

INTERCOM

A Newsmagazine for Memorex Employees
Volume 12/January, 1975



Memorex Makes Financial Gains

SANTA CLARA, Calif. — Although results for the third quarter at Memorex, Inc. were "not satisfactory," significant gains were made in the firm's overall financial condition, Robert C. Wilson, Memorex's president, said.

A \$900,000 credit stemming from debt restructuring reduced Memorex's third-quarter loss to \$143,000 or 3 cents a share compared with \$3.9 million or 89 cents a share in the year-ago period.

Revenues rose 30% to \$56.2 million from \$43.2 million in the same 1973 period. Most of the increase was from sales, which rose to \$31.1 million from \$19.2 million, rather than rental and service revenues.

Wilson pointed out internal and service revenues rose to \$16.7 million from \$11.5 million in the same period.

Memorex Broadens Services

Memorex Revenues Up 19.5% Over Last Year

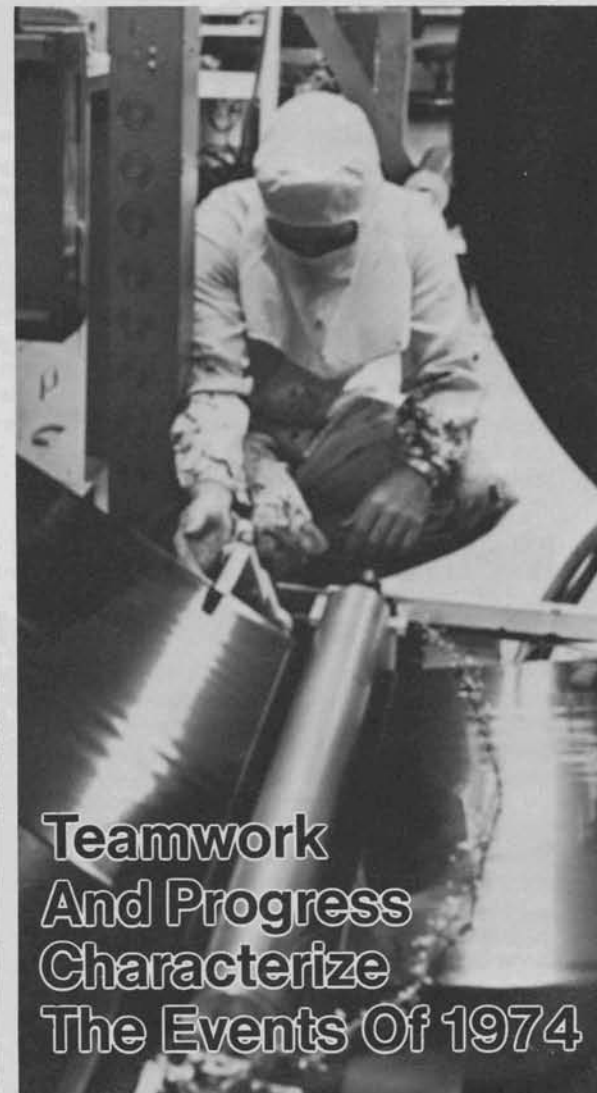
SANTA CLARA — Memorex Corp. announced that revenues for the six months ended June 30, 1974 were \$101,484,000, up from \$85,282,000 in the first half of 1973, an increase of 19.5%.

Robert C. Wilson, chairman of the board and president of Memorex Corp., announced that revenues for the six months ended June 30, 1974 were \$101,484,000, up from \$85,282,000 in the first half of 1973, an increase of 19.5%.

Wilson emphasized that Memorex intends to stay in the communications terminal business, but indicated that the company will continue to scrutinize the light of current market conditions.

Memorex, BST Sign Agreement

Memorex, Santa Clara, and Business Systems Technology, Oregon, announced an agreement which calls for BST to lease and purchase a large number of Memorex 3670 disc drive models over a two-year period.



