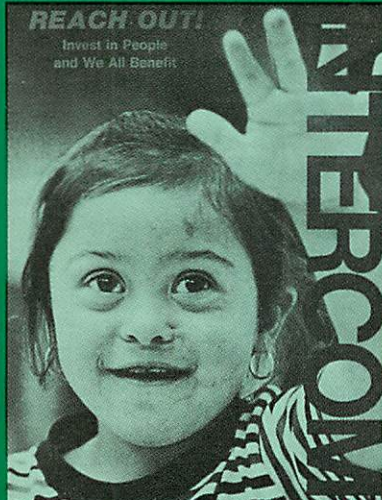
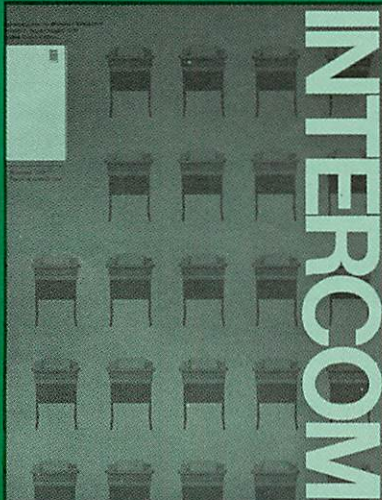
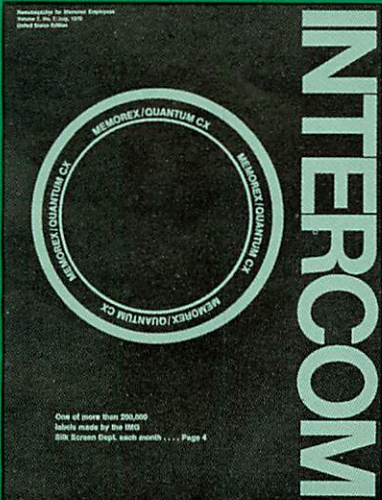
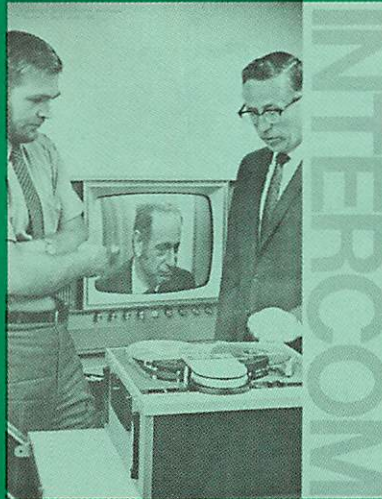
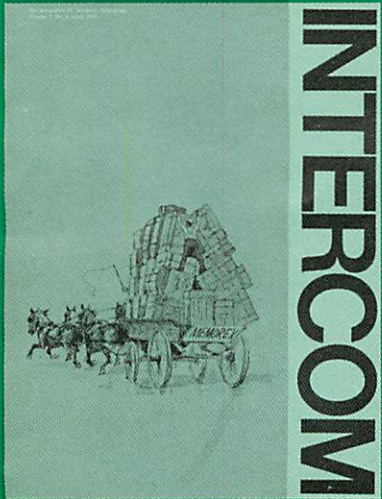


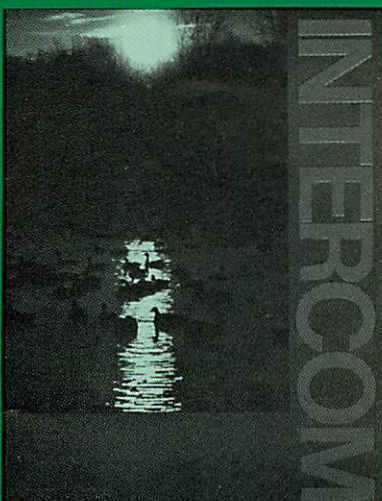
THE COMPUTER HISTORY MUSEUM



1 027 4521 2



REACH OUT!
Invest in People
and We All Benefit



noël

INTERCOM



Trade Show Visitors Get First Look At Newest Terminal

The latest addition to the 1200 Communication System was displayed for the first time at the Fall Joint Computer Conference in Houston, Texas, on November 17.

The new product, the 1280 Cassette Communication Terminal, features data transmission speeds up to 120 cps (characters per second) and data storage of 180,000 characters on a magnetic tape cassette. The first Memorex terminal, Model 1240, and the Integral Modems were just introduced in March, and another major part of the 1200 Communication System, the 1270 Terminal Control Unit, was announced in August.

A terminal is like a typewriter which can communicate by telephone with a computer at another location. Communication terminals are used by businesses who need to use a computer but don't have one or don't have one which is programmed to handle certain types of problems. Because of this need, companies have been established specifically to sell time on their computer systems to people who have terminals.

Buying computer time is rather expensive so our new 1280 can offer important savings. It allows the terminal operator to record a large amount of information on the cassette; then call the computer and have the terminal feed that information into the computer many times faster than it was originally typed. For example, typing at 60 words per minute, it would take 10 hours to fill both sides of the cassette with data, but the 1280 terminal can feed that information into the computer in only 20 minutes. In this case, the cassette terminal would have made a considerable savings in computer time costs.

The 1280 was developed by Information Printing Systems Corporation (IPSC), a



Inserting a cassette in the new 1280 Terminal is Candy Nosse, from Equipment Group Marketing.

