MARV CURTIS WINS POINT VALUE CONTEST. LOOKING OVER HIS SHOULDER IN PHOTO IS SECOND PLACE WINNER GEORGE HAMPTON, WITH DOROTHY PACE, WHO FINISHED THIRD. (STORY ON PAGE 2)

PROFIT SHARING CONTRIBUTION TOPS $1,000,000 (PAGE 2)
Profit Sharing Exceeds $1,000,000

Memorex and its subsidiaries contributed $1,120,427 to the Profit Sharing Plan for the year ended December 31, 1968, Laurence Spitters, our President, announced. This contribution will be distributed to the accounts of 1,894 eligible employees who have a total of 116,306 compensation and service points. The $1,120,427 represents 10% of the Company's 1968 net profits before income taxes and profit sharing deductions.

POINT VALUE EQUALS $9.6295

The computation of the Point Value is:

- Participants: 1,894
- Their Compensation Points: 111,375
- Their Service Points: 4,979
- Total Points: 116,354
- Profit Sharing Contribution: $1,120,427

\[
\text{Profit Sharing Contribution} = \frac{\text{Total Points}}{\text{Point Value}} = \frac{1,120,427}{116,354} = 9.6295
\]

The Point Value of $9.6295 for each Profit Sharing point means that all eligible employees will receive in their Profit Sharing benefit account $9.6295 for each $100 of wages or salary received during 1968 while a member of the Plan. This amounts to a savings and investment program for each member equal to approximately 10% of his or her annual compensation.

PROFIT SHARING HISTORY

Since Profit Sharing began at Memorex in 1965, the annual Profit Sharing contributions and Point Values have been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit Sharing Contribution</th>
<th>Compensation &amp; Service Points</th>
<th>Point Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>$ 280,182</td>
<td>16,237</td>
<td>$10.6789</td>
</tr>
<tr>
<td>1966</td>
<td>575,479</td>
<td>42,796</td>
<td>13.4470</td>
</tr>
<tr>
<td>1967</td>
<td>751,717</td>
<td>74,174</td>
<td>10.1345</td>
</tr>
<tr>
<td>1968</td>
<td>1,120,427</td>
<td>116,306</td>
<td>9.6295</td>
</tr>
</tbody>
</table>

Average Point Value: $10.9725

PARTICIPATION STATEMENTS IN APRIL

The Participation Statements dated March 31, 1969, will show each eligible member's share of 1968 Profit Sharing. These Statements will be mailed to eligible members at the end of April after the quarterly computations are completed. Included in the allocations to members' accounts will be their share of the forfeitures of employees who terminated in 1968 before they were fully vested.

PROFIT SHARING IN 1969

The operating results for the first three months of 1969 will be reported in next month's INTERCOM. This report will include Sales, Net Profits, and the Profit Sharing reserve for the 1969 contribution. There is every indication that we are headed for another record year of Sales, Profits, and Profit Sharing. The exact amount of our 1969 Profit Sharing contribution and Point Value will be determined by the efforts of every Memorex employee to reduce costs and improve profits.

Contest Winning Point Value Estimate is 9.6321

A lunch-time discussion in the cafeteria paid off for Marv Curtis, this Year's Profit Sharing Point Value Contest winner.

Marv credits Ernie Bostetter with inadvertently helping him arrive at his winning entry of 9.6321. The actual point value for 1968 is 9.6295, so Marv only missed by .0026. Second place and a $50 U.S. Savings Bond goes to George Hampton, who guessed 9.6431 and third goes to Dorothy Pace, whose guess of 9.6434 won her a $25 bond.

Marv and Ernie were eating lunch in the cafeteria with some friends and the whole group was talking about the point value contest. Marv was just starting to fill out his entry form and hadn't yet decided what figure to enter, when Ernie said, "Oh, why not put 9.6123." That sounded good to Marv, so he just turned around the last three digits and submitted what turned out to be the winning entry.

It all goes to prove that you don't have to be a mathematical genius to win the contest, but it helps to have friends who are good at guessing.

