

MEMOREX

To: Officers and Managers

Date: May 28, 1980

From: C. W. Spangle

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Subject: Organizational Announcement

Several years ago, Memorex embarked on a plan to revise its organizational structure into decentralized groups. Eventually, five product groups were set up -- each to have, or intended to have -- its own line functions of R&D, manufacturing, marketing, and its own support functions of finance and industrial relations. In some cases, self-contained divisions were set up within groups with parallel functions. The decentralization of the U.S. equipment sales, service and support organization (FOG) was not carried to conclusion.

Experience has also shown that the division of the large equipment manufacturing operation into LSSG and GSG has not been optimum in terms of cost and management talent utilization.

The purpose of this bulletin is to describe the framework for organizational changes which will give Memorex: 1) a peripheral equipment manufacturing organization which will supply storage products for end user and OEM requirements, and 2) an end user storage equipment organization which will have responsibility for planning, engineering and development, product marketing, and the U.S. sales and service.

END USER MARKETING

Our primary product organization serving the end user market is LSSG. The selling, support and maintenance activity is carried out through FOG. LSSG customer requirements, product design, pricing, contract terms and market segments to be served, need to be prioritized in terms of improved profitability and growth. To accomplish this, we are pleased to announce the formation of the STORAGE SYSTEMS GROUP (SSG) which will combine most of LSSG, FOG and BSD to better coordinate and prioritize our end user requirements. James Simpson, formerly President of LSSG, is appointed President of SSG. Charles Splaine, President of Field Operations, will report to Jim Simpson.

Because it is our intent to concentrate our end user marketing activities in one organization, BSD will be henceforth reporting to SSG. The markets served by BSD have tended to be the small and medium systems markets. For key territories, our intention would be to continue a dedicated sales effort serving this market. Gary Hughes, General Manager of BSD, will report to Jim Simpson.

Interoffice
Correspondence

Officers and Managers
May 28, 1980
Page Two

We expect to continue with the long term plan of having dedicated sales management, field sales engineers, systems engineers, and field engineers for our Communications Group products where such concentration is economic. While the SSG sales and service organization will continue to be responsible for the sale and service of Communications Group products in the U.S., prices, product goals, budgets and staffing for the Communications products will be set by the Communications Group.

Jim Simpson will publish a separate bulletin announcing the detailed changes within the new SSG.

LSSG - GSG MANUFACTURING

To better describe the activities of GSG, it will be renamed the PERIPHERAL EQUIPMENT GROUP (PEG). Bill Bayer will continue as President of this group. The Disc Drive Division, 8" Disc Operations, and the Memorex Mini Disc Drive Corporation will continue to report to Bill Bayer. It is apparent that there are many common products and manufacturing operations in LSSG and PEG. Studies have shown that considerable cost savings can be achieved by combining certain functions in these two organizations. The present LSSG manufacturing operations under Jim Ferenz and quality assurance under Ed LaChance will report to Bill Bayer. The components activities in Nogales and Eau Claire will also report to PEG. Hal Mattice, currently in charge of component manufacturing, will continue to report to Jim Simpson. He will have broadened responsibility for the entire interface for SSG manufacturing requirements.

The manufacturing operation at BSD will report to Bill Bayer.

Jim Simpson and Bill Bayer will announce detailed organization changes to implement the consolidation of LSSG manufacturing and GSG manufacturing not covered above.

There have been a number of recent organizational changes. In addition to those described here, we have had the appointment of Charles Strauch as President of Memorex Corporation, the appointment of James Unruh as Chief Financial Officer, and the combination of our International activities into one organization reporting to Reto Braun. The purpose of all of these is to enable Memorex to be more efficient and more responsive to market requirements. Except for changes within the newly structured units, no other major organizational changes are planned.



C. W. Spangle
Chairman and Chief Executive Officer

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