Memorex subsidiary in the Equipment Group. Bruce Manildi is the project manager and he reports to IPSC general manager, Don Reichel. Bruce explains that the 1280 is basically the same as the 1240, except for the new model's higher data transmission speed and the built-in cassette data storage unit.

The 1280 project began about a year ago, several months before the 1240 was announced. In fact, the 1240's packaging was designed with the idea in mind of adding the cassette feature. That's why the two models are identical in size and nearly identical in appearance.

The cassette is located on the left side of the terminal keyboard and the 10 buttons which control it are on the right. In the

center is the standard terminal keyboard. The controls allow an operator to receive information directly from the computer, from the computer to tape, send data directly from the keyboard to the computer, or send from the tape to the computer. Also, information on the cassette can be edited by inserting or deleting characters, deleting lines, or adding to lines.

"Our first step on the 1280's development was to evaluate cassette tape transports made by other companies," says Bruce. "A transport is the device which contains the recording head and motors to drive the cassette. We couldn't find any transports in the right price range which were reliable enough for us, so we decided to build our own."

Intercom

Volume 7, No. 12/December, 1970
U. S. Edition

A monthly publication for employees of
Memorex Corporation, 1180 Shulman Avenue,
Santa Clara, California 95050

Editor: Gary Williams

ABOUT THE COVER:

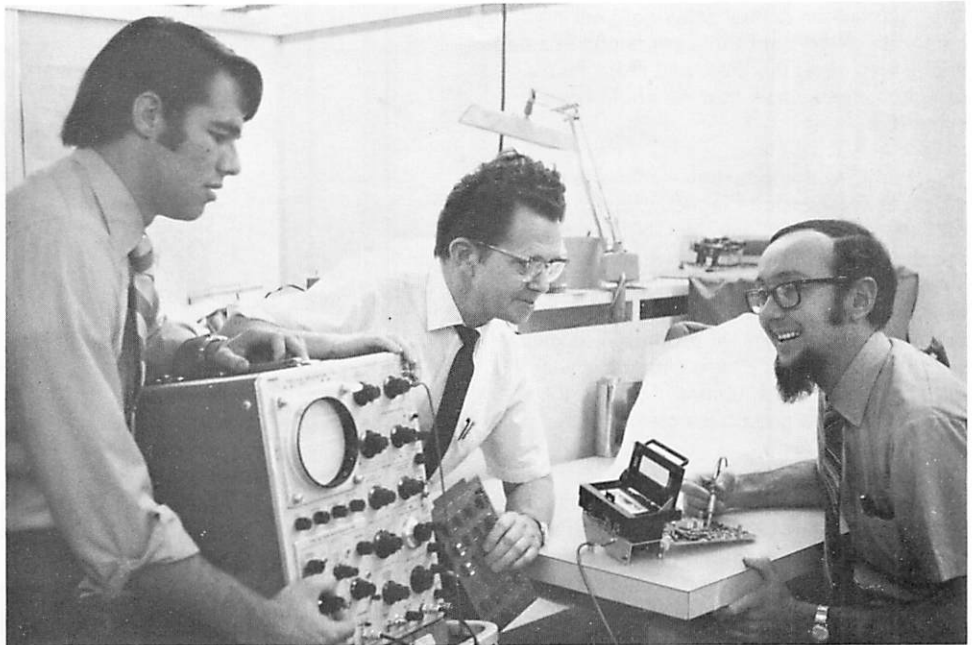
This month's cover combines a Christmas theme with a review of major 1970 Memorex news stories. A review of those stories begins on page 4. Our thanks to Doug Harrison, of IMG Drafting, and Ralph Butterworth for assistance with the cover design.

Checking out a cassette transport unit from a 1280 Terminal are, from left, Jim Adkisson, George Popov and Bruce Manildi.

"Jim Adkisson and I began serious work on the electronics for the new terminal this past June, along with Lito Seva and Al Netzke. George Bowers, a mechanical engineer, and George Popov, a mechanical designer, joined us in August." The latter two did the mechanical design and engineering, assisted by Al deNeveu, Walt Perdue and Tony Broski.

The first working machine was ready by October and last month it went on display at the Fall Joint Computer Conference. "We took some spare parts with us," mentions Bruce, "but we didn't need them because it worked fine."

The terminal was very well received and the salesmen manning our exhibit came home with several orders, the first of which will be shipped in the second quarter of 1971.



A Postscript To Open House

A small helium balloon released skyward in Los Altos Hills by 11-year-old Anna Wolfgram has landed in Missouri.

The white balloon's landing place was a pool for rearing carp, located in the Lake Paho wildlife area, near Princeton in north central Missouri, close to the Iowa border.

It was discovered by Jim Rongey of the Missouri Department of Conservation. Fortunately, the ink on Anna's message—tightly rolled up and attached to the balloon string—was not obliterated by its dunking in the carp pond.

She had asked the finder to notify her of the balloon's safe landing and offered a reward of 25 cents.

In writing Anna of his find, Rongey enclosed a detailed map of the area (complete with designation of the exact carp rearing pond) and added a postscript: "You can keep the 25 cents and have a Coca-Cola."

Ten days elapsed between the take-off in Los Altos Hills and the arrival of the letter. Since Rongey did not mention the date of his discovery, Anna doesn't know how long her intrepid balloon was in flight.

