

THE COMPUTER HISTORY MUSEUM



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ENTER ROOM

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U. S. Edition

MEG Ships First Of Latest Model Disc Drives

Memorex 660 Disc Drives incorporating the latest improvements are now in production at the San Tomas facilities.

The first of these new drives were shipped to customers on the last day of March, one day ahead of the original shipping schedule. Fred Dominic, product manager for the drives, says that the latest version will soon be in full production and he expects them to make up a "significant portion" of April disc drive shipments.

One of the most important changes is an improvement in the access time (the time it takes for a disc drive's read/write head to locate a specific piece of data stored on a disc pack). The new 660 has a conservatively stated average access time of 35 milliseconds, while previous drives were rated at 50 milliseconds.

Another feature of the improved 660 will be available in May. This is an option to cut the drive's start-up time to 30 seconds. It normally takes 60 seconds for start-up after a drive is shut down to mount a new disc pack.

Although these modifications are not major product changes, they are important in data processing operations, where computer time is so expensive.

The cake being cut by Joe Booker has a special significance, besides marking his birthday. Alan Shugart, vice president of Development in MEG (second from left), promised to bake the cake for Joe if his department met its schedule to release the first of our newest 660 drives for shipment by April 1. With them are Larry Wilson, vice president of Manufacturing (left); Paul Currin, manager of Technical Support (who helped bake the cake); and Don Massaro, from Development Engineering.

Joe Booker (center) department manager of Drive Test, inspects a row of the newest 660 Disc Drives which are being tested before shipment. With him are Billy Farmer, an electronic technician, and Mike Juliff, lead technician.



Intercom

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ABOUT THE COVER

An instructor watches as a student in the electronic assembly training area of Opportunities Industrialization Center practices her soldering technique. The story is on page 5.

Business Products Markets

New Tape Cartridges

Discussing the new Business Products tape cartridges are Bruce Bush (left), product engineer in Industrial Engineering, and Product Manager Glen Rogers.



The Business Products Division of IMG has announced a new magnetic tape cartridge for special data processing applications. The cartridge, which goes on the market this month, is for use on IBM Model 50 Data Inscrivers and IBM 2495 Tape Cartridge Readers.

Data processing installations use Inscrivers much as card punch machines are used, except that information is transferred from documents to tape, rather than a card. The taped data can be fed directly into a computer. Data is entered into the Model 50 by a keyboard similar to card punch machines. The Model 2495 Tape Cartridge Reader transfers data from cartridges into IBM System/360 computers. It accepts cartridges generated on Magnetic Data Inscrivers or IBM MT/ST's.

An improved hub allows the coated mylar tape to wind and unwind rapidly with less chance of binding or uneven feeding. The hub is also designed so an operator can tell how many feet of tape are left on the cartridge as it is being used. Data Inscriver cartridges come in 100-foot lengths.



THE FIRST CMX 600 EDITING SYSTEM was delivered to CBS' Studio Center this month. The Editor, which was announced to the public in March, has been termed a "major technological advance" in the method of producing films and tapes for television.

The CMX 600 Editing System combines tape recorders, disc drives, and computer memory banks to provide direct access to any frame in an hour-long film or tape. The editor sits at a console (picture in the March Intercom) with two side-by-side monitors and an audio speaker. By using a special light-pen pointed at the screen he can edit, review and assemble films or tapes with a higher level of flexibility than ever before.

Shown in the photo at the left are some of the men responsible for the design and development of the system. They are (from left) Tony Eppstein, Ken Ferrin, Jim Adams, Cal Strobele, Wil Pearson and King Anderson. To the right is the computer-operated control unit for the video disc pack recording system.

1970 Operating Results And Profit Sharing

Earlier this month a preliminary report covering Memorex's operating results for the year ended December 31, 1970, was sent to all employees together with a letter from President Laurence Spitters explaining that there was no profit sharing allocation for 1970.

Although our business was profitable last year, the level of earnings was insufficient to produce both a profit sharing allocation and the return on invested capital which is first assured to shareholders by the Profit Sharing Trust Agreement, the legal instrument which created the Plan in 1965. The agreement provides that 10 percent of income before taxes (after deduction for pension benefits for certain Memorex companies overseas which do not participate in the Plan) will be shared by all eligible employees. It also provides that profits remaining to shareholders after profit sharing and after taxes must be at least 6 percent of the average of the Company's capitalization at the beginning and at the end of each year (Article 2.15 of the Agreement). Capitalization is defined to include Shareholders' Equity (common stock and retained earnings), Long-Term Debt and Short-Term Debt with banks. During 1970, Memorex's capitalization increased significantly, largely because of \$75,000,000 of debentures which were sold to investors in April, 1970.