Marv's prize is a trip, by plane, to Disneyland for him, his wife and their two sons (ages 14 and 15). The prize also includes three days and two nights at the Disneyland Hotel, admission and ticket books for the park, and money for meals.

"When John Morse (Profit Sharing Administrator) called to tell me I'd won, I thought he was someone else calling to kid me," says Marv. "And when I told my family I won they were all happy. We haven't been to Disneyland for several years," he adds.

NEW DISPENSARY HOURS

The Santa Clara plant dispensary has new hours. It's now open from 7:15 a.m. to 8 p.m., Monday through Friday.

Cover Photo by Bob Mendonca
WHY IS THE 1969 FLOATING HOLIDAY ON JULY 7TH RATHER THAN DURING THE CHRISTMAS HOLIDAY?

Last year our floating holiday was scheduled coincident with Washington’s Birthday to satisfy the many requests we have had from employees for a winter holiday. This year, many foremen, supervisors, and managers were asked for information as to what the employees would most enjoy. Overwhelmingly, it was indicated that Memorex employees wanted the floating holiday this year during the summer time.

WHY CAN'T SOMONE CHECK ON THE VENDING MACHINES IN THE DISC PACK BUILDING, PARTICULARLY THE PASTRY ONE, AS THEY ARE QUITE OFTEN OUT OF ORDER?

Thank you for bringing this problem to our attention. We have requested that Coca-Cola service check all the machines at Disc Pack, paying particular interest to the pastry machine. The service man guarantees the machines to be in good working order; nevertheless, if this machine or any other vending machine breaks down in the future, please contact:

Days: Sue Roush, Disc Pack lunchroom attendant
Swing: Bob Meyer, Dis Pack lunchroom attendant
Grave: Jim Schroeder, Dis Pack lunchroom attendant
Don Minke, days at Extension 510.

COULD MEMOREX OFFER AN OPTIONAL MEDICAL INSURANCE PLAN SUCH AS THE KAISER FOUNDATION HEALTH PLAN TO ITS EMPLOYEES?

We started investigating the plan offered by the Kaiser Foundation in January and will review it thoroughly to determine if it is feasible for Memorex to offer an optional medical insurance plan of this type. Thorough review of such programs is time consuming and our current efforts have been slowed by the recent increase in Kaiser Plan premiums. However, we will continue to study the Kaiser Plan and/or other possible options.

Safety Manual Being Distributed in S.C.


Art Schwartz, plant safety inspector, says “This issue is only a first step toward a complete volume of information which will enable employees to carry out their work in the safest possible manner.”

The safety manual contains corporate policy on safety, safe work practices, lists of approved safety-related equipment and supplies, and a guide to chemical hazards.

Art says the manual will be updated periodically by the General Safety Committee and eventually it will contain complete corporate policy on all safety matters.

The new safety manual is being distributed to managers and supervisors and desk copies will be available in every department.

General Safety Committee Chairman Tully Bryant urges all employees to read the manual and follow safety policies and practices. Tully also mentions that suggestions concerning the manual are welcome and should be directed to him or Art Schwartz.

DID YOU KNOW?

The 38% of our Santa Clara area employees who gave to the United Fund last year contributed $13,473, for an average gift of $27.33 per person.

The Memorex Foundation added another $1,250, to help finance the activities of more than 70 U.F. agencies. The Technical Staff had the highest percentage of participation of any group in the company—51%.

ON THE MOVE

Outstanding work has earned promotions for three sales engineers on the east coast. New York Regional Manager George Kulper announces that Irv Hamlin and Hank Zebrowski have been appointed district managers for Syracuse District and New York City, respectively. Vern Kuellmer, central regional manager announces that the third promotion goes to Gerry Olson, who is the new manager of the Chicago District.

Chemical Development recently promoted Jim Dixon and Frank Trier. Jim is now a technical associate, and Frank is a senior chemical technician.

Mary Rush, in Industrial Relations, has been promoted to Telecommunications Coordinator. Before her move she was a PBX operator and receptionist.