Teamwork
And Progress
Characterize
The Events Of 1974



Computer Storage Line Expanded

Company Begins Marketing Semiconductor Add-On Memory Devices For System 360/370 Processors

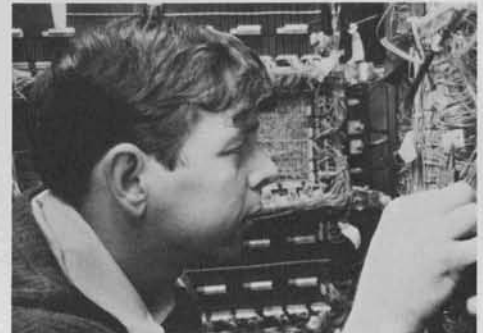
In a major addition to its computer peripheral equipment line, Memorex has begun marketing a family of IBM plug-compatible semiconductor main memory systems on a purchase or lease basis.

Called the Memorex 6000 Series, the new add-on semiconductor memory systems extend the usable capacity of the internal main memory of select models of System 360/370 Central Processing Units (CPU's), in some cases beyond the CPU's original maximum memory capacity.

"The Memorex 6000 Series memories offer significant cost advantages ranging from 30 to 65 per cent of the purchase price of equivalent IBM supplied memories," says **George Dashiell**, VP for Equipment Marketing.

"This new family of memory products, along with our disc storage equipment line, expands Memorex's capability to serve the growing needs of our data processing customer base," said Dashiell.

"The 6000 Series is a natural extension of Memorex's product line as a large portion of our equipment and computer media customers are actual or prospective users of add-on memories. And since the new memories are installed and maintained by Memorex's worldwide service organization, we can offer customers the same high quality service support that we provide users of our other peripheral products," Dashiell added.



Making modifications on a computer for direct attachment to the Memorex 6145 Memory System is **Chuck Cochran**. Cochran is a member of the Company's team of Memory Products Specialists.

Dobbie Elected Vice President For Computer Media

The election of James Dobbie to Vice President and General Manager of Memorex's Computer Media Group has been announced by **Robert C. Wilson**, Chairman and President.

Dobbie, 44, formerly was Executive Vice President of Varian Data Machines, responsible for all line and staff functions.

In his new position he will be responsible for all operations associated with Memorex's computer tape, disc pack, and plastic components product lines.

He joined Varian in 1971 as Vice President - Engineering; following a year with Raytheon Data Systems as Director of Engineering.

Earlier, Dobbie spent nine years with General Electric, leaving the company in 1970 as Manager - Systems Engineering in the Information Systems Division.

A native of Scotland, he came to the U.S. in 1957 and became an Engineer in Westinghouse Electric Corporation's Industrial Process Controls Division.

Upon his graduation in 1952 from Glasgow University in Scotland with a degree in Electrical Engineering, Dobbie began his professional career with the Metropolitan Vickers Corporation in England as an engineer specializing in process control.

Dobbie earned a Master's in Electrical Engineering at Arizona State University in 1967, completing his degree requirements while working full time. He holds 12 patents, with 23 others pending, all in the area of industrial process control.



James Dobbie

Memorex Managers And Supervisors Worldwide To Participate In Management Training Program

Memorex managers and supervisors worldwide will soon participate in a unique professional management training program developed by Louis A. Allen Associates, a well-known management consulting firm.

Beginning in February, selected managers who have been trained by Allen Associates, will give the program to their fellow managers and supervisors. The program is scheduled to be presented throughout the year.

The Allen Program is based on concepts and practices used successfully in leading

organizations throughout the world, with emphasis placed on the major management activities of planning, organizing, leading and controlling.

Designed to instill the best professional management practices, the management training program will directly benefit the Company and its employees, according to Industrial Relations Director **John Pew**. "The training program will be very beneficial not only to our new managers, but to our more experienced managers as well," said Pew.

"The Program will assist our managers and supervisors to utilize their abilities and past training in a unified, consistent way," explained Pew. "With improved management practices, we can work more effectively through better planning, organizing and control. These management practices will focus our efforts more directly toward an overall successful business result."

