

Newsmagazine for Employees  
Volume 8, No. 1/January, 1971  
U. S. Edition

# INTERROOM



# Wife of Memorex Chemist Named to Head College Division

Dr. Kate Murashige, a chemistry instructor at the College of San Mateo, has been appointed chairman of that college's Physical Sciences Division. Dr. Murashige is the wife of Robert Murashige, manager of Product Assurance in the Information Media Group Micrographics Division.

It is the first time in at least 25 years that a woman heads an academic division at the College of San Mateo. Dr. Murashige was elected by the division's 15 other faculty members and will serve as chairman for the next three years.

"You can't help but be pleased if your colleagues accept you," she says about her appointment. At the same time, she is surprised that other people are surprised a woman was chosen for the chairmanship.

She has never been in a situation where she encountered discrimination because of her sex, so it shook her up, she says, to find the idea of discrimination on people's minds. "I've always felt at home here—accepted for myself," she says of the three years she has been at CSM.

Dr. Murashige enjoys her work, and says "I really look forward to coming here each day." As chairman she is responsible for her division's curriculum and instruction. In addition, she teaches an organic chemistry lecture and lab.

Kate and her husband, Robert, met as classmates at Washington University in St. Louis. After earning her degree in chemistry she enrolled at UCLA, where Robert was also a

graduate student. They were married in 1958, and have a 10-year-old son, David.

The Murashiges moved to Los Altos in 1968, when Robert completed service with the Air Force and came to work for Memorex. What's it like having two chemists in the family? "I don't think it impinges on our life very much," says Kate. Her husband is concerned with production problems and hers are academic.

## Patent Award Recipients

Talking with Bob DeVore (left) and Ram Nagpal (center) is IMG Vice President Dick Boucher, who presented them with patent disclosure awards for designing the video tape shelf case Mr. Boucher is holding.



## Intercom

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

Editor: Gary Williams

### ABOUT THE COVER

Displaying a Memorex dictating belt is Paula Augliera. Paula works in the IMG department which finishes and packages

the belts. Dictating Belts, MAG Cards and MT/ST Cartridges are the first three items in the Business Products Launch Group's product line. A story on this important new organization begins on page 4.

# On the Move



**Guzy**



**Perri**



**Hutchinson**



**Hock**



**Gahr**



**Earhart**



**Phythian**

**Jim Guzy** was appointed an executive vice president of Memorex at the December Board of Directors meeting.

Mr. Guzy has been vice president and general manager of the Equipment Group since June 1969. He continues to be responsible for these operations. He previously was president of Image Products Corporation, the Memorex subsidiary which has developed our 1600 Microfilm Printer System.

He is a graduate of the University of Minnesota and earned his master's degree at Stanford. Mr. Guzy joined the company in 1964 as managing director of International Operations. He was one of the founders of Peripheral Systems Corporation and Image Products, both subsidiaries which became cornerstones for the formation of the Equipment Group.

Also last month, **Dr. John Perri** joined the company as vice president of Technology for the Information Media Group.

Mr. Perri was formerly with IBM in New York, where he worked for 12 years in process and product development management assignments.

He received his bachelor's degree from City College of New York and his Ph.D. in Physical Chemistry from Brooklyn Polytechnic Institute.

**Clarence Hutchinson** joined Memorex recently as director of Finance, International Group.

He comes to our company after serving as vice president of Finance at Hexcel, a Bay Area firm. Prior to his eight years at Hexcel, he spent seven years at Minneapolis Honeywell in financial planning and as director of Information Systems. He is a graduate of Harvard University and the Harvard Business School.

**Owen Hock** has joined the company as director of Corporate Marketing Services,

reporting to **David Elliott**, vice president of Administration.

He will be responsible for companywide advertising programs and policies, including space and media advertising, collateral material, trade shows, direct mail, and related budget planning and control.

**Phil Gahr** has been promoted to director of Engineering in the Micrographics Division, reports General Manager **Jack Hounslow**.