George Schubert has been promoted to associate engineer in Quality Control.

Bobby Joe Jenkins is now a production scheduler in Material.

Electronic Maintenance has recently promoted Don Johnson and Art Chamberlain from Production, to fill technician jobs.

Bob Reynolds was advanced to the position of returned goods clerk in Quality Control. Bob previously worked as a warehouseman in Material.

Disc Pack Production lost Ruth Wegner and Helen Lira to the Disc Pack Test and Inspection area. Both ladies were promoted to in-process inspector.

Product Development welcomed the addition of Sue Rutshaw to its staff. Sue was previously a secretary in Video Production.

Chemical Development has a new chemical lab assistant, Mike Evans, who worked as a substrate operator in Disc Pack.

Ruby Jennings has become a kardex clerk in Inventory Control. She was a finishing operator in Production.

Bruce Steckel was promoted from his training position to assume full foremanship responsibilities in the Mix area of Production.

IN MEMORIAM

Sandra Selleck, who died March 15. Sandy was employed by Memorex since July, 1966, and was most recently working as a material handler in Computer Finishing.
"We have one of the most functional and aesthetically pleasing computer facilities in the country," says Information Services Director Paul Hodge, whose group has just moved into its new home in the Disc Pack Building.

The old computer room on the third floor of Building A, like the new facility, was surrounded by large glass windows, but it had become so crowded with equipment that only the backs of computer cabinets showed from outside the room.

The new room, built after months of careful planning, houses our IBM 360 System, Model 40 computer (we had a smaller Model 30 in the old location) and still has space for a complete second computer system. If, in the future, the computer system outgrows that room, the walls can be moved out to make room for additional equipment requirements.

AN EFFICIENT OPERATION

Paul explains that one of the main objectives, set by Vice President/Finance Gordon Pilcher and Executive Vice President John Del Favero, was that the computer facility be designed so that it can grow without having to be moved, since it takes a great deal of time and money to move a complicated computer system from one location to another.

The specially painted "Memorex Orange" computer is also designed so that "we can show visitors and customers what a clean and efficient computer operation looks like," notes Paul.

Although the computer has only been in its new location about a month, he is pleased that it is being run at up to 90% effectiveness, while most installations rarely exceed 80%. This means that 90% of the time the computer is turned on, it is producing effective results. Effective use of the computer is important. It's like using a taxi—you pay by the meter; so you should be going somewhere.

INCORPORATES TV MONITOR

Ted Bernas, Manager of EDP Operations, states that the computer is operating 3 shifts a day, 6 to 7 days a week—about 80% of the time it's doing 2 or 3 jobs at once. (This is like using two or three separate computers at once.) In this multi-programming mode, one section (or partition) of the computer can be running tape tests; while a second partition is testing disc packs; and the third or background partition is running data processing programs, or testing our Mark VI disc packs, or running more tape tests. Disc drives in the first floor clean room are cabled to the rest of the computer on the second floor; this permits testing of the packs as they are assembled. A closed circuit television system allows the computer test result to be flashed to the operator downstairs.

DOES MANY JOBS

In addition to testing our products, the computer is billing our leased disc packs, reporting our manufacturing yields, and providing information shipments.

Paul says that the computer will soon be doing as many as 9 to 12 jobs at the same time; so it's extremely important that its operation be well organized. Ted points out that the "Total Systems Concept" was used in designing the computer facility and its operations. The layout of the facility and the organization of the EDP Operations Department were set to optimize EDP job flow.

Coordination of all operations is conducted by an EDP master control group. The control core is located between the keypunch and computer areas; within this core is the tape/disc library, the manager's office, and a glassed-in office similar to a "control tower." This core will control scheduling, data in, processing, information out.

The careful design and layout of our entire computer center is what makes this one of the most efficient and productive systems in the country.
Successful Computer Operation Contributes to Company's Progress

(Editor's Note: Gordon Pilcher is our vice president of Finance and the Information Services Division reports to him through its director, Paul Hodge, so we asked Mr. Pilcher to tell us about the role of our computer installation in Santa Clara.)