The Allen program covers 19 specific management activities, four work sessions relating to actual problems and discussions on "What is a Professional Manager?" and "Management for the Future."

New Leadership, Improved Teamwork, And Solid Progress Characterize The Events Of 1974; Cash Conservation Is This Year's Major Objective

In retrospect, 1974 was a year of new leadership, improved teamwork and solid progress for Memorex and its more than 5,000 employees worldwide. It was also a year of re-assessing the Company's direction, identifying its problems and establishing key objectives.

A few of the significant events of the year included the election of a new president, new credit agreements with senior lenders and an organization restructuring. In addition, new products were introduced, a pension plan was added to the employee benefit program, and a series of meetings and reports were given by the president to improve communication.

The significant Memorex news story of 1974 was the election of **Robert C. Wilson** as President, Chairman of the Board and Chief Executive Officer, following the resignation of Company founder and former President, Laurence L. Spitters. Spitters resigned from Memorex in April, citing personal reasons.

Wilson, who attracted international recognition for his leadership in the dramatic turnaround of Collins Radio Company, became president in May. Wilson met with employees that same month to discuss the Company's future and his philosophy of business management. It was at this meeting that he established the Company's major priorities of attitude, cash and profit for better performance.

The most important action taken to help restore good performance was the credit agreements reached with senior lenders. The agreements reduced our debt, and gave management more room to capitalize on opportunities.

To more effectively manage Memorex's business activities and improve productivity, the Company's organization was restructured. Among the major changes in the organization were the establishment of International Operations as independent entities apart from the Equipment Products Group; the Equip-

ment Field Sales and Service was consolidated under the Equipment Marketing Organization; financial controllers were established for each line operation; and a Consumer and Business Media Group was formed.

Another action taken to improve performance was the start-up of a corporate-wide cash conservation program. Employees responded by introducing cost saving programs within their departments. These programs have had a very beneficial effect on cash flow.



Above, a section of the Flexible Disc File Manufacturing Operation, whose product is marketed to OEM customers.

Cost-saving measures taken Company-wide included discontinuing selective unprofitable activities, renting the Corporate Headquarters Building, consolidating European Headquarters, and removing some overhead personnel.

New equipment and media products were introduced, production milestones were achieved, and prices were increased for both products and services.

Two important equipment products, the 3672 Storage Control Unit and the 3673 Controller, were introduced. Both permit attachment of Memorex 3670 Series Disc Drives to some models of IBM 370 computers for the first time.

Another new device, the 3675 Disc Storage Module, is the first independent plug- and media-compatible "double density" disc drive in the industry.

A radically new type of computer tape was announced at a press conference in San Francisco, and was well publicized. The new tape, named Cubic, was designed specifically to virtually eliminate edge damage, the chief reason for tape failure.

Also introduced last year was a new "writable surface" magnetic card for use in IBM's second generation Mag Card Typewriters, and the Company's imaging materials line was expanded with the introduction of a new toner for the Xerox 3100 desk copier.

Production and sales of computer tape and 3670 Disc Drives increased, renewed attention was devoted to the Computer-Output-Microfilm (COM) business, a new division was formed to specialize in Original Equipment Manufacturer (OEM) market, and outright purchase business was emphasized.

Numerous production milestones were also accomplished in 1974. A few of the achievements included the production of the 2,000th disc drive, the one millionth printed circuit board from the Company's manufacturing plant facility in Eau Claire, Wisconsin, and more than one million cassettes and 2,000 disc packs were produced in a single month.

Outlook for 1975

Although Memorex's operations were penalized last year by continuing inflation and worldwide cash shortages, the many rigorous programs initiated in 1974 will be instrumental in our success this year, according to President Wilson.

"It is important that we continue to address our priorities of attitude, cash, and profit throughout the Corporation during 1975," said Wilson. "In view of the worldwide cash pressures, cash conservation and generation will continue to be our key objective."