Phil has been with the company since 1965, and has held several positions, including project manager for Liege Disc Pack, and project manager on the development program for the Mark 1 Disc Pack. Phil has also worked in research and development and holds the patents on the Memorex disc pack coating process.

Also receiving promotions in Micrographics were **Howard Earhart** and **Phil Phythian**. Howard has been promoted from manager of product development to director of Manufacturing.

Howard's move to Micrographics was a natural progression, since he was project manager for the development of our COM-T microfilm before the division was formally structured. He joined the company in 1968 and has also served as supervisor of Coating Development in the tape plant. His new promotion reflects his increasing responsibilities for Micrographics Manufacturing and Quality Assurance.

Phil was promoted to director of Finance and Administration. Among his responsibilities are business planning, accounting, industrial relations, and other general administration activities.

Before moving to Micrographics, Phil was a manager of Planning and Control, also in the Information Media Group. He first came to the company in 1968 as a budget analyst.

# In Memoriam

Jim Banks, an Information Media Group supervisor, died in an auto accident late on the night of Sunday, December 13. Jim started with the company as a mix operator in 1966. Surviving Jim are his wife, Oralia, and seven stepchildren.

# Sunburst Leads to Start Of Business Products Launch Group

"Sunburst" was the code name of a product which eventually led the information Media Group to launch Business Products, its third new organization in recent months.

The code name was given to our first magnetic tape cartridges developed in IMG during 1969. They are now officially known as MTCs. The cartridges are used by two types of IBM typewriters called the MT/ST and the MT/SC; and by the Model 50 Data Inscrber and 2495 Reader, both of which are used with computer systems. MT/ST is an abbreviation for Magnetic Tape Selectric Typewriter, and MT/SC is short for Magnetic Tape Selectric Composer.

The decision to sell MTCs was based on several factors, one of the most important being that we could develop them with our existing magnetic tape technology and manufacture them by adding a minimum of new capital equipment. They were intended to be sold as "add-on" items by the media (tape and disc pack) salesmen. As it turned out, their good reception in the market place helped Memorex's officers decide to build a new business around MTCs, and some other products which fit into the same business products category.

Another factor which determined the need for a launch group was the knowledge that the largest MTC market was in the business products area, as opposed to the computer centers where our tapes and disc packs are sold. This meant that the media salesmen could continue to handle MTCs as minor "add-on" items, selling them mainly to people with data inscribers, or we could take a different tack by moving into the business products market and establishing new customers among MT/ST and MT/SC users.

Although we already had MTCs and the technological ability to make other magnetic coated business products, we needed people in the company with experience in the business products area before we could move into a new market. About this time, Jim McNabb joined the company as vice president of Marketing in IMG. Soon after, another man with knowledge of the business products market came to work for Memorex. He is Larry Knowles, now general manager of the new launch group. Their marketing ability, made it possible to launch this new business.

As usual, Memorex is stepping into a fast league, with competitors such as 3M, IBM,



Cy Kersh tries out a Memorex MAG Card in Norma Conahan's IBM MAG Card Selectric Typewriter. Norma is secretary to Bart Alexander, director of IMG Information Services.

BASF, and a few other large companies. At stake is a share in a multi-billion dollar market which offers the same tremendous growth potential as other major segments of the information processing industry. Larry Knowles explains that Memorex is not concerned with the entire business products (or office products) market, but is interested only in the "high-technology" end—which includes products like the ones we are already selling. In other words, Memorex will not market such commonly known office products as pencils, pens, paper clips, furniture, etc.

MTCs were first sold in 1969. They were followed in 1970 by the addition of MAG cards, for IBM MAG Card Selectric Typewriters, and dictating belts, for IBM dictating units. All three require magnetic coatings similar to our computer tapes, and this is done in the tape plant on Shulman Avenue. The Special Products Department in the clean room assembles the MTCs, while the MAG cards and dictating belts are finished by the IMG Silk Screen Department. The cartridges for our MTCs are made in Orange County by Comdata, an Information Media

Group Division. In the near future, all of the products will be brought together into the Special Products Department and Vince Fowler will be production supervisor.