As the crow flies, the distance from here to Lake Paho is some 1,500 to 1,800 miles. But no one knows whether the balloon made the journey crow style or detoured all over the map before splashing down.

Anna, daughter of Mr. and Mrs. Robert C. Wolfgram of Los Altos Hills, is in the sixth grade at Purissima School.

She started the balloon adventure as an extra project for her teacher, Mrs. Diane Finch, after reading an exciting adventure tale, *Twenty-One Balloons*, by William Pene DuBois. It tells the story of the role 21 balloons play in an escape from an erupting island volcano.

Anna's balloon and an orange one launched by her sister, Trina, 13, and another white one turned loose by their brother, Kevin, 9, all came from an open house at Memorex, where their father works (in the International Group—ed.).

Nothing has been heard of Trina's and Kevin's balloons, which seemingly fared less well in their choice of landing spots or perhaps ended up not in the carp rearing pond but inside the carp.

—This story is reprinted with permission, from the November 18 issue of the Los Altos Town Crier.

A Capsule Review of 1970: Achievements Bring Company Within Reach of Sales Goals

The \$100 million annual sales goal our corporate officers set three years ago seemed a long way off at the time, and more than a few people wondered how we could hope to make it.

True, we were the industry's second leading producer of precision magnetic tape products, with 1967 sales of \$34 million, but our first steps into new product lines were just beginning. Disc packs were on the market, but only since mid-year, and the 630 Series Disc Drive, our first equipment product, was still in the prototype stage. We ended the year with 1300 employees, lots of optimism for the future, and a good base on which to continue our growth.

In 1968, sales increased 70% to \$58 million, and we had about 1900 employees. Peripheral Systems Corporation, the cornerstone on which our equipment business was built, was producing 630 Disc Drives in volume, and its success had already led to the founding of a second subsidiary company—Image Products Corporation. IPC was working on a computer output microfilm printer.

By 1969, sales had jumped another 33% to \$77 million and our \$100 million sales goal for 1970 was clearly within our reach. Employment skyrocketed to 3400 people worldwide—an increase of almost 80%. More new products were announced during the year, including the 1603 Computer Output Microfilm Printer and the Model 661 Disc Drive Control Unit. Development projects were also underway for the 1200 Communication System, our first consumer products line, business products, microfilm supplies to support the 1603 System, and equipment for concentrating data and controlling its flow between remote terminals and a computer system.

By this time, the "oldtimers" who had worked through the past few years knew 1970 would follow the precedent already set. And they were right. Even though the slowdown in our country's economy hit hard at a lot of companies, Memorex employment has grown another 80%, to 6100 people worldwide and we are closing in on our \$100 million sales goal. The final 1970 sales total won't be announced until early next year, but the nine months' figure was over \$79 million. Our next goal is to reach sales of \$250 million by 1972.

Following are some of the highlights from 1970:

This photo, taken from an advertising brochure, shows the supplies our Micrographics Division markets in support of the 1600 Series Computer-Output-Microfilm System.



January

Tavrow Becomes a V.P. and Supplies Gets a New Name: The Supplies Division was re-named Information Media Group, and its organizational structure was realigned to reflect the growing scope of operations in that area. At the same time, Hig Tavrow, former tape plant manager, was appointed vice president of Manufacturing in the Precision Magnetic Products Division of IMG.

Disc Pack Saves \$800,000: Three five-man teams in Disc Pack came up with suggestions which led to more than \$800,000 worth of savings in that area of the Information Media Group from July, 1969 to July, 1970. The teams were set up as part of the Group's Cost Improvement Program, which was initiated in mid-1969.

February

'69 Sales Top \$77 Million: The company established record sales and earnings for the year ended December 31, 1969. Net income after taxes for 1969 totaled \$6,902,000 or \$1.87 per common share, compared to \$4,939,000 or \$1.35 in 1968.

Micrographics Division Formed: The new division announced plans to market its first products early this year, in support of the Equipment Group's 1600 Series Microfilm Printer System. Jack Hounslow was named

to head the division as general manager. Products marketed include three types of microfilm, processing chemicals, paper and toner, forms-flash slides, film cores, reels, and cassettes.

MEG Marketing Prepares for Challenging Year: Only six months old, this division was challenged with the task of building a computer equipment sales and service organization throughout the United States before the end of 1970. Another key marketing objective of the division was to make our present and potential equipment customers aware of the fact that the new Memorex equipment products, like our established tape and disc pack lines, meet or exceed the highest industry standards.

March

Plans Announced for Consumer Products Plant: The company's first consumer products, audio tape cassettes and 1/4" tape on reels, were scheduled for manufacture in a building to be located by the Santa Clara Disc Pack plant. The plant was scheduled and completed for use before the fourth quarter.

Liege Plant Makes Rapid Progress: Our Belgian manufacturing facility grew into a burgeoning and profitable factory in its first 22 months. Officially dedicated in June, 1969, the plant is finishing webs of coated tape shipped from Santa Clara and assembling

MRX is Key To 1970 Successes



This is the first edition of the **MRX Sales and Service Newsletter**. We felt there was a need to supplement the Memorex **Intercom** with an MRX section to highlight the activities and people that relate solely to our division. In each publication, there will be an editorial either by myself or one of the executives at the Headquarters group expressing our views or outlook on the business and its progress.