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On The Cover:

A montage represents some of the major Memorex events of 1974. Pictured clockwise beginning with the top left photo are: research and development engineers test the new 3672 Disc Storage Control Unit; President Robert C. Wilson meets with employees for the first time; video tape coating is one of many media manufacturing processes improved in '74; equipment manufacturing personnel flank their 2,000th 3670 Disc Drive; some newspaper clipping highlight the Company's progress toward improved operations; and a miniature beam is used to demonstrate Cubic, the computer tape which virtually eliminates edge damage. See story above.

What Is Productivity All About?

Productivity Plays Significant Role In Reducing Costs, Making Products Competitive And Promoting Growth; Consumer Products Increases Productivity 35 Per Cent

In a world plagued with increasing inflation, productivity plays an important role in the fight to hold down costs, make products more competitive, and promote cash, profit and growth.

What is productivity? Productivity is all kinds of output, like finished goods and services. It's measured by weighing production or output against the resources used to generate that output. Given the same amount of resources, productivity improves when production increases, and/or quality is improved.

Unfortunately, many people "turn-off" to productivity, because of their belief that they must physically work harder to improve it. Experts believe this misconception is a major reason why the U.S. has the lowest annual increases in productivity among the world's leading industrial nations.

According to the Department of Commerce, the current average annual gain in output in all U.S. industry and business per man-hour is 1.8 per cent, compared to 14 per cent in Japan, 8 per cent in the Netherlands, and 5 per cent in West Germany. If the decline continues, it will be increasingly difficult for the U.S. to halt the rapid increase in inflation, compete in world markets and improve the standard of living.

More often than not, productivity is increased by simply applying new technology to the job, such as utilizing a specially designed tool, or combining two production steps into one. In other words, any action taken to make the existing job more efficient, rather than the myth that a person must work harder.

Another myth associated with productivity is that it pertains only to production workers. Actually, productivity is just as, or more, important to non-production jobs as it is to production jobs. This is true because non-



Assembly Operator Linda Aguirre is one of many dedicated Consumer Products Manu-

facturing employees who are improving job efficiency.

production workers are most associated with an organization's control. Thus, without their support, productivity improvements cannot be made in the goods-producing sectors of industries.

Although it's much easier to apply productivity improvements to manufacturing jobs than to administrative positions, everyone can find ways to improve job efficiency.

Productivity can also be improved by reducing waste at every level of a company's operation. Waste of raw materials, for instance, adds to costs and cuts down output. Other examples of waste includes unnecessary re-work, damaging products in manufacturing, too large inventories, or even throwing away paper clips.

Another common waste is time. Time-management consultants report that the average American worker wastes approximately 50 per cent of his time on the job. One way to achieve maximum use of time is to keep a daily or weekly list of priorities which will best achieve long and short-term job objectives.

An example of increased output resulting from a concerted effort to better productivity

is the record of Memorex Consumer Products Manufacturing. Employees here have increased productivity by more than 35 per cent over the past 18 months, mainly through improved job efficiencies.

The plant has developed a direct labor productivity program, which utilizes a daily performance reporting system to compute each shift's output. The results are reviewed by employees the same day to determine where improvement is needed and to set higher goals for that day's work. The program has been well received by employees.

To give an example of how successful the Consumer employees have been in improving productivity, if the current volume of goods were produced at 1973 production levels, it would require an additional expenditure of more than \$400,000 for labor, and approximately \$3 million for capital equipment.

Other groups in the Company are embarking on similar productivity improvement programs. If results are similar to Consumer Products Manufacturing's efforts, Memorex will be making excellent progress in counteracting the negative effects of inflation.