Business Products is responsible for product management and marketing of the three items, but manufacturing and finishing will continue to be done by departments in the Computer Media Division. Development of the products was done under the guidance of Cy Kersh, a manager in IMG Industrial Engineering.

Larry points out, "Even though Memorex was entering a new product area, Cy, Dave Brown, and the others working with him got the MTCs to the market about a year earlier than our competitors figured we could. And when IBM brought out its MAG Card Selectric Typewriter, Memorex was the first independent supplier on the market with MAG cards.

"Another example of the excellent work done by Industrial Engineering occurred near the end of last year when IBM announced a new 120-foot MT/ST cartridge

Placing a Memorex MT/ST Cartridge in one of the MT/ST machines used in the Equipment Group is Claudette Davison, secretary for Tom Rouse, MEG group manager of Industrial Relations.



Dave Brown inspects MAG Cards being packaged in IMG by Pat Royer. The magnetic cards are used in machines like the one on the previous page.



(previous sizes were 35, 50 and 100 feet). This could have really slowed our sales, because our cartridge wouldn't hold 120 feet of tape. Fortunately, Bruce Bush, an industrial engineer, was already working on improving the old cartridge, and when IBM's announcement was made he was able to quickly modify his new design to accommodate the longer tape length. This means we will have 120-foot cartridges probably six months before other independents, and we will follow IBM's first shipments by about a month or two."

Business Products is unlike other Memorex launch groups because it had something to sell even before it was officially organized. Larry feels "we are fortunate to have these products at the start. They provide us with a profitable base to build on and they will lead to additional generations of products."

"Products using both tape and non-magnetic technology are under development and will be introduced in the second and third quarters of this year. In 1971, most of our business will come from precision magnetic

products that have already been introduced, but in the succeeding year the new products and technologies will contribute the largest percentage of our revenue and profits."

"Our chief objective is to market products of outstanding quality," says Arnold Menn, director of Marketing. "We also try to build in as many customer benefits as we can. In this connection, we provide customers with packaging which is more attractive, convenient and utilitarian than our competitors."

"In the past, we have relied on media salesmen and distributors to sell our products. This year we will be adding direct sales coverage in a number of cities, and as we bring out new products, we will continue to expand our direct sales force and our network of distributors."

Larry is pleased that Business Products has been able to bring in "some of the top people in the country," like Arnold, Dave Helman, manager of Financial Analysis Administration, and Dr. Burton Jacknow, director of Special Media Research and Development.

Others already on board are Marketing Managers Glen Rogers, Fred Springer and Barry Carpenter (a former IMG sales engineer); Manufacturing Manager Hank Schleckser; and Research and Development Managers Paul Kelly, Joe Nussbaum, Lauren Hulse and Edward Poshkus.

These people are presently located in several places along Shulman and DiGiulio Avenues, but Memorex has purchased two buildings for the launch group, which Larry says "should provide us with enough space for several years." The buildings, at 1040 DiGiulio, are next to the east tape plant parking lot. "Being close is a distinct advantage, since a lot of media people have helped Business Products and we're looking forward to their continued support," he says.

Business Products will begin to move into the building closest to the street as soon as remodeling work is done in the second quarter; however, the second structure is leased until July by another company. Eventually, it will be used for additional growth of the launch group.

# Profit Sharing Pointers — A Look at the Plan's Investment Portfolio

In past weeks the Profit Sharing Trust has acquired several new holdings, raising the total of companies represented in the Common Stock Fund to nearly 20. The Fund's investment advisors have made the additional purchases to reduce the risk potential of the Fund and to diversify into new industry areas.

The investment advisors believe that selected companies in the merchandising, recreation, consumer financing and natural resource areas are currently highly attractive investment opportunities for the Trust. It is expected that these companies, some of which have been purchased by the Trust and are described below, will show above-average appreciation.