Memorex is experiencing a dynamic growth that has been equalled or surpassed by very few businesses in the past decade. The impetus for this growth is the Equipment Group and the key people responsible for this are in the MRX Sales and Service Division.

In June of 1969, MRX did not exist. Today, we have over 600 people and are selling and servicing Memorex equipment in over 30 major cities in the United States. When you realize that our equipment sales and installations by the end of this calendar year will be at an annual rate in excess of \$100 million, you must admit that this is spectacular.

The continued success of Memorex is, of course, more than the efforts of MRX alone. The contributions of Development, Manufacturing and other support groups is equally outstanding, but the front lines of the operation are our responsibility.

I would like to express the gratitude of all Memorex executives to each of you for this outstanding accomplishment. Your continued dedication and performance will assure the accrual to you of the benefits of this success.

I wish each of you a very happy holiday season and continued good fortune in 1971.

J. Garrett Fitzgibbons

New Reimbursement Procedure

A new expense reimbursement procedure is being implemented on January 4th, to provide a more convenient method of immediately reimbursing you for travel and business expenses incurred while working for the Company.

This procedure, known as the Traveletter System, will allow you to write and cash drafts at the close of each week for the exact amount of your traveling expenses for that week.

The system will not alleviate the task of completing a weekly expense report, but it will enable you to be immediately paid, wherever you might be, for the previous seven days expenses.

More detailed information regarding this procedure, as well as forms, will be distributed to all field offices shortly, so that the system may be smoothly implemented by January 4th.

MRX Sales & Service Newsletter

Volume 1, No. 1 / December, 1970

Inez Greer...the Field Force's Link with Santa Clara

Field Communications Group Supervisor. That's a very long title for a lovely, soft spoken lady. If you think her title is long, you should see her job description! Mrs. Inez Greer is located in the Home Office, in the Field Support area of MRX Sales and Service Corporation.

Since Inez joined the company in March of 1970, she has been Chuck Williamson's right hand lady. Her principal function is to disseminate information to all Field personnel as soon as possible. In an emergency situation that means within 24 hours. On a more normal basis it can be lengthened to 48 hours. This entails arranging for printing of the information and distribution to the various mailing lists. Updating the mail lists in a fast growing company such as ours, is a job in itself. At this point, Inez just begins to get the wheels humming. The new Technical Bulletin Manual was her latest special project. Almost single handedly she contacted vendors and printers and put the book together. Many of the innovations and new forms being used daily in the Field, making the job of all Field personnel easier, have been implemented by Inez. Her position is broad in spectrum and heavy with responsibility; an ample example of the job being done by women at Memorex. According to her manager, Chuck Williamson, "Inez is a dedicated woman with an unusually high sense of responsibility. When you give Inez a job, you know it's done."

Although she has not worked for MRX long, she has been closely associated with many of the personnel here. Before lending her considerable talents to us, she held executive secretary positions in various industries. Ampex was her home for five years.

Her varied background has given her knowledge about a wealth of business procedures, and a wide base of experience to call on in



her present position. Inez feels that everyone at Memorex, particularly women, has an opportunity for advancement unrealized elsewhere. The expanding nature of the company and the willingness of management to recognize a job well done and to compensate for it have given employees here an enviable position. Here, more than at any other company with which she has been associated, Inez feels people enjoy what they are doing and project a great feeling of congeniality and optimism. "Whatever your goals are, if you're willing to work they can be attained. Young people especially, have unlimited opportunity."

At home Inez takes care of her two children and her husband Alexander. Her son, David, is attending San Jose State College and

working full time. His ultimate goal is to obtain a Masters Degree in Mathematics. Her daughter, Linda, although blind, attends a regular high school. Her husband drives to San Francisco every day to work at the Naval Base Shipyard. A home with a pool in Boulder Creek, surrounded by woods, provides the needed change from Santa Clara living on many of the family's weekends.

Inez was raised in Portland, Oregon, and loves the atmosphere at their second home in Boulder Creek. There she has time to pursue her hobbies of sewing and knitting. Inez is confident that only her own ability will limit her opportunity at Memorex. Enthusiasm and hard work is what our Company is founded on, and Inez has a great deal of both.

MRX Sales and Service Newsletter

Published six times a year
for Employees of MRX
Sales and Service Corporation

Please send all copy and photos to:
Memorex Equipment Group
NRX Newsletter, San Tomas at
Central Expressway
Santa Clara, CA. 95052

Thousands View Equipment At Fall Joint Conference

Shown here is the Memorex booth at the Fall Joint Conference.

November seventeenth marked the opening of the three day Fall Joint Computer Conference in Houston, Texas, and the Equipment Group was there in full regalia.

The Memorex Booth occupied the center of the Astro Hall and permitted the 20,000 participants easy accessibility from all three entrances. Approximately 30 MRX Sales and Service personnel manned the booth, with some welcome assistance from Miss Houston of 1969 as one of the hostesses.

The new 1280 announcement on opening morning, complete with press releases and an engineering staff from Information Printing Systems, helped to make the Conference a successful venture for Memorex.

The goals of exhibitors vary, but the persistent aim is exposure to the potential customer; an information seeking, divulging process where both parties gain a profitable experience.

