

Phillips 66 to Expand SERVICE STATION AUTOMATION WITH MEMOREX TELEX WORKSTATIONS

PHILLIPS Petroleum Company will purchase up to 15,000 intelligent workstations for service station operations and other uses over the next three years. The purchase agreement with Memorex Telex could amount to approximately \$45 million.

The purchase will allow Phillips' wholly owned subsidiary, Phillips 66 Company, to expand its service station automation program with the introduction of its "Automated Management System."

The system will enable company marketers to link automated point-of-sale devices at service stations, including pump island card readers and electronic cash registers, to a personal computer at the station and ultimately to the marketer's office.

"Purchasing these personal computers from Memorex Telex will allow us to offer our marketers the most up-to-date and technologically advanced service station automation system in the industry today," said Charles L. Bowerman, marketing division vice president for Phillips 66 Company.

Memorex Telex will produce the workstations at its Tulsa, Okla., manufacturing facility and be responsible for the installation and maintenance of the units.

Included in the program are the Memorex Telex 7005 and 7040 intelligent workstations. The 7005 is an 8088-based XT compatible system with 640 KB (kilobytes) of memory. An 80286-based system, the 7040 workstation offers 1 MB (megabyte) of memory.

"We are very pleased to be participating in Phillips' Service Station Automation Program," said George L. Bragg, president and CEO of Memorex Telex. "Our experience in PC connectivity and user applications with other industries demonstrates a proven capability for generating productivity enhancements and cost-savings for our users."

Phillips 66 will sell the personal computers to its 1,500 marketers who sell Phillips 66 gasoline at more than 10,500 service stations in 28 states.

The Phillips 66 Automated Management System also features a propri-

etary software package which allows station managers and marketers to prepare and review daily sales reports, control gasoline and sundry inventories and record payroll hours.



Clinching the Deal

The key account players were on hand at a recent news conference to "clinch the deal" between Memorex Telex and Phillips Petroleum. Shown left to right are John Steckbeck, Jack Istnick, George L. Bragg, Gene Batchelder (Phillips), Marc Labonte and Greg Stump.

PRESIDENT'S MESSAGE

RECENTLY, we announced that all Memorex Telex employees will receive options to purchase common stock in our Company. This is an unusually broad distribution of stock options. In fact, I am personally unaware of any other company in the United States that has ever extended stock options to all of its employees.

Since this program is such a positive step forward for us, I would like to explain our philosophy concerning these options and what they may mean to you.

A stock option is a right to purchase stock at a given price for a specified period of time. In our case, each employee has the right (subject to the vesting provisions contained in the stock option plan document) to purchase Memorex Telex common stock at \$17 per share at any time during the next ten years.

The options are conditioned on continued employment and vest 25 percent per year over the next four years. That is, after one year, one-fourth of the options can be exercised by you at any time during the remainder of the 10 years; after two years, one-half can be exercised, etc.

The option, itself, costs you nothing, but, when you wish to exercise options that have vested, you pay the Company \$17 in cash and receive one share of Memorex Telex Common Stock.

I am certain that someone will ask, "What is so exciting about an option?" Here is the answer: Suppose the price of Memorex Telex stock is selling for \$50 per share three or four years from now. At that time, you can purchase the \$50 stock for \$17 and have a \$33 (\$50-\$17) gain for each share of stock you purchase.

Although the gain will be taxable, you do not put up any cash for the stock until you know you have a built-in profit. If you immediately sell your stock there will be no financial risk to you. However, if you wish to keep the stock, then you will run the risk of stock ownership. That is, you may gain more or perhaps lose, depending on what happens to the price of the stock after you purchase it.

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MEMOREX TELEX

SEPTEMBER 1988 VOL. 1, NO. 7

A monthly publication for U.S. employees of Memorex Telex Corporation

THE COMPUTER HISTORY MUSEUM

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CONTINUED on next page

SOFTWARE DUPLICATION FORMATTING

THE Memorex Telex Computer Tape Manufacturing Operation in Santa Clara, California has established a software duplication/formatting group. This in-house operation is currently capable of duplicating and formatting the following product families with capacities up to:

- 280,000/mo., 5.25 inch, 360KB (e.g., Workstation KOB)
- 55,000/mo., 5.25 inch, 720KB or 1200 KB (e.g., 3270 KOB)
- 150,000/mo., 3.5 inch, 760KB or 1440KB (e.g., Computer Supplies)

This group has extensive experience in software duplication and offers users a cost-competitive alternative to outside vendors for these services. Formed to support KOB operations using Memorex media, the group can provide the following services: software duplication/formatting, product labeling, packaging and special demands for rapid turnaround, serializations, master evaluation, disk tracking, shipping and mailing (with properly forecasted demand).