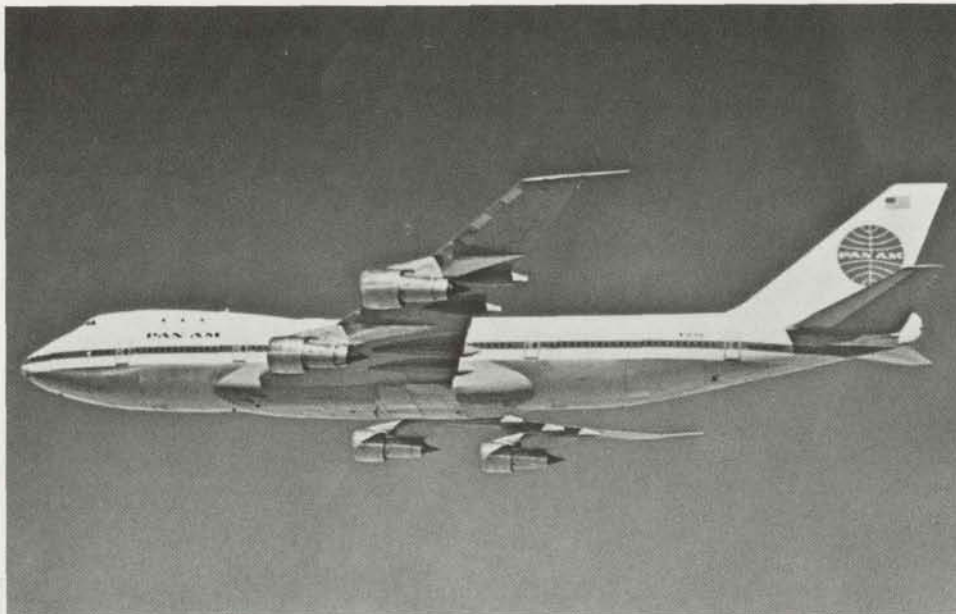
**American Re-Insurance** (OTC) is one of the largest reinsurers in the United States. This business consists of assuming for a fee part of the underwriting risks from a primary insurer. Most of the company's policies cover fire, homeowners and commercial-multiple peril, auto and other liability including sureties. The bulk of these policies is written under treaties with about 340 primary insurers who automatically transfer risks of a specified nature to the reinsurer.

Like other insurance underwriters, **American Re-Insurance** depends heavily upon its investment portfolio to produce earnings that will compensate for underwriting losses. As the company writes more policies, its invested funds grow, and earnings benefit proportionately. Presently, the investment policy is considered highly conservative. At the end of 1969 fixed income securities accounted for about 80% of the portfolio's value, while common stocks were less than 20%.

Growth prospects in the reinsurance business appear attractive, and the company should continue to expand its volume in the next several years.

Represented in California by its White Front operations, **Interstate Stores** (NYSE) has rapidly become one of the nation's largest discount department store chains. The company operates more than 150 stores across the country including Topps in the Northeast and Midwest and Children's Bargain Town U.S.A. in the Mid-Atlantic region.

**Interstate** entered the discount field in 1959 through the acquisition of White Front Stores which since has been expanded to all major population centers in California. A year later the company formed the Topps chain in the



Midwest to concentrate on soft goods sales. In both operations **Interstate** leases out about one-quarter of its store space to independent concessionaires.

In addition to its discount stores, the company runs about thirty conventional department stores which in 1969 accounted for approximately ten percent of the year's total volume of \$702 million.

Earnings of **Interstate** rose consistently from 1960 through 1968 but in 1969 declined 20% because of large start-up costs for new stores, warehousing facilities and a data processing system. Although 1970 earnings are expected to lag again for similar reasons, the future earning power of the company is enhanced by its aggressive expansion program.

**Mesa Petroleum** (NYSE) is active in the evaluation, exploration and development of oil and natural gas properties. It operates primarily in western Canada, the Rocky Mountain states and the Texas-Louisiana Gulf Coast. To keep its overall investment in lease inventories low and diversify its operations geographically, **Mesa** generally pursues its ventures with groups of outside investors. In these situations, **Mesa's** interest averages about one-quarter of the total investment.