George Cotroneo to National Sales Manager for Consumer Products

Promotions

Kenneth Abbott to Senior Production Control Analysis

Robert Aird to Supervisor Process Engineering
James Aldrich to Zone Manager for Consumer Products

Mary Bahni to Supervisor-Finishing Operations

Leroy Borders to Engineering Specialist

Mellie Boyce to Inprocess Inspector

Samuel Cannuli to Offset Press Operator

David Cortis to Dept. Tech. Technical Manufacturer

Cindy Deem to Production Control Analyst

Betty Dent to Food Services Coordinator

Lona Goff to Accounting Specialist B

Dennis Merrill to Warehouse Department Supervisor

Stephen Mittman to Zone Manager for Consumer Products

Lucille Motley to Assistant Media Order Administrator

Peter Palomo Jr. to Associate Production Test Technician

Emmit Puthoff to Engineer II

Shirley Prouty to Secretary C

Geoffrey Raybould to Spare Parts Planner

Milton Rials to Research and Development Machinist

Craig Riley to Zone Manager for Consumer Products

Kathleen Schmidt to Secretary A

Robert Shervem to General Manager for Recon

Dennis Sirus to Production Control Analyst

Orvel Smoot to Programmer Analyst

Kenneth Stowell to Maintenance Technician I

Martin Thomas to Material Handler for Equipment Manufacturing

James Ulrich to Department Technician

Eulia Webb to Inprocess Inspector B

Howard Zimmerman to Media Sales Representative, Connecticut

News In Brief

Sales Reps Hortman and Etheredge Named Winners In 'INDE-660' Contest

Two Equipment Sales Representatives have been named winners in the third and fourth quarter "INDE-660" program, a campaign to promote the sale and lease of Memorex 3660 Disc Drives. Each winner receives a \$1,500 check for a trip of his choice for two.

Al Hortman of Dallas, Texas, captured the fourth quarter title for generating an estimated \$226,000 of revenue in the sale of 3660 Disc Drives.

Bill Etheredge of Pittsburgh, Pennsylvania, was named third quarter winner for generating more than \$291,000 in sales.



Memorex President **Robert Wilson** congratulates 3rd quarter INDE-660 winner **Bill Etheredge** for a "job well done."

Tape Management System Requested By 300 Users

Memorex Tape Management System (MTMS), a program for managing tape libraries, has been requested by more than 300 tape users to date.

Introduced last year, MTMS is available free of charge to computer users who agree to purchase a year's supply of their tape and disc pack requirements from Memorex. This program offering is believed to be the first of its kind in the media industry.

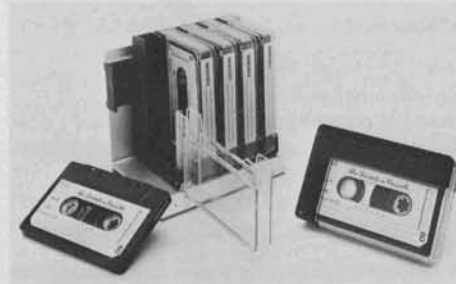
Test Team Effects Savings

The Equipment Group's Final Acceptance Test Team has effected a \$1,000/month savings by utilizing a high-speed printer originally manufactured for the MRX Computer System. The MRX printer has replaced an IBM printer for quality assurance testing.

'Leaderless' Dictation Cassette Introduced

A "leaderless" dictating cassette, for use in office dictation machines, is announced by Memorex. The introduction of the new product is another addition to the Company's expanding line of word-processing supplies.

This new product, "The Dictation Cassette," is manufactured to the same precise standards that have established Memorex cassettes as having the lowest proven failure rate due to tape jamming. Each cassette is ultrasonically welded to reduce stress or warp due to screw-type construction.



Low-Cost Disc Cartridge Introduced For 651 File

Memorex has begun marketing a new, low-cost flexible disc cartridge called the FD/V, designed specifically for use in Memorex OEM 651 Disc File. The FD/V features a Mylar® substrate disc coating on both sides with a durable ferrous oxide composition developed by Memorex.

The 651 Flexible Disc File, introduced in late 1972, provides customers convenient, rapid, and economical means for storing and retrieving digital data. It gives the user data handling simplicity and convenience plus a higher degree of operational reliability and performance than is available with tape cassette or tape cartridges.