By Gordon Pilcher, V.P./Finance

Some years ago, Ralph Cordiner, then president of General Electric, stated that computers would have more impact on the way people of the future live and think than nearly any other modern invention.

We at Memorex agree with Mr. Cordiner; we have already seen that computers can be enormously powerful tools, particularly when used in making corporate management decisions.

Memorex has had an in-house computer system only since the summer of 1967, but it is already an important part of our company. When Paul Hodge was hired as manager of Information Services, he had just four people working for him. Now, as director, his group numbers 25 people and has an operating budget of about $800,000 a year.

 UNIQUE FEATURES

We’re proud of our installation, because of its operating effectiveness and because it incorporates unique features in information processing. The remote testing of disc packs, complete with closed circuit TV monitoring control, is one of these features.

We’re also proud of the installation itself. Anyone looking through the large windows on the second floor of the Disc Pack Building will see the world’s only “Memorex Orange” computer, custom painted in keeping with the company color theme.

The computer was first leased from IBM in 1967, because it was needed for comprehensive quality and life testing of our tapes and disc packs. Product testing is still its primary function, although it is increasingly used for information systems as well.

COMPUTER USES DESCRIBED

An excellent illustration of how the computer is presently being used in management administration is the Critical Path Schedule (CPS) program for our new Leige manufacturing facility. CPS is a highly structured method of planning and scheduling, which in most cases requires a computer to operate. Without this technique, we probably would not have been successful in keeping all aspects of our MEO (Memorex European Operations) project on the tight schedule required.

We also have a computerized financial model we use for evaluating corporate investments. With it we can quickly compare widely diverse alternative investments and choose those which will give our company the best returns.

Another model, which Information Services and Manufacturing are still working on, will analyze all variables in the production process.

Three major management information systems are being developed, with selected portions already in use. The Marketing Information System operates in the area of sales forecasting and reporting; the Manufacturing Yield System analyzes, summarizes and reports manufacturing data; and the Inventory Information System will monitor inventory levels, demand for our products, and planned production levels.

The Marketing System should be fully operational by the end of this year and the Yield System should be in use by mid-year. The Inventory System is scheduled to be fully operational by 1970.

SYSTEM WILL EXPAND

All computer programs are carefully designed by Information Services, together with the divisions which will be using them, and Memorex is determined to benefit by the experiences of other companies and their use of computers. Learning to use a computer to its best advantage is a difficult job and many companies have developed programs which turned out to be very expensive and of little real value.

Our computer system is already making major contributions to our company’s success. With its rapidly growing role in management decision-making, Information Services will continue to expand and work with other divisions in meeting the company’s key data processing needs.
A NEW CORPORATION'S FUTURE DEPENDS ON MEMOREX

A new Santa Clara corporation is basing its entire future on the sales of Memorex products in North, Central and South America.

The company's formation came as no surprise to Memorex, because it's actually part of our family and is even housed in the same area as our International Operations headquarters, in Santa Clara.

The new corporation, Memorex Interamerica Corporation (MIC), is a Western Hemisphere Trading Corporation—a special type of corporation which can only be set up by companies that meet certain stringent qualifications established by the Federal Government.

The advantage of forming a Western Hemisphere Trading Corporation (WHTC) is readily apparent at income tax time—WHTC's receive sizeable deductions (up to 29%) on their taxable income.

WHTC's date back to 1942, when they were made legal to ease the "considerable competitive disadvantage" faced by U.S. firms selling against foreign competition in the Western Hemisphere.

A WHTC can obtain tax advantages by meeting these tests:

1. All of its business—except minor, incidental purchases—must be done in the Western Hemisphere.
2. At least 90% of its gross income must come from active conduct of a trade or business.
3. At least 95% of its gross income must come from outside the United States.

Memorex Interamerica was legally incorporated in September of last year and its first orders were processed in January. Harry Tekawa, export services supervisor, in International Operations, is responsible for the daily operation of MIC and he is assisted by Diane Kawamura, who handles orders.