In 1969 the company's position was significantly strengthened by its merger with Hugoton Production which provided **Mesa** with large reserves of natural gas. In addition,

**Mesa** has recently stepped up its own exploration program in Canada and the U.S.

Operating the largest air transport system in the world, **Pan American World Airways** (NYSE) serves 81 countries. The most important routes link the United States with Europe and the Near and Middle East. **Pan American's** Pacific service connects the United States with Hawaii and points in Asia.

A subsidiary, International Hotels, Inc., promotes the development and construction of tourist hotels in overseas countries. The Guided Missile Range Division operates the Cape Kennedy test center in conjunction with ships and stations along the 5,000 mile Atlantic missile range.

A year ago **Pan American's** fleet consisted of 122 Boeing 707's, 9 Boeing 720's, 24 Boeing 727's and 2 Boeing 747's. On order at the time were additional 747's, all of which will have been delivered by early 1971. These aircraft are replacing about 25 Boeing 707's which are being phased out.

Like other airlines, this year **Pan American's** earnings have been hurt by the large costs of converting to the jumbo jets (747's). Although some relief has resulted from cost-cutting measures and staff reductions, the company will show a loss for the year. With an upturn of the economy the company expects increased passenger revenue and profits in 1971.

The operations of **Tandy Corporation** (NYSE) are centered around four major consumer retail marketing groups which emphasize leisure and recreational products. Allied Radio Shack is the company's principal division in terms of outlets and volume, accounting for about 40% of 1970's sales of \$253 million. Through nearly 700 stores nationwide, the division distributes consumer electronics—primarily hi-fi components, tape recorders, radios and kit products manufactured in Japan. Sales for the division in recent years have grown at an annual rate in excess of 40%.

The hobby and handicrafts division manufactures and retails through 280 locations handcraft kits and equipment used in leather work, knitting, sewing and weaving. The division's sales grew 24% last year.

**Tandy** also operates three department store chains located in various suburban areas in Texas. Expansion of this division has been concentrated mainly on auto service centers, high-fashion women's specialty stores and general junior department stores. Despite

this expansion, sales growth was limited in 1970 because of an unfavorable business downturn at a major store in Fort Worth.

Earnings for the company have been rising over the past five years at approximately the same rate as sales. The rapid growth of the Allied Radio division has contributed significantly to recent increases in income. Future gains are expected to result from continued expansion of the division and improvement in the profitability of the retailing operations.

**Weyerhaeuser Company** (NYSE) is a leading manufacturer and distributor of forest products including lumber, corrugated containers, plywood and various other pulp and paper products. In 1969 sales were \$1.24 billion. Sales of wood products are made directly to customers and also through numerous distribution centers. Although much of the volume in this business depends upon construction activity, the company's earnings have grown at an annual rate of 15% the last three years; this is greater than that for any other company in the industry. As its

objective **Weyerhaeuser** expects to double earnings by 1975.

The company's timber reserve position was recently strengthened through the acquisition of Dierks Forests, Inc., which gave the company control of 1.8 million acres of timberland in Arkansas and Oklahoma. Its total landholdings now amount to about 5.6 million acres. **Weyerhaeuser** also has cutting rights on an additional 9.7 million acres throughout the world.

Late in 1969 the company formed a "shelter division" which will develop landholdings and become active in the home construction field. As part of establishing this division, **Weyerhaeuser** purchased Par-West Financial, a California-based firm specializing in residential buildings and financing. Par-West manages a mortgage portfolio of more than \$600 million and expects to build 6,000 homes over the next five years.

---

(NYSE)—New York Stock Exchange  
(OTC)—Over-the-Counter

---

## Profit Sharing Reminder

The Profit Sharing Plan changes outlined in last month's **Intercom** became effective on January 1, and employees will be attending meetings this month to learn details of the changes.