Palmerston Named Manager Communications Planning

Dennis Palmerston has been named Manager of Communications Planning. Palmerston, who joined Memorex in 1970, will report to **Bill Warren**, Director of Business and Product Planning. He will be responsible for future planning activities for communications controllers and terminals.



"Our main objective is to capture a greater share of the total communications market," said Palmerston.

Employees Donate Food

Employees have donated more than 1,000 food items to needy families in San Jose, Santa Clara and Sunnyvale through the Emergency Assistance Association of Santa Clara County. The food donations were made by approximately 600 employees whose children attended a Christmas Party held last month. It was the fourth year in which food donations have been contributed to the EEA by families attending the annual Memorex Activities Group (MAG) sponsored event.

Company 1st To Market Both Mag Coding Pens and Cards

The Company is now offering a Magnetic Card Coding Pen for use on writable surface magnetic cards. Memorex is the first word processing supplies manufacturer to market both pens and cards. The pens are available in four colors—red, green, blue, black—for color-coding and easy card identification.

New York Field Office Reduces Rental Costs

The Syracuse, New York, Field Engineering Team has effected a reduction in office rental costs by more than \$8,000. The branch, which previously occupied a 2700 foot office space, has relocated to a 960 foot office in a newly developed complex, reports **Maurice Gregoire**, Field Engineering Manager. "We're always willing and anxious to reduce costs whenever possible," said Gregoire.

Memorex Posters Free To Data Processing Users

A full-color art poster, the second in a series to be commissioned by Memorex to improve the traditionally sterile look of data processing centers, is now available at no cost to data processing professionals.

The poster, entitled "Lucid Dimensions," was created by California artist Clifford Spohn. The poster was selected for showing by the Society of Illustrators of New York during its recent Annual Show. "Lucid Dimensions," which is a limited edition, carries no sales message and is suitable for framing.

Editor's Note: The INTERCOM series on the Company's organizations and their contribution to the Memorex "team effort" will be continued in the February issue.

'I Came Back'—150 Memorex People Returned Last Year—Seven Tell Why

Good people, a creative work environment, challenging work, and good benefits are a few of the qualities which attract people to Memorex. These same reasons often bring back employees who, for any number of reasons, leave the Company.

Whatever their reasons to leave—taking other jobs, following spouses out of the area or making marriage and family a full-time career—more than 150 employees decided to return to Memorex last year. The consensus among the returnees is that Memorex is a good place to work, it employs excellent people and they're very glad to be back.

Those returning are eligible for reinstatement of all prior, continuous service, after approval from their vice president, and following their current completion of one year's service.

The following comments from seven men and women explain why they, along with 150 others, returned to Memorex.

Senior Draftsperson Janice Gilman began working for Memorex part-time in 1970, and currently works in the Printed Circuit Board Drafting Department.

"I left Memorex to work for a small company when I was promised a job in electrical design. Instead they gave me a tremendous amount of mechanical work, which was not very interesting. I stuck it out, however, hoping that I would eventually have an opportunity to take on more challenging work.

"Unlike the drafting departments at Memorex, the company's production quality was very poor. They weren't concerned with quality workmanship, but rather 'just get it out the door.'



"I always thought that small companies had excellent communications, but I found that's not always true. Communication was poor, a majority of the employees were unfriendly and company attitudes were negative. I became depressed and decided to call my former boss, hoping I'd be rehired.

"What I really enjoy about Memorex is the people and the work environment. I also appreciate the emphasis on quality throughout Memorex. I'm very happy to be back."

Robert Quinn is a Senior Systems Engineer for the Western Regional Sales and Service Office.

"I left Memorex when the systems program was de-emphasized due to the Company's financial condition. I returned because I now see a long-term opportunity for an excellent career. The new management has really grabbed Memorex's problems by the throat and set a new direction and business plan.

"I like our strong management and executive staff. They have established a fresh, new outlook for our Company based on a realistic view of our industry.



"I believe the events of last year have brought employees together with a spirit of teamwork. I'm glad to be a part of that team."