The major part of the increase in capitalization in 1970 represents funds raised from outside sources, which were required to finance the Company's expansion. This expansion has been evidenced in many ways.

Our employment has grown from 3400 to over 6000, total occupied facilities increased from 1,000,000 square feet to 1,700,000 square feet, and expenditures for research and development increased from \$9.2 million to \$12.9 million.

Although attributable to the substantial addition of new capital, the expansion really results from the successful change in the nature of our business. Whereas in the past the Company's business depended primarily on the outright sale of magnetic media to computer users and disc drives to system manufacturers, a fundamental transition occurred in mid-1970 when the Company turned its efforts to directly supplying users with data processing equipment to be leased under the Memorex name.

Mr. Spitters in his letter stressed that the change in business "not only affects our manufacturing and research and development activities, but it affects even more profoundly marketing and financing activities

as well as the Company's reported financial results."

The profits on the transfer of computer equipment to ILC Peripherals Leasing Corporation, which actually does the leasing, are not fully realized in the year the transfer occurs, but are evenly spread over a period of four years from the time the lease begins. For example, a portion of the profit on equipment leased and installed in November, 1970 will be reported in each of the 48 months beginning November, 1970 and ending October, 1974.

Clearly, while the profits on leased equipment realized in 1970 combined with profits on sales of other products last year were not great enough to result in a profit-sharing contribution, profits in future years are expected to show sharp improvement, since an ever-increasing amount of equipment is expected to be under lease and there will be a cumulative benefit from earlier profit deferrals. And, as earnings gain, there will be parallel improvements in profit sharing.

	Capitalization		Increase
	1970	1969	
Short-Term Bank Debt	\$ 15,044,894	\$10,274,900	\$ 4,769,994
Long-Term Debt			
Debentures	75,000,000	—	75,000,000
Bank Loans	26,912,740	22,419,406	4,493,334
Shareholders' Equity	39,121,478	35,073,932	4,047,546
Total	<u>\$156,079,112</u>	<u>\$67,768,238</u>	<u>\$88,310,874</u>

Questions About Savings Bonds

Millions of Americans own U.S. Savings Bonds, including many Memorex employees. By enrolling in Payroll Savings Plans, they allow their savings to accumulate automatically as a reserve for emergencies, or for special needs such as weddings, vacations, retirement, education.

Sometimes, Savings Bond owners have questions about their holdings. Here are some of the most frequently asked questions—and the answers . . .

Q.—I have been buying Savings Bonds since they first came out in 1941. How can I determine the amount of interest they have earned?

A.—Bond tellers at banks and many savings and loan associations are willing to assist you. However, you can obtain "Tables of Redemption Values," which show current values of any Series E Bonds you own. The tables are issued every six months, covering the periods January through June and July through December. Send 20 cents—in cash—to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Or write, if you wish, send \$1.00 and request a three-year subscription (six issues).

Q.—I own a number of Series E Bonds, bought through the years. Would it be to my advantage to cash the older Bonds and put the money into current-issue E Bonds, which

now pay 5½-percent interest when held to maturity?

A.—No, for two good reasons. First, the rate you mentioned applies to all E Bonds held to maturity or beyond. It works this way. Series E Bonds purchased on or after June 1, 1970, when held to maturity of 5 years, 10 months, earn 5½-percent annual interest from date of issue to date of maturity. Your E Bonds which have not reached first maturity receive a ½-percent increase in yield for semiannual interest periods, beginning on or after June 1, 1970, payable as a bonus at maturity.

And your E Bonds which have reached first maturity, or are extended beyond first maturity, while the bonus is in effect, will have the ½ percent credited at the end of each semiannual interest period, beginning on or after June 1, 1970, through their next maturity. The bonus on these Bonds is payable whenever they are redeemed.

OIC . . . A Proven Asset To The Community

The Opportunities Industrialization Center (OIC) in San Jose has many enthusiastic supporters, including Memorex. Just this month Pat Kostelnik, a personnel specialist in IMG, presented OIC with a check from the Memorex Foundation.

OIC has proven itself to be an effective way to train unemployed or marginally employed men and women for meaningful jobs in industry. Pat was chosen to make the presentation because she has worked closely with OIC for the past two years and has hired a number of the center's graduates.

The center is one of about 80 such programs throughout the country. In the three years since it was started in San Jose, OIC has

placed 676 "poverty-cycled" adults in jobs as welders, machine operators, assemblers and similar positions. In March alone, the center found jobs for 65 graduates. Trainees at OIC also receive basic remedial training and job counseling. And follow-up counseling has helped produce a 90% job retention rate.