In the past, Memorex has had to first explain what Memorex is, then describe the product, and after this educative process, we could talk about the advantages and whys of Memorex. A marked difference took place

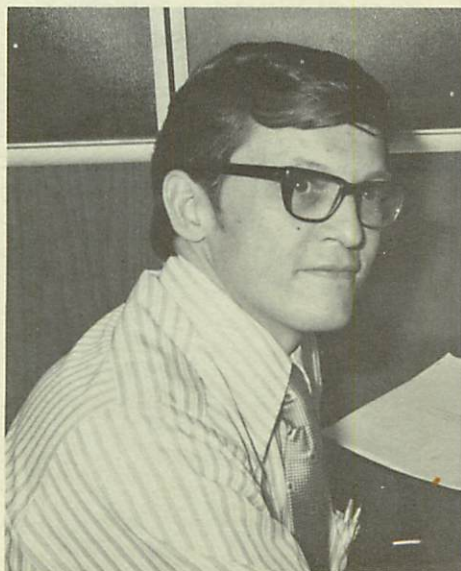


in this Conference. The buyers and customers now know who we are and came armed with technical, as well as functional questions, on the innovative development, manufacture, and utilization of the entire line of Memorex

peripheral equipment.

To all of you who contributed the time and effort to make this year's Fall Joint Conference a success, **well done.**

Regional Administrators Named



Joe Richards

Would you like to know how to acquire that new desk you've been wanting, adjust your budget, process your orders, rectify your expense accounting codes, and gain a complete understanding of company benefits? Help is on the way in the form of your three new Regional Administrators. This is a new concept in improving administrative efficiency in the field.

When you want individuals to maintain and service your product you employ Field Support Representatives; to sell your product you hire Field Sales Representatives. Hence, when you need men to handle the bulk of the administrative intricacies you turn to Field Administrators. This is the new philosophy adopted by the home office and approved by the managers across the country.

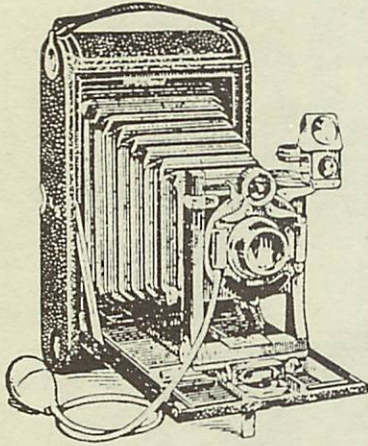
Working under the guiding hand of Bob Pearson, West Coast Regional Manager, will

be Joe Richards who was formally with Memorex IMG as the Digital Sales Service Supervisor. Joe looks forward to the upcoming office move to Palo Alto and foresees the Regional Administrator as the clearing house for the majority of paperwork problems. "When you have professionals reviewing the paper flow you maximize the efficiency and decrease the duplication of the work process. If we are utilized as designed, this will be the outcome," said Joe in a recent interview.

Even though the mid-west still has a vacant spot in the Chicago region, it will be filled shortly. John McMahon will be working on the East Coast under the auspices of John L. Sullivan, in Washington, D. C.

We take this opportunity to wish you gentlemen the best of luck, as well as to welcome you into MRX Sales and Service Corporation.

Photo Contest Underway For MRX Employees



Since this is the premier issue of the **MRX Sales and Service Newsletter**, we feel it is appropriate to institute a Photographic Contest open to MRX Sales and Service personnel **only**. This will serve an initial two-fold purpose and be similar to the one recently conducted by **Intercom**. It will afford you non-writers an outlet for contribution to the Newsletter, as well as build up our Morgue of graphics here in the home office to be utilized in future issues.

There will be three categories, with any subject matter allowed. The three are: black and white prints; color prints; and slides. The contest will begin with this issue and the final deadline for all entries is Monday, March 15th. Prizes will be awarded in each

category, with a grand prize for best overall photo, and a special award to the photo that best pertains specifically to MRX Sales and Service. The judging will be accomplished by a three member executive review board and the winning pictures will be published in the April edition of the Newsletter.

Even though you may not want to enter the contest, please send in all snapshots of sales and service men in action that you would like to share with everyone in the field. The interaction generated by your written or photographic contributions will dictate the magnitude of success of this bi-monthly edition. Therefore, we welcome all advice, assistance, and contributing data to keep the ball rolling.

Newsletter Needs Your Help

Are you satisfied with this issue? Well we're not. It's not that it isn't good, for a first effort, it's just that we want it to be so much better. It should really reflect the enthusiasm, and opportunities out there knocking on all our doors.

The job of a first rate newspaper or magazine is to report the facts. We can't manufacture facts the way we do drives. **Help**. That's right, we need help—**Yours**. Pictures, stories, cartoons, anything at all you think will be of interest to others in the company. Remember, this is your paper, your sounding board. We can't do our job without you and we wouldn't want to.

If a newspaper's audience helps, an editor gleans the best and most readable items and presents them to you, the reading public. Right now our editor thinks he has a pretty soft job. Let's shape him up and put him to

work; really give him something to edit. Deluge him with stories. Please?

All input for future issues of the **MRX Sales and Service Newsletter** should be sent to the following address:

MEMOREX EQUIPMENT GROUP
MRX NEWSLETTER
SAN TOMAS AT CENTRAL
EXPRESSWAY
SANTA CLARA, CALIFORNIA 95052

Photographs may be black and white or color, and either Polaroid or regular prints are acceptable. If you would like the photo returned, simply note on the back "please return." Copy should be typed, but it is not necessary that it be final polished copy. We look forward to hearing from you.

