELLENT YEAR FOR THE DISC DRIVE DIVISION. WE HAVE ONLY JUST BEGUN TO REALIZE OUR POTENTIAL IN THE OEM MARKEPLACE.

THANK YOU.