Briefly, the changes allow you to choose how your share of the profits are invested. Each January you will receive a form on which to show if you want your profits invested:

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

The three investment choices afford you the opportunity to select the one which best suits your circumstances. Your first selection, which you will be making this month, 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, Ron Casentini.

Option designation cards will be distributed this month and must be turned in to your personnel office no later than February 1.

---

## ILC Funding Completed

The Independent Leasing Corporation, which was organized in June 1970 for the purpose of purchasing and leasing Memorex computer peripheral equipment, has completed a \$142,700,000 financing program.

Financing will be provided by a group of commercial banks, insurance companies, institutional investors and Memorex. Of the \$142,700,000 total financing, Memorex will provide \$28,500,000.

Funds provided by the financing, together with ILC's internal cash flow, will be used to purchase \$197,000,000 of Memorex equipment between 1970 and 1972. This figure represents the major portion of Memorex's projected equipment production.

The financing was closed in New York on Tuesday, December 29.

# Liege Plant to Build Disc Drives for Europe

This is a recent aerial view of the Liege Plant. The small structure on the left side of the building is an employee cafeteria, much like those in Santa Clara. A 67,000 square foot addition is now under construction on the right side of the building.



Model 660 Disc Drives will soon be added to the growing list of products assembled and tested at the Memorex plant in Liege, Belgium.

Other products already being finished at the plant include computer tape, closed-circuit video tape, Mark I disc packs and Mark VI disc packs.

"This program will meet the European requirements for disc drives, and also will provide us with a manufacturing base which can grow into other equipment lines," explains Roger Evans, International Group Director of Manufacturing.

"At first, components to build the drives will be shipped from Santa Clara to Liege. Later, we expect to begin phasing in European sourced sub-assemblies and supplies, except for some proprietary parts which will always be sent from Santa Clara," says Roger.

Model 661 Storage Control Units will be shipped to Liege already assembled; then they will be attached to newly assembled disc drives and "merge tested" on a computer. The Storage control unit meters the flow of data between a computer and up to nine 660 disc drives. Together, the 661 and the 660 units make up the Memorex 3660

Disc Storage System. This program will allow us to ship complete 3660 systems directly from Liege to European customers.

The assembly and test program will add about 90 people to the 400 who already work in Liege. Fourteen of those involved with the project will come to Santa Clara for three to four months of intensive training.

The first two in the training program are Guy Bertrand and Jacques Fontaine, who came to Santa Clara late in 1970. During his training period, Guy is being assisted by Otto Wippich, an Equipment Group mechanical engineer. Jacques is working in Production Control and is being assisted by Mel Fuller, manager of International Liaison. The other 12 Belgian trainees are scheduled to arrive at the Equipment Group's San Tomas facilities during January.

In addition, eight men from the Equipment Group will go to Liege later this year to assist in the start-up of disc drive production. One of them will be Johan Willems, who is the project manager representing MEG. Johan was formerly manager of the 661 program in Development Engineering. Joe Renard, one of the Liege Plant's first employees, is the project manager representing that plant.

Liege is presently in the midst of a construction program which will add 67,000 square feet to the plant's present size of 115,000 square feet. John Tait is the project manager for the building, replacing Jan Jansen who is returning to Santa Clara for additional assignments. The construction is under the overall direction of Don Schmidt, who is manager of Corporate Facilities Construction and Engineering. Jean Philippe LeLeoup, a senior Liege industrial engineer, is also responsible for the construction program.

The addition provides room to assemble and test the disc drives, and space to expand the clean room, warehouse, office and maintenance areas. It will also house a new computer facility, which will be used for data processing and to test disc packs and 3660 systems.

The plant already has a data processing group, managed by Jean-Marie Lageot, but they have had to buy computer time from the nearby Uniroyal plant.

The first disc drives will be assembled during the second quarter. Assembly will move to the new area when it is completed early in the fourth quarter, 1971.



# MAG Groups Celebrate Holidays with Dances And Children's Party

The Christmas dinner-dance traditionally is one of Santa Clara MAG's best events, and this year was no exception. MAG members had their choice of attending dances at one of three locations—San Jose, Palo Alto, and San Francisco—and on the evening of December 5 nearly 1900 people turned out to celebrate the holiday season.