Merry Christmas!

By now, you all should have received your certificate for a Memorex Christmas Turkey. This should add a bit more happiness to your holidays and help set the mood for a joyful and prosperous New Year. All of us in Santa Clara take this opportunity to wish all of you in the Field a Happy Holiday Season.

disc packs. Liege has the most up-to-date clean room and equipment available, and products finished there must meet the same high standards set in Santa Clara.

Plans for 1970 included \$400,000 for expansion and improvements in the plant, and studies were initiated to determine when equipment products could be assembled there. The plant employs 315 people, and all but three are Europeans.

\$75 Million of Debentures Offered: The company announced plans for a \$75 million public offering of convertible subordinated debentures, which will mature April 1, 1990, unless converted or redeemed prior to that date. Proceeds of the sales were applied to repay approximately \$33 million in bank loans and to increase the company's general funds. 1970 capital expenditure commitments for property, plant and equipment total about \$25 million.

The \$75 million debenture sale actually took place on April 3, and investors quickly purchased all of the securities.

April

Profit Sharing Contest Results: Linda Workman, an IMG secretary, came the closest to estimating the 1969 Profit Sharing point value, to win the annual point value contest. Her entry was 8.2741 and the actual point value was 8.2784. Second place went to Frank Pacier and third went to Mary Pierce. Linda's prize was a weekend for two in San Francisco. The Memorex contribution to Profit Sharing for 1969 was \$1,383,061, and it was divided among the accounts of 2463 eligible employees.

Buildings and Debentures: Image Products, a subsidiary, moved its manufacturing organization into a newly purchased 38,000 square foot building in Mountain View. The building is just off the Central Expressway and Mountain View-Alviso Road. Equipment also leased a 46,000 square foot building in Sunnyvale for warehouse and office use.

The Disc Drive Head Manufacturing Department became the first group to move into Equipment's new San Tomas facilities the weekend of April 18.

Comdata Moves to Orange County: Comdata moved into a new plant located in the Irvine Industrial Complex, within eyesight of Orange County Airport. Comdata is a division of the

Information Media Group, and it was formerly located about 35 miles north of Orange County, in Hawthorne. The division produces hubs and flanges for precision tape reels; assembles plastic reels and cannisters; assembles plastic video cases; and manufactures other molded plastic products for tapes, disc packs and cassettes.

May

IPSC's First Product: Information Printing Systems Corporation, a Memorex subsidiary, showed the public its 1240 Communication Terminal for the first time at the Spring Joint Computer Conference, May 5-7. A terminal is like a typewriter which can communicate by telephone with a computer at another location. Our advanced design offers features not available on competitive terminals.

President Conducts Annual Meeting and Breaks Ground for Corporate Headquarters: Memorex President Larry Spitters and other officers broke the first ground for our corporate headquarters building the morning of April 24. Located on the corner of San Tomas and Central Expressways, the building is scheduled for completion in February of 1971.

Later in the day, Mr. Spitters conducted the annual meeting for stockholders, bringing them up-to-date on the company's significant achievements during the previous year and telling them of our plans for the future.

Mr. Spitters said the year 1969 was pivotal in Memorex's corporate development, because for the first time equipment sales contributed substantially to sales and earnings.

Another Earnings Record: Earnings for the three months ended March 31, 1970 were \$2,008,000 after taxes, up 44% over last year's first quarter. Sales rose 35% to 24,448,000.

A Breakthrough Announced: A breakthrough in color TV recordings and a new low-cost high-speed process for the mass duplication of video tapes was reported by the company. Both are made possible by the unique qualities of a new chromium dioxide magnetic tape Memorex has developed. The duplication process utilizes the properties of chromium dioxide tape to make duplicates 10 to 15 times faster than other processes.

Another new product: High-quality magnetic cards for use on IBM MAG Card Selectric typewriters were introduced this month—our third new product announcement in two months. The MAG Cards are produced on Shulman Ave. and sold by the Business Products Division.

Shown with a 1240 Communication Terminal are four of the men who worked on its development. They are, from left, Norm Zimmerman, Keith Larson, Bill Castor, and Al Netzke.



Breaking ground for our corporate office building in Santa Clara is Company President Larry Spitters (second from right). Joining him in the ceremony are (from left) vice

presidents David Elliott, Jim Guzy, John Del Favero, Jack Kramer and Gordon Pilcher; and Corporate Secretary Carl Anderson.



June

A joint venture between Memorex and CBS: The new company was named CMX Systems, and is working in the field of specialized television equipment.

Education Center Relocated: The company's Education Center moved into a building on Shulman Ave. which was remodeled to provide an excellent environment for learning. It has 10 carpeted and air-conditioned classrooms, a 31-seat "mini-theater," and room for offices and our Audio-Visual Center.

Company Wins Merit Award: Memorex and Container Corporation of America won a Merit Award for our MT/ST cartridge carton at the 27th Folding Carton Competition.

July

Storage Control Unit Wins Praise: Our 661 Storage Control Unit was one of 26 outstanding electronic product designs chosen for special display at the WESCON show in Los Angeles. In all, there were more than 1,000 displays at the annual trade show. Employees named in the design award were Richard Davis, Ed Lucey, Otto Wippich, and Lee Ingram.