Maria Carrillo joined Memorex in 1970 as a Consumer Products Assembler and left the Company the following year.

"I left the area because of my husband's military transfer to Lompoc. When we moved back to this area last year, I rejoined Memorex.



"My job has really improved, as my duties have changed since I left three years ago. We have a new labeler on the assembly line, making the job easier. Because we now have a smoother operation, everybody has a better idea of what they're doing and production has increased.

"The thing I like best about Memorex is the atmosphere. The people are pleasant and the working conditions good."

Ping Tom, a Senior Facility Engineer, has worked on the design and construction of the Company's Word Processing, Consumer Products and Leige Manufacturing Plants, and is currently involved in a facilities cost reduction program.

"I took a job designing large commercial shopping centers located in Western sections of the country. I thought the new job would be a rewarding experience, however, it didn't turn out that way.



"Sometimes you don't appreciate something until it's gone, and that's exactly what happened to me. The job involved a lot of traveling, which I didn't like very much, and the overall working conditions of the company were not very good.

"After a while I began to miss the excellent working environment at Memorex and its people, especially my manager. I know how he operates and what he expects from me, which is really important in a good employee-manager working relationship. I'm glad to be back."

Mercy Herrera is a Finishing Operations Specialist in Computer Media's labeling department.



"I joined Memorex in 1966, but quit five years later to retire. Last year I decided I just couldn't stay home anymore. I am thankful to be rehired. It's put me back in the swing of things again. My children have grown up now and it's good to keep active.

"I'm glad to be back because Memorex is a nice place to work. My manager lets me think for myself rather than having to always be told what to do. I like this working arrangement.

"I have a good attitude about my job and have set a goal to improve my attendance record. I'm happy to be back on the job and to be working for a company that produces good products."

David Worden is a Field Service Representative in Charleston, West Virginia. He originally joined Memorex in 1971 as an Associate Field Service Rep.

"I left the Company because I wanted a job totally unrelated to data processing with a normal workday from 8 a.m. to 5 p.m. I found the job boring and there was no challenge. There was just no future. So, I started looking around and came back to Memorex.

"I rejoined after seven months because I wanted a job with a future. I realized Memorex could offer me this opportunity.

Marty Stone works as a secretary for the Santa Clara Disc Pack Operation.

"I began working for Memorex as a secretary in Consumer Products Marketing in September, 1971, but left later that year to have a baby girl and move to Oregon.

"I came back because I like Santa Clara County, I know the people here, and the working conditions are good.



"I enjoy working with people. I currently work with 40 engineers involved in the research and engineering of disc pack products. My job is never boring.

"I think this Company is headed in the right direction—'out of the hole.' I am very impressed with Mr. Wilson and his management performance. I'm glad I came back."

Employees Celebrate Anniversaries

Victor Kottinger, Media Maintenance Technician, recently celebrated his 10th anniversary with Memorex at ceremonies attended by his co-workers at the Tape Plant in Santa Clara. In recognition of his accomplishments and contributions to the Company, Guy "Dusty" Rhodes (right), General Manager for the Computer Tape Division, presented Kottinger with an engraved clock and a letter of congratulations.



The following employees are celebrating their fifth anniversary with Memorex and will receive five-year awards in recognition of their contributions to the Company.

**Bunise Anderson
John Anglin
Karl Balke
Neil Bitter
Joseph Brocato
Eleanor Brookman
Alan Burgess
Harold Burman
John Campbell
Thomas Carroll
Don Collier
Stanley Compton
David Corts
Don Davis
Dolores Del La Torre
Robert Egly
Allyn Farmer
Robert Fee
Philip Felton
Tony Flores**

**Vincent Fowler
Lloyd Friend
John Garnese
Jack Gibs
Ronald Guasticci
High Hage
Roger Hammond
Maria Haro
Shirley Hart
Siv Hoffman
Lemuel Hollins
Dale Hoover
Lester Hunt, Jr.
Robert Hunt
Robert Jasman
Robert Jaunich
Ginger Johnson
Marion Johnston
Barbara Jones
Marius Kendall**