To submit a job for bid and processing, this information is required: up-to-date bill of materials, quantity needed, date needed (or forecast lead time), and availability of auxiliary items to be combined in the finished package (manuals, binders, etc.). Any questions or product requirements, should be directed to Bill Proctor, DVT Engineering Manager at 1200 Memorex Drive, Santa Clara, California, 95052 or call (408) 957-0684, FAX (408) 957-1155.

Their extensive experience in the design and manufacture of flexible disks, expertise in recording performance, and "vested interest" in maintaining the Memorex Telex image makes this operation uniquely qualified to supply your needs in these areas.

OHIO

TO EXPAND AUTOMATION PROGRAM WITH PURCHASE OF MEMOREX TELEX EQUIPMENT

THE Ohio Department of Human Services will improve its automation program, and speed the delivery of public assistance checks, through the purchase of \$10.5 million of computer equipment from Memorex Telex Corporation.

The 18-month purchase agreement includes delivery of 8,000 devices, including terminals, controllers and printers. Memorex Telex will begin installing the equipment in October 1988. Each county in the state will be connected to the system over the next two years.

Pat Barry, director of the Ohio Department of Human Services said, "The primary responsibility of the program is to provide public assistance benefits to eligible Ohioans through timely and correct eligibility determinations. The new computer equipment will enable us to accurately verify eligibility and provide more timely administration. This has three positive results — prompt, correct payment of assistance and better case management."

Benefits distributed through the program include public assistance such as Aid to Dependent Children and Food Stamps, she noted. Ohio's annual expenditures for these forms of assistance total more than \$3.0 billion. The cost of improving the delivery system to the total program dollars spent is minimal.

"By automating our system," Benson explained, "we also will prevent duplication of benefits, lessening the burden on taxpayers." Department officials estimate program savings to be in excess of \$70 million per year.

Alfred Mockett, executive vice president of U.S. Sales and Service for Memorex Telex Corporation sees the contract as "an opportunity to demonstrate the benefits of automation in the public works environment, achieving tangible results on a large scale for an entire state."