Now that Memorex Interamerica is functioning, all orders from the Americas, outside the United States, are processed by MIC before they are sent to Memorex. Because MIC is legally separate from Memorex, MIC must keep its own books and even have its own warehouse (actually a corner of a tape plant warehouse).

MIC is similar to a distributor who has an agreement with our company to sell our products in a certain part of the world. Here's an example of how MIC operates: A customer in Mexico orders 10 reels of Quantum computer tape from our Mexico City office, which sends the order to MIC. Memorex Interamerica processes the order and then sends it to Memorex (actually, it just goes to another office in International Operations). Memorex ships the order and bills MIC, which then bills the sales office, who in turn bills the customer in Mexico.

This process may sound confusing and most certainly adds a lot of paperwork, but the tax savings will be well worth the extra effort of operating MIC.

The savings will be even more significant as large markets for our products continue to develop in the Americas. Some of the countries MIC serves include: Argentina, Brazil, Canada, Costa Rica, Columbia, Peru, Venezuela and Mexico.

A Disturbed Child's Road to Recovery Often Starts at Eastfield Children's Center

Take an emotionally troubled youngster from a broken or disturbed home; give him intensive care at Eastfield Children's Center in San Jose, a United Fund supported agency; then, when he is well along the road to recovery, place him in a foster home and assign an Eastfield caseworker to continue helping him.

Sounds like a fine way to help troubled children to family life doesn't it? There's only one hitch—Eastfield can prepare the children for foster homes faster than foster parents can be located.

Right now, several children between the ages of 7 and 11 are still living in Eastfield's cottages, because foster parents have not been found for them.

The caseworkers at Eastfield are worried. The children who are well enough to live in foster homes can't return to their own homes, for various reasons, so where can they go?

Eastfield only has room for about 18 children at a time and it has a waiting list of youngsters who desperately need the intensive care the center provides for them.

Besides, the children who are now nearly well need to experience the benefits of warm, loving family environments if they are to continue progressing.

Eastfield Children's Center is licensed by the State of California to study and supervise foster homes and pays the same rate as the County Welfare and Juvenile Probation Departments.

You can help Eastfield by volunteering as a foster parent, or by telling your friends about the youngsters at Eastfield. Call the center, 379-3790, for further information.
DEVELOPMENT TEAM MAKES “GREAT LEAP FORWARD”

A new product like Quantum doesn’t just happen; it’s the end result of months of teamwork by dozens of people from many areas of the company.

Quantum, our newest computer tape, was especially designed to meet the needs of modern information storage and retrieval systems. It began as a goal written in a product plan by Bob Erdman (computer tape product manager), Jerry Youngstrom (product development manager of computer tape), Bill Bardin (computer tape production manager), and Jim Milne (product engineering supervisor).

A product plan tells where a certain product (in this case, our computer tape) stands in relation to our competitors, as well as where we would like to stand in the market and how we can get there. The plan these men wrote determined that we needed a new computer tape to retain our place well ahead of our competition.

Once the plan to develop a new tape was approved by the company’s executive committee, a Product Development team within the technical staff was organized and Jerry was appointed to head it.

Other members of the team were Dr. Orville McCurdy and Gene Madison, from Chemical Development; Jim Melton, Product Test Lab; and Bruce Bush, from Industrial Engineering.

These were only the first people assigned to work on Quantum’s development. Many others helped, including Harry Krall, Emile Houle, Bob Jackson, Paul Waterman, Akino Nishino (Chemical Development); Jack Monahan (Product Test Lab); Sal LaGotto (Product Development); and Chuck Limprecht (Quality Control).

The Product Development team began its work with the knowledge that our new product was being designed to meet the changing role of computer tape, which is now being used for system backup and record retention, while disc packs are used to store more frequently used information.

The new tape had to possess long-term environmental stability because, although we go to great lengths to control the environment at Memorex, our customers can’t always use or store the tape under ideal humidity and temperature conditions.