**Rodney Keyser
Bing Leong
Hazel Longo
Robert Luke
Michael Lyddane
David Mac Lauchlan
James Malone
Vincent Marine
Irene Martinez
Mary Martinez
Ronald Martinson
Keith Mercer
Wilfred Melcher
Nilda Menendez
Margaret Mendoza
Dominic Mercurio
Dianne Miller
Howard Miller
Thomas Mock
Farrok Mottahedin
Bob Mullins
Carolyn Meyers
David Oakes
Ilse Ociepk**

**Dorothy Peavey
Carolene Porter
Robert Rafalovich
Ruth Rease
Joseph Rizzo
Thomas Rogers
James Ruszczyk
Angelina Sanzone
Claudia Sarmiento
Lynne Shanrock
Ronald Sodano
Gary Steele
Mary Swenor
Anne Taylor
Ping Tom
Maurice Turner
Ray Vales, Jr.
Michael Wegielewski
Lida Weidlich
James Welch
William Werton
Nancy Wheeldon
Donald Wilson
Eleanore Villarreal**

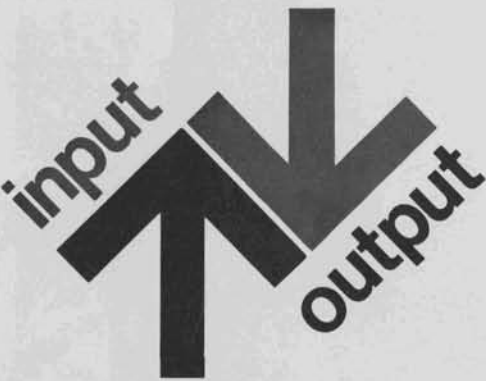


Equipment Sales Representative Bob Armstrong receives free tickets and transportation to the Super Bowl Football Game from Memorex President Robert Wilson. Armstrong is the winner in the Computer-Output-

Microfilm (COM) 3rd quarter kickoff program, a contest designed to stimulate COM sales. Both he and his wife, Trudy, attended the game held earlier this month in New Orleans.



More than 1,000 Memorex Santa Clara and Comdata employees attended Christmas/New Year's Parties sponsored by the Memorex Activities Group (MAG). "Holiday Flair" was the theme for the Santa Clara festivities at the Le Baron Hotel, San Jose. Comdata, located in Santa Ana, California, celebrated the Season with a Christmas Dinner Dance at the Newporter Inn, Newport Beach. Here are scenes from both parties.



Has Memorex considered starting a credit union? It could be set up through MAG or associated with an existing credit union. There are many benefits to employees and if properly handled there should not be too much cost.

No, Memorex does not plan to start a credit union.

As you suggest, the advantages of a credit union are attractive. Generally, employees can borrow money from a credit union at lower rates than available from commercial lending institutions. Interest paid on savings is generally higher in credit unions. There are also the advantages of payroll deduction and the convenience of banking within the company rather than dealing with a commercial bank.

On the other hand, in relation to the advantages provided by the existing Memorex Benefits Program, a credit union is not that significant. Life Insurance, Medical and Hospital Insurance, and the Pension Plan meet vital needs of all employees. A credit union is not in this category. It is attractive, but only an attractive alternative to many other credit and investment opportunities.

There are a number of disadvantages of a credit union which lead to our conclusion not to start one at this time. To start a credit union, employees must be encouraged to invest money in it. At first, there is usually more demand to borrow money from the new credit union than savings will permit, thus it must borrow from established credit unions. The new credit union will take three or four years to earn a profit, and during that time, Memorex must pay a professional administrator, provide office space, print stationery and forms, and provide audit services. The initial investment for Memorex is an estimated \$30,000 to \$50,000. This is not excessive cost for a program that truly helps Memorex people. However, it is not appropriate at this time for Memorex to implement programs that are not essential and are not in the best interest of all employees.