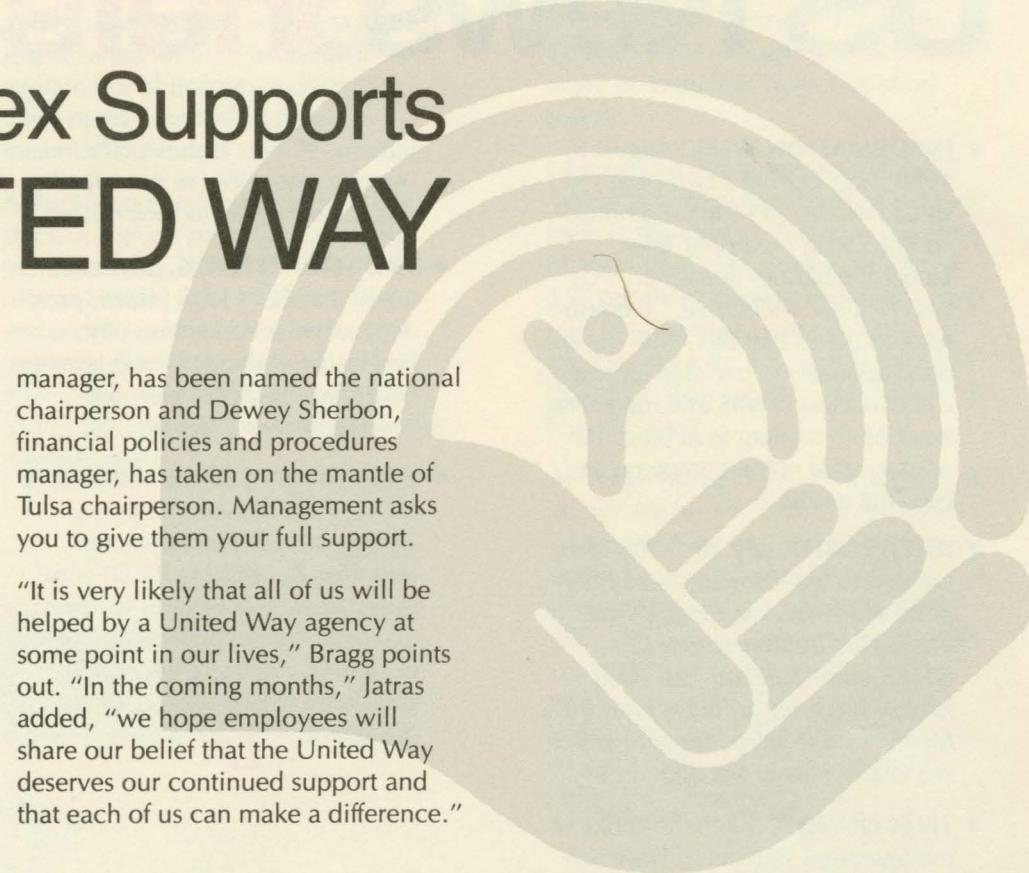
Memorex Telex Supports THE UNITED WAY

COMMUNITIES throughout the United States will soon be giving their support for the annual United Way campaign. Memorex Telex and its employees have been long time supporters of this very valuable community project. Both Steve Jatras and George Bragg are hopeful that "this year we can again, exceed our goals, both as a corporation, and as individuals."

To reflect the Company's support on both a national and local level, Barbara Graham, systems training

manager, has been named the national chairperson and Dewey Sherbon, financial policies and procedures manager, has taken on the mantle of Tulsa chairperson. Management asks you to give them your full support.

"It is very likely that all of us will be helped by a United Way agency at some point in our lives," Bragg points out. "In the coming months," Jatras added, "we hope employees will share our belief that the United Way deserves our continued support and that each of us can make a difference."



We Want to Know WHAT YOU THINK

AFTER seven issues of *US News*, we want to know what you think. Don't be shy. Corporate Communications would like to get your views on editorial content. It is after all, a newsletter for U.S. employees. Send your comments through interoffice mail to Corporate Communications, "Tell the Editor," Southpark facility in Tulsa.

Item 1.

Please rank in order of popularity, the following regular *US News* features. (1 means the top favorite; 7 means least favorite)

- President's Message
- Product stories
- Department or Divisional stories
- Management feature profiles
- US Newsbriefs
- Write to Know
- Major contract announcements

Item 2.

Which one of the regular features, listed above, do you read first?

Item 3.

Of the regular features, which one would you like to see more often?

Item 4.

Is a copy of the *US News* being distributed to you each month?

- Yes
- No

If not, please notify our department.

Item 5.

Do you remember reading any of the following articles in the past issue of *US News*? Circle Yes or No.

Yes No Architectural Firm
Chooses 1001

Yes No 3890 DASD Subsystem
Heralded

Yes No London Exchange Buys
Telex Wireless Mics

Item 6.

What question or questions would you like to see addressed in the "Write to Know" column? _____

Item 7.

How important is it to you to receive information on the following subjects. (1 means very important; 2 means somewhat important; 3 means not important)

- Memorex Telex plans for the future
- How the Company stacks up against the competition
- How external events affect your job
- Company involvement in the community
- Personnel changes and promotions
- Human interest stories about Company employees
- Company performance

Item 8.

Based on the issues of *US News* you have received, judge the publication on the following criterion. (1 Always; 2 Usually; 3 Never)

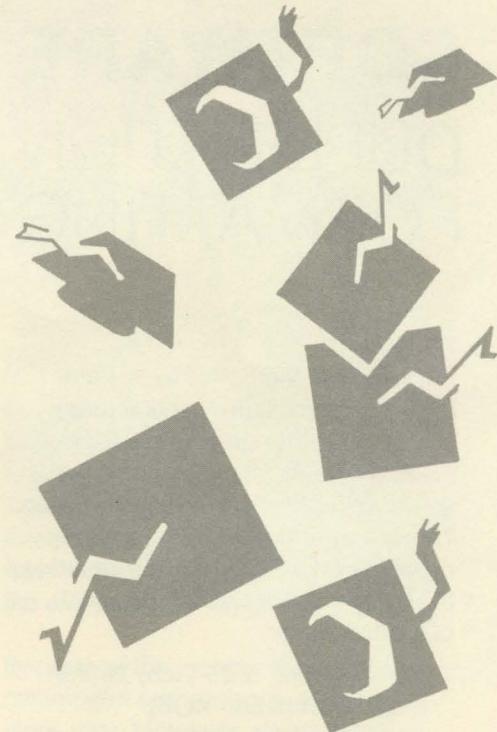
- Attractive
- Believable
- Timely
- A key source of Company News
- Read by you
- Read by your family
- Interesting

Item 9.