Russell Tershey, OIC's executive director, points out that the center's graduates and the community both reap substantial benefits from the training program. They enter the program without job skills and economically disadvantaged. When they graduate, they are ready for rewarding and stable careers. The annual earnings of OIC graduates, based on their entry-level pay, is close

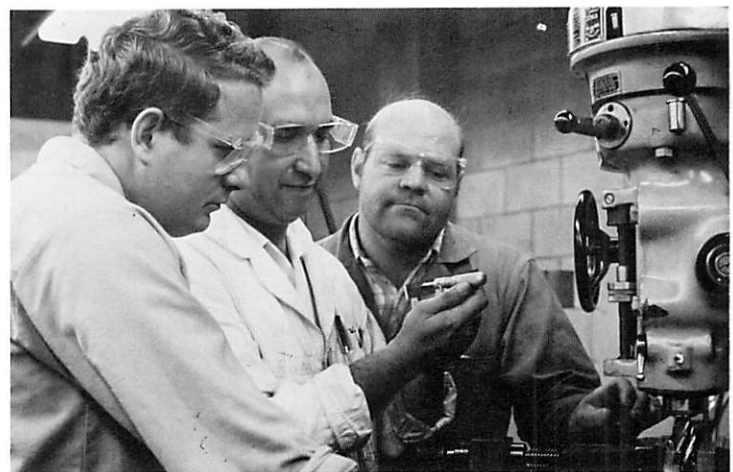
to \$2 million. In addition, the community realizes more than \$500,000 yearly in savings in direct welfare payments, and nearly \$100,000 savings in unemployment benefits.

The center plans to train 600 men and women in 1971, and financial assistance to carry on its programs comes from industry and the community, as well as government sources.

It's no wonder that OIC has enthusiastic support in Santa Clara County. It has proven that a self-help philosophy, combined with a community-industry job training program can work—and, in fact, be a valuable asset to the entire community.



Electronic assembly is just one of several skills taught at Opportunities Industrialization Center. Machinist skills, welding, auto body repair and auto mechanics are also taught.



Pat Kostelnik hands OIC Director Russell Tershey a check from the Memorex Foundation, as OIC Placement Counselor Mary Dawson looks on.

An instructor (center) works with two students in the center's machine shop.

Low Cost, Only One Of Several Supplementary Life Insurance Advantages

Memorex provides you with at least \$10,000 life insurance coverage at no cost to you. You can also enroll in the Supplementary Life Insurance Plan, which provides additional coverage. In this article, we'll describe some of the main features of the Company's supplementary plan.

We're sometimes asked, "What's so good about a Supplementary Group Life Insurance Plan? Isn't the same protection—protection of income—available to individuals?"

The answer is yes. You can obtain excellent coverage on your own, but there are important advantages to a supplemental group plan. (A "group plan" is any insurance policy providing protection for a group of persons, or families, rather than coverage for just one individual or one family). The first and foremost advantage of the group plan is the cost. The cost is less when you start into it, and continues to be lower than if you bought the same insurance on your own. This is especially true if you purchase an individual policy at an older age.

With our group plan, the same low rate also applies whether you go into private flying, sky diving or any other high risk hobby. Similarly, if you become sick or contract some ailment that would make you a poor insurance risk (and would raise the premium on an individual policy), you need not worry about your Memorex group insurance—the premium does not change.

This special low premium is only 30¢ per month per thousand dollars of insurance. Thus, for \$10,000 of coverage (in addition to your company-paid life insurance), the cost is only \$36.00 per year. And that includes

special extras which are built into the policy. For example, should you become disabled, this plan automatically continues coverage and pays the premium for you when you are disabled. In this way, you will not lose the coverage just when it's most important to you.

In addition, the plan keeps pace with inflation and with your increasing income. As the following chart shows, your supplemental coverage is based on your annual earnings. As your salary advances, the supplemental coverage automatically increases, and your payroll deductions for the plan are increased accordingly.

Basic Monthly Salary	Amount of Supplemental Life Insurance
Under \$500	\$ 5,000.00
\$500 but under \$750	10,000.00
\$750 but under \$1,000	15,000.00
\$1,000 but under \$1,250	20,000.00
\$1,250 but under \$1,500	25,000.00
\$1,500 but under \$1,750	30,000.00
\$1,750 but under \$2,000	35,000.00
\$2,000 but under \$2,500	40,000.00
\$2,500 and over	50,000.00

Included in our Supplementary Life Insurance Plan is an extra value for those who have dependents. It's called "Dependent Coverage" and provides coverage on the lives of your dependents. At a total cost of only 30¢ per family per month, it insures your spouse and children (over 6 months of age up to age nineteen) for \$1,000 per person. Infants from 14 days to 6 months are covered for \$100.00. Because this is a group plan, if the size of your family grows there is no need to worry about providing additional coverage or paying increased

premiums. The protection is automatically there once you have enrolled in the Supplementary Plan, and the cost doesn't change. Even if you have twelve children, the cost for the family protection is still only 30¢ a month.