Comdata's MAG group held its first big activity since moving to Orange County, staging a Christmas dinner-dance at the Saddleback Inn in Santa Ana. About 160 people came to dine, then dance to the music of King Arthur and His Knights.



Thirty-five hundred people—2,000 of them children—converged on the San Jose Fairgrounds when Santa Clara MAG held its annual Childrens' Christmas Party on December 19. Santa's helpers passed out toys and candy canes to each of the children, and Santa himself was on hand to talk with the kids. The party-goers were also treated to a puppet show by the Happy Hollow Puppeteers. As an extra

attraction, Bill Fullendorf, Fred Norman and Dave Lierman led the audience in the singing of several Christmas favorites. The bottom photo on this page shows a boy who came out of the audience to sing a solo of Rudolph the Red-Nosed Reindeer. The lady with him is Mrs. Daniel Peterson, the pianist.



Intercom

Memorex Corporation

Santa Clara, Ca. 95050  
Return Requested

JAMES N. PORTER  
1224 APEBOR COURT  
MT. VIEW, CALIF. 94040



First Class Mail

In reference to your second question, the vending machine receipts are not automatically being sent to MAG because they are not needed to meet the current financial needs as budgeted and requested by the MAG Board. Vending machine receipts which do not go directly to MAG may be utilized to offset some of the costs of other activities for all employees, such as cafeteria service, open houses and Christmas gifts.

Finally, the program of giving free audio tape to employees was discontinued because the tape previously used for that purpose is being used for business purposes through the Consumer Products Division.

**Why can't an employee obtain a copy of his performance review?**

In your Input/Output, you pointed out some advantages to providing employees with a copy of their performance reviews. There are also some drawbacks that outweigh the advantages. We consider performance evaluations privileged communications between managers or supervisors and their employees. Unfortunately, in systems where copies of the evaluations are provided to employees, they do not always treat them confidentially. The result is that supervisors then tend to prepare evaluations which are designed neither to praise nor provide constructive criticism, and a mediocre, watered-down program results.

The end result which you are seeking is available. The contents of your review can be covered at any time with your supervisor. In addition, you should have continuous feedback on your performance and progress from your supervisor between review periods.

**Why can't the San Tomas cafeteria be operated on a six-day basis for the employees working overtime?**

While we readily appreciate the amount of overtime being worked by our employees, the number of people involved in the San Tomas manufacturing area at this time does not warrant the opening of the service line on a six-day basis. Consideration will again be given to this question when the total facility is complete.

input

output

**Why has Memorex replaced the inexpensive inter-office stationery with the newer, more costly stationery?**

Both the color of paper and style of print in the new stationery are the same as used throughout the Corporation for business cards, letterhead, and envelopes. This is consistent with the Corporate Identity Program, which tries to assure that all graphic materials are attractive and in keeping with our growth and goals. The cost of the paper stock for the new inter-office memorandum is slightly less expensive than the watermarked white bond paper previously used (\$2.80 a ream vs. \$3.90 a ream). The printing costs for the new and the old papers are the same.

The printing for the old style inter-office memorandum was done "in-house" by Memorex and the costs were never passed on to the user. The new memorandum presently is printed by an outside supplier. These costs are passed on to the user, which accounts for the impression that the new inter-office memorandum is a costlier product.

**What has happened to the Company promise to take over the yearly scholarship which was agreed upon when the Information Media and Equipment Groups joined into one Memorex Activities Group? What happened to the Company's assurance of continued vending machine profits to go to MAG to help finance the activities? What has happened to the Company program of giving employees free audio tape?**

The scholarship program is handled through the Memorex Foundation. However, due to changes in the tax law in 1970, the Foundation has had to review its overall parameters and guidelines. The definition of the scholarship program will depend upon the conclusions reached for the total Foundation program. We hope this will be resolved shortly.