Please circle your job classification.

- Professional
- Technical
- Administrative
- Production
- Management

**** Anonymous survey responses are encouraged ****



Prepare now for 1990 National Merit Scholarships

AS has been the custom for the past many years, the Company is offering an opportunity for the children of employees to vie for the Memorex Telex-sponsored National Merit Scholarship (NMS). It is essential that students who will be juniors this fall plug into the system now in order to qualify for the consideration for 1990 scholarships.

If your son or daughter will be a junior in high school this fall, he or she can register for the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) by contacting their high school counselor.

The counselor also will know test locations for your geographic area. The exams will be given during the month of October 1988. Forms labeled "1990 National Merit Scholarship Application" are available in field branch offices and from Human Resource representatives. Local distributions have been made at some major plant sites.

All 1990 applications must be received in the Corporate Communications Department, 4343 South 118th East Avenue, Tulsa, Oklahoma 74146 by no later than January 1, 1989.

US Newsbriefs

• **INFORMATION WEEK**, August 8, 1988 issue carried a two-page spread on the \$45 million Phillips' contract with Memorex Telex. Under the banner headline, "PCs Fuel Phillips' MIS Drive," the publication noted that this "MIS-developed automation package represents a classic case of MIS and marketing working in tandem to achieve the primary goal of the company: increasing profits."

• **INFOWORLD**, July 18, 1988 issue pointed to the Company's addition of six workstations, ranging from an entry-level 8088 machine to an 80386-based system. The 7000 Series combines products both from Memorex and Telex, three of which are totally new to the line.

• **TELECONNECT**, July issue spoke of the upgraded software release on the 1001 telephony switch, high-

lighting 38 new features. The reporter wrote, "We've got a feeling this is a company to look out for."

• **PRO SOUND NEWS**, July issue noted that TCI's John Howe, president and chief operation officer, had resigned due to health reasons. Chairman Ansel Kleiman has assumed Howe's duties.

• **EDUCATION COMPUTER NEWS**, July 27, 1988 issue mentioned TCI's introduction of two new color, liquid-crystal-display (LCD) computer projection systems to "provide teachers with a convenient method of sharing computer-generated graphics and text with a classroom of students."

US News is published monthly for U.S. employees of Memorex Telex.

Editor Mary Ann Stephenson, APR
Art Director Lynn Eskridge

Comments regarding US News or story ideas are welcomed. Contact the US News Editor, Memorex Telex, 4343 South 118th East Ave., Tulsa, OK 74146, or call (918) 624-4099

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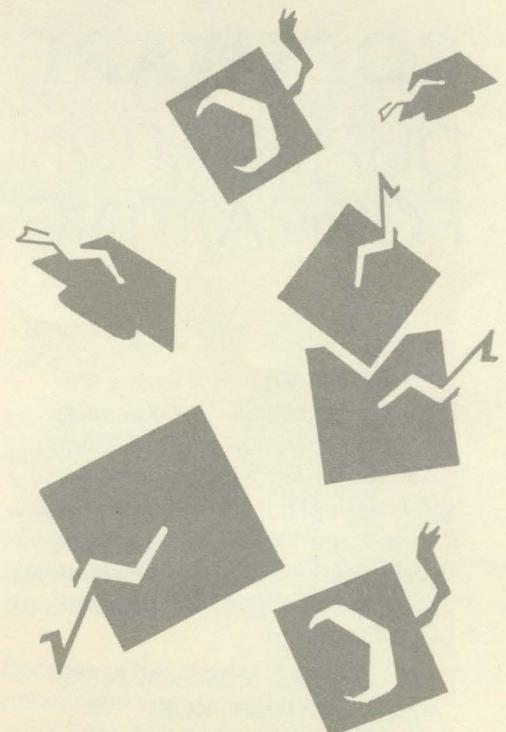
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