Another consideration was durability. MRX-III, predecessor to Quantum, was already recognized as the most durable tape on the market, so Quantum had to maintain that durability. This means the tape had to run clean, time after time, and not leave debris on the tape transport, so our customers spend less time cleaning and maintaining their equipment.

Still another important consideration was that tape is often used in an environment contaminated with cigarette smoke, lint and other dirt. When the tape is running on a drive unit it builds up a static charge (much as you do when you drag your feet across a nylon rug) and pulls the smoke and dirt out of the air, onto its surface. The new tape had to resist the tendency to build static charges.

Jerry Youngstrom says, “We first pulled from our files four or five chemical formulations that we felt could possibly be modified to make the kind of tape we wanted. Based on lab experiments, we selected three of those formulations and did full scale experiments with them on our production lines.”

After evaluations were made in the Product Test Lab, the best formulation was chosen. Then, tests were run to compare our new tape (made from that final formulation) with two leading tapes from our competitors.

Quantum was the best by far. On one environment test, Quantum increased in permanent errors by only 2.1, while one of the other tape’s increased by 6.2 and the third increased by 6.4.

The test for transient errors (those which can be cleaned away by recycling the tape several times) was even more dramatic. Under exactly the same conditions, Quantum increased in transient errors by only 1.6, while our competitors increased by 24.6 and 26.1—15 and 16 times more than Quantum!

Transient errors are important because they cause computers to lose valuable time when they have to recycle; and because these types of errors may become permanent after several months of storage, causing the information on the tape to be lost when it is replayed.

Other tests proved that Quantum more than upholds MRX-III’s record for durability. More than 1500 hours of testing Quantum samples and field tests at 16 different computer locations have shown that “Quantum is a great leap forward,” says Jerry, “and its success can be attributed to one of the best team efforts we’ve seen.”
SPRING FLING AT CABANA MAY 24

The Circus Maximus Room of the Cabana Motor Hotel, on El Camino Real in Palo Alto, will be the site of the third annual MAG Spring Fling, Saturday, May 24.

Dancing to the music of the Walt Tolleson Orchestra and the Chain of Friends rock band will begin at 9 p.m. These are the same two groups which performed at the Christmas dance in San Francisco.

Tickets will be available to MAG members the first of May, from the box office in the main cafeteria. Further information may be obtained from any MAG officer.

MEMOREX HAWKS VS. KLIV PRUNES
Two Giants in Local Softball Competition Meet
APRIL 17, 7 P.M.
Admission free, corner of Lafayette and El Camino, Santa Clara

Divoteer Winners
The March Divoteers golf tournament First Flight was won by Jerry Cayton, who shot a net 70, to lead Dick Tiberio and Ted Reinke by four strokes.

Corporate Secretary Carl Anderson topped the Second Flight with a net 72. He was followed by Ray Kodres and Dean Smoot, who carded 73s.

First Flight of the February tourney at Pleasant Hills was won by Willie Oyama (net 68) and the Second Flight went to Harry Kral (net 65). Larry Mullins was only one stroke behind Willie, to win second place in the First Flight and Eldon Rice shot a net 70, for second place in the Second Flight.

BUILD OR BUY A KITE, BUT COME TRY FOR A PRIZE. CALL EXT. 466 FOR MORE INFORMATION, OR SEE THE BULLETIN BOARDS.
WHERE: Behind Disc Pack
WHEN: April 26, 2 p.m.
CATEGORIES: Highest Flyer
Most Unique Kite
Smallest Kite that Flies
PRIZES: AM-FM Radios, $10 Gift Certificates

Snoopy's Gang Leads
Snoopy’s Gang still leads the Mixed Scratch bowling league after 27 weeks of action, by a convincing 7.5 game margin.

Wood Choppers are second, followed closely by Roadrunners and Abstracts. Howard Burkhart and R. J. Jones have rolled the highest handicap games so far, both having scores of 273. Kit Weaver has the high game (259) for the men and Nora Bucks has a 227 to lead the women. Mel McPherson carries the highest average, a 186.