There also is a right of conversion, for those leaving the Company for reasons other than retirement. Right of conversion says you have the right to convert your coverage whenever and however you leave Memorex. You can convert any amount up to, and including, the full amount of your Memorex coverage to an individual policy provided by the same insurance company. Proof of insurability is not required.

If you're already enrolled in the Supplementary Plan, it's not enough to pat yourself on the back and forget it. You should think about your family situation and make sure that your designated beneficiary for this plan is up-to-date with your own circumstances. You might note that the beneficiary for this plan is the one you name. You can choose the same one as for the Savings and Investment Plan or Profit Sharing if you wish, but you have to make the designation.

If you haven't enrolled and you have waited more than 30 days from when you first became eligible, you will have to fill out a proof of insurability form. These forms and additional insurance information are available at your Group Personnel office.

This summary of the Supplementary Life Insurance Plan does not replace any of the policy's provisions. The master policy with Pacific National Life Assurance controls and defines the coverage.

News Notes

The annual Shareholders' Meeting has been rescheduled from April 30th to Wednesday, May 19th at the San Tomas site. The Open House at that site has been moved accordingly, and is now planned for Saturday, May 22nd.

The Shareholders' Meeting is timed to follow the dedication ceremonies that will take place in the San Tomas Employee Center. Shareholders will have an opportunity to view special equipment displays and take a short tour of the facilities. Employees will be able to take a more extensive tour at the Open House on the following Saturday.

The United Fund last month announced winners in its 1970 Silver Cup Competition among Santa Clara County industrial editors. The five major awards went to: Best Magazine, Gary Williams, editor, Memorex Intercom; Best Tabloid Newspaper, Bob Bell, editor, Nuclear Energy News, General Electric; Best Newsletter, Dorothy Evans, editor, NASA-Ames Research Center Astrogram; "The United Fund Industrial Press Award" (a perpetual trophy), Bob Bell, for best all-around coverage of the United Fund during the campaign period; and the "Photographic Excellence Award," to Varian News Note, editor Larry Hartke.

S. C. MAG Greet Spring With Fashion Show And Easter Egg Hunt

Nearly 200 ladies attended Santa Clara MAG's first fashion show, at the Palo Alto Golf and Country Club. The show was coordinated by Town and Country Village in Palo Alto.



Bowers Park in Santa Clara was the site of Santa Clara MAG's Easter Egg Hunt for children of employees. About 1500 children (accompanied by their parents) turned out for the event.

Intercom

Memorex Corporation

Santa Clara, Ca. 95050
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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.

If you can't locate an INPUT/OUTPUT Box, you can obtain forms from your Personnel Office.

Can Memorex employees who are going to college at night part-time be granted a half hour a day study time?

It is Memorex's practice to assist our employees in broadening their educational background by reimbursing employees financially for directly related course work and other related educational activities. Even though the course work may benefit the employee on his daily job, we believe that employees who do attend school under our educational reimbursement policy must be willing to attend and study on their own time.

Why don't we have Blue Cross insurance instead of our present coverage?

The insurance plan that we have offers benefit protection comparable to a group plan of Blue Cross. Our present plan was specifically designed to meet the needs of Memorex employees. It provides more extensive coverage in the event of a serious illness or injury than many other plans. However, it is not the intent to pay for all services that might be needed. Rather, it primarily covers those costs that cannot be planned or budgeted for, such as accidents or illness.

What arrangements can be made to replace a lost five-year service award pen?

We will be glad to make arrangements to replace your pen. Please give your name to your Group Personnel Office. It usually takes four weeks for the replacement to be delivered.

Although Memorex does not pay for replacement pens, we will make the pen available to you at a minimal cost.

Why has paper with such a glossy, easy to smear finish been used to print our Memorex outside mailing labels?

You are correct in stating that the glossy labels we are using do smear. We presently are looking into other types of paper which would reduce this problem, and hope to conclude our investigation within the next month.

If Saturday is the first day of the week, why do I have to record it as overtime on my time card? Why Friday as overtime?

Personnel Policy No. 225 defines the Memorex workweek as consisting "of seven (7) consecutive days beginning with the first graveyard shift which ends on Saturday, through the swing shift which begins on the following Friday. Within the Memorex workweek, each employee will normally have (any) five (5) scheduled workdays eight (8) hours per day . . ."

". . . An extended workweek is one in which an employee works more than the normal five (5) workdays of eight (8) hours each day during the seven (7) day workweek."

Therefore, in order to determine what days of the Memorex workweek are to be paid as overtime, you must first identify the employee's regular five-day work schedule in the workweek. Then you can determine which are the overtime days (sixth and seventh workdays) for that employee.

Thus, which days an employee records as overtime depend on his normal work schedule.

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