MEG Teaches Selling: The Marketing Education Department of the Equipment Group started a program to train about 90 men for the equipment sales force. The majority of the trainees are just entering business after completing college and their military requirements. They are learning how to sell our equipment products in an intensive four-week introductory course, 2-4 months in the field working with experienced salesmen, and another intensive sales school.

August

Another New Product: The Equipment sales force saw the first demonstration of our new 1270 Terminal Control Unit during this month. The 1270 and the 1240 Terminal make up our 1200 Communication System. Control units are sometimes called buffers because they are positioned between the remote terminals and a computer. Information typed on a terminal travels over the telephone lines and into a control unit. The control unit then feeds the information into the computer, as the computer is able to process it. The 1270 control can be equipped to handle as many as 96 terminals.

First Equipment Sales Conference: MEG salesmen and sales managers from across the nation met in San Francisco for the first Equipment Group national sales conference. Purpose of the meeting was to hold technical sessions, discussions on sales skills and inform the men about current happenings in the company. Also, Joel McQuade was honored as Equipment's top salesman.

September

Micrographics Begins Building: Construction was started on the Micrographics Division's new plant in Santa Clara. The 44,000 square foot structure is located on the northeast corner of a recently purchased 83-acre parcel on Kifer Road, just west of San Tomas Expressway. It is scheduled for completion early in 1971.

A Pacesetter for United Fund: Memorex was chosen as one of several companies to open the Santa Clara County United Fund's annual money-raising campaign. United Fund provides support for 99 health, welfare and

youth-oriented charitable agencies. The company's Santa Clara area employees donated more than \$43,000.

Modular Tape System: The Information Media Group marketed a new modular computer tape storage system which allows greater storage capacity for tape libraries.

October

Business Products Adds to Its Line: Business Products is now selling high-quality magnetic dictating belts, fully compatible with all IBM dictating units. The belts were developed in the Information Media Group and they are being coated in the tape plant and finished in the Silk Screen Department.

A Milestone for Consumer Products: Limited marketing began for our first consumer products. Blank audio tape cassettes and 1/4" tape on 5" and 7" open reels are being sold in Northern California, Washington and Oregon, and an advertising campaign has begun in major magazines and on television and radio.

Board of Directors Appoints Six Vice Presidents: The vice presidents are John Eastling, Equipment Group; William Emmons, Equipment Group; Roland Jang, Information Media Group; Robert Jaunich, Information Media Group; William McCalmont, International Group; and Edward Phillippe, Corporate Staff.

Romanian President Tours Memorex: Nicolae Ceausescu, President of Romania, visited our company on October 16. He was hosted by Memorex President Larry Spitters and other officers. Mr. Ceausescu was on an unofficial tour of the Bay Area and expressed interest in seeing Memorex. The next week he addressed the United Nations and met with President Nixon at the White House.

November

Offices Opening "Down Under": Peter Burke, former director of Finance and Administration for Europe is in Australia to open sales offices in Sydney and Melbourne. Memorex has sold products in Australia since 1964, but always through distributors. These are our first sales offices in that country.

Japanese Trade Show: 20,000 potential customers visited Computer 70, the first solo exhibition of American-made computer equipment ever held in Japan. The Memorex display received a great deal of interest.

Current Trends in Profit Sharing — Employees to Select Investment Options

The Profit Sharing Plan and Trust was established for Memorex employees on January 1, 1965. In its five years of operation, approximately \$4,111,000 of Memorex's profits have been shared among Memorex employees, and contributions have steadily increased from \$280,000 in 1966 to \$1,383,000 in 1970.

Paralleling the increases in each year's Company contribution has been an equally impressive rise in the number of Plan members. The Company's rapid expansion this year indicates that more than 4,000 employees will share in 1970's profits. This figure compares to 416 who participated in the first contribution.

The growth of Memorex has brought about significant changes in the composition and character of our work force. There are now more people in wider age groups, and they are spread out over a greater geographical area. This diversity also includes different financial needs and future security requirements.

The Plan Executive Committee earlier this year studied the Plan's effectiveness. Its members concluded that the "bigness" the Plan attained this year in terms of members and dollar investments enables introduction of several new elements which will provide each participant greater opportunity to personally guide the development of his Profit Sharing account.

In the past several months, the Executive Committee has developed an expanded investment program which will begin with the Company's 1970 Profit Sharing contribution, payable next spring. This program allows each Plan member a choice of investments for his share of profits. Although you will receive written details of the program early in January and additional explanation of its mechanics in department meetings, the following describes generally its major provisions:

INVESTMENT PROGRAM

Each January you will be given a form on which to show how you want your share of each year's profits invested. Your investment choices are:

- (A) Entirely (100%) Common Stocks
- (B) Entirely (100%) Fixed Income Securities
- (C) Equally in Common Stock (50%), and Fixed Income Securities (50%)

The choice you make will depend upon the condition of your present finances and your expectations of future financial requirements. The three investment modes afford you the opportunity to select one which best suits your circumstances. Your first selection will affect the Company's contribution to your account in 1971 and 1972. If you want to change the manner of your investment after that time, notice must be provided to the Plan Administrator. If you don't want to change, you may continue with the same type of investment indefinitely.

