

PRESIDENT'S MESSAGE

THE merger of Memorex Telex often has been referred to as a marriage of two great companies. This is an appropriate way to view the relationship. We have combined all of our people and all of our resources. As the words in a wedding ceremony reflect — we are joined together "for better or for worse . . . until death do us part."

Following the wedding comes the honeymoon, a time when the glorious bliss of marrying usually erodes into the harsh reality of marriage. It is the time when each partner suddenly realizes that the other is not as nearly perfect as was originally thought. Somehow, neither a wife in cold cream and curlers, nor a husband snoring through the first act of the ballet, does much for maintaining the image of perfection.

What happens next determines the success or failure of the marriage. The couple can be sorry for the rest of their lives about the fact their mate is not perfect. On the other hand, they can

look in the mirror and say to themselves, "Considering what I have to offer, I came out pretty well in this marriage."

The toughest part of marriage is not getting married. It is staying married and growing closer to each other over the many years that follow the wedding. While I am not a professional family counselor, here is what 30 years of married life have taught me about the requirements to stay happy:

1. Stay committed to each other.
2. Develop common goals.
3. Maintain respect and pride in and for each other.
4. Maintain common courtesy in all relationships.
5. Communicate as openly and frequently as possible.
6. Provide mutual support.
7. Develop an attitude of "tender, loving care."

Now that the Memorex Telex "wedding" and "honeymoon" are over, we are down to the difficult job of making

our corporate marriage a great success. To this end, I would suggest that the above list of ingredients for a successful marriage contain many of the



George L. Bragg

same ingredients for a successful merger.

As you look again at the list, please note that every item requires actions by you and me. Commitment. Common goals. Respect. Pride. Courtesy. Communication. Support. Tender Loving Care. When these are all combined into our working environment, Memorex Telex will begin to reach its full potential.

Telephony Sales Ring in the Year

WHAT was the month of March? For telephony sales, simply one of the best sales months ever. March also was the close for Telex's fiscal year 1988 and the first month for Memorex Telex's fiscal year 1989. Telephony sales of \$4.5 million set two records — the best finish and the best start of a fiscal year.

The sweet taste of success was evident at the National Sales Meeting held in Tulsa May 1 and 2. George L. Bragg, president of Memorex Telex U.S., gave the keynote address noting the combined strength of the new company, particularly the opportunities for Telephony Sales to address increasingly complex and sophisticated markets.

Roy King, executive vice president, provided a view of how the Memorex Telex Systems operation was poised to take unique advantage of the evolution of both telephony and airlines operations.

Telephony Sales will continue to gain momentum, according to Tom Chisholm, vice president of Telephony Sales, for a couple of reasons.



This group has begun clustering sales resources enabling it to concentrate on big regional markets. In addition, the pursuit is on to add distributors in new market areas.

Chisholm had the pleasure of introducing the Telephony Sales management team which includes:

- Brad Littlehale - Regional Manager, Boston
- Jill Kollins - District Manager, New York
- Jack Chamberlain - Regional Manager, Washington
- George Schneider - District Manager, Atlanta
- Dan Fragen, District Manager, Chicago
- Steve Parker, District Manager, Dallas
- Vern Hoover, District Manager, Los Angeles
- Jerry Kollman, District Manager, San Francisco
- Murrell Worth, District Manager, Distributor Sales

The meeting culminated with an awards banquet naming Telephony Sales qualifiers for the Millionaires Club. Congratulations go to: Steve Thelen, Jill Kollins, Jerry Kollman, Mike Toomey, Dan Giatrelis, Jeff Farmer, Jack Chamberlain, and Brad Littlehale.



MEMOREX TELEX

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THE COMPUTER HISTORY MUSEUM

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The First Word in Electronic Mail is "PROFS"

AS you have been aware since March, Memorex Telex is and will continue to use the PROFS electronic mail system. This is a replacement for both Memorex's TOSS and Telex's EMAIL (APL51).

On May 9, the TOSS system was eliminated and the EMAIL system was limited to "read-only" capabilities. USER ID request forms are available for those employees currently without access to PROFS. A simple form, signed by your manager and mailed to Chris English, Security Administrator in Tulsa, is required to request access to PROFS.

Copies of the USER ID request form can be obtained from supervisors and managers or anyone in your area with access to PROFS. PROFS users may view the PROFS bulletin board and display "How to Fill Out a PROFS Form". Also available on the bulletin board are instructions for accessing PROFS document processing documentation that includes instructions for creating and retrieving forms and documents.

For further help or questions, please contact your Information Center representative:

Field Engineering
(919) 628-2776 Doug Benedict
Finance