By designating different types of investment for your share of profits over the years, you can achieve various proportions of Common Stocks and Fixed Income Securities in your account. Your quarterly account statements will help you plan for this.

Finally, if you have been a Plan member for five years or more you will be able, with the approval of the Executive Committee, to transfer all or part of your funds to one of the different forms of investment within the plan.

COMMON STOCKS

Common Stocks are securities which represent ownership of a corporation and give the owner the right to participate in the Company's net income through dividends, and in the management of the Company through his voting rights. A major advantage of stock ownership is the potential profit which may

come from appreciation in market value, especially in the case of "growth stocks." However, Common Stocks are also subject to swings in the business cycle and adverse industry developments. In times when earnings are poor, stock prices may decline, dividends may be reduced, and the shareholder may see his investment become less valuable.

Investments in Common Stocks will continue to be managed by the same investment advisory firm which the Trust has employed for the past two years.

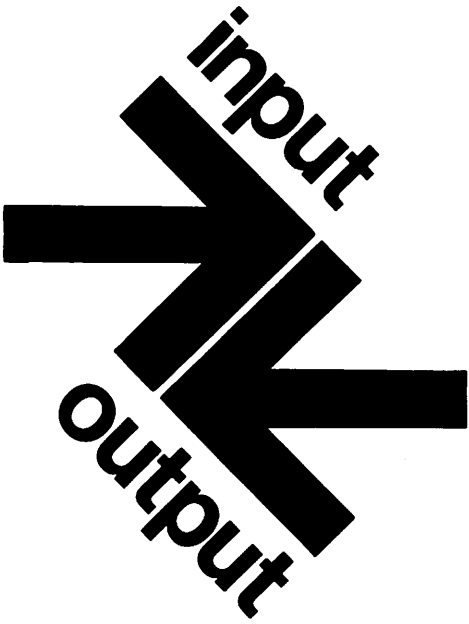
FIXED INCOME SECURITIES

Fixed Income Securities are public utility, finance and industrial bonds as well as various real estate investments.

Bonds represent long-term debts of corporations which promise to return to the bondholder a fixed rate of interest and repay the full amount borrowed at a definite future date. The investment quality of bonds depends on the degree to which the borrowing company can be expected to fulfill these promises. Although fixed income securities carry little risk relative to common stocks, changes in the economy and other monetary conditions can cause bond values to decline, as well as increase.

Real estate investments in this fund include various rental properties and mortgages located primarily in California. Under favorable conditions they offer substantial growth prospects primarily because the supply of real estate is relatively fixed. During periods of inflation, real estate, if it is well selected, offers a hedge against the depreciating value of the dollar.

The trust investments in fixed income securities will be managed in a special Bank of America fund created for this purpose.



INPUT/OUTPUT is an anonymous channel for employee questions, comments, complaints, or suggestions. INPUT/OUTPUT forms and locked boxes in which to put them are located throughout Memorex. Forms are collected by the program administrator, who is the only person ever to see the names of employees who submit INPUT/OUTPUTs. Answers are mailed to employees' homes, and questions of general interest are selected for publication, unless the author requests otherwise.

Why are petty cash funds always out of money?

All departmental petty cash funds are set up to contain at least \$200 when fully funded. These funds were established to cover minor business expenses incurred by employees when time does not permit checks to be prepared.

The cash custodians are aware of the time required to receive a replenishment check and should have approximately \$100 in their fund at all times.

If the fund in your department is continually low, this matter should be brought to the attention of your supervisor or manager.

It is the intention of Memorex that all employees be fully reimbursed immediately for all valid expenses incurred on behalf of the Company.

Why does Memorex allow the vendor to place cigarette machines in the company?

Memorex does not feel that it should become unduly involved in the personal decisions of employees. We feel that the decision on whether to smoke or not is up to the individual and that information as to the potentially adverse effects of smoking has been adequately disseminated through the mass media.

Has Memorex considered relaxing the policy of not hiring members of the same family (husband/wife), at least to the point so that a husband and wife could work for different organizations (i.e., Equipment Group-Information Media Group?)

Memorex has relaxed its policy regarding the hiring of relatives. Our policy of 1964 prohibited hiring any relatives. In 1966, this was relaxed to restrict only close relatives (not second cousins, etc.) Our policy as of March, 1970, permits hiring of relatives except:

- The spouse of an employee.
 - Relatives of Company officers, directors, and senior managers.
 - Relatives of employees in the Industrial Relations/Personnel functions.
- Also, relatives will not be placed in supervisor subordinate working relationships.

Exceptions to this policy may be made for outstanding technically qualified applicants or other applicants with special skills needed to fill a position for which it is difficult to find qualified applicants. Such exceptions must be approved in advance by the Corporate Vice President of Administration.

It has been a long time since Mr. Spitters last held meetings with the employees. When will he do it again?

You are correct in citing the fact that we have not had these companywide employee meetings since the fall of last year. As you indicated in your Input/Output, many employees felt the meetings were worthwhile and enjoyed a chance to hear directly from the president and ask him questions.

With our rapid expansion this year, it became increasingly difficult for Mr. Spitters to conduct a large number of employee meetings personally. However, we hope that he will be able to meet with some employee groups during 1971. Also, we are considering similar type meetings conducted by the respective group vice presidents or by other members of top management. When such plans are firmed up (probably not until the first quarter of next year), we will announce the schedule.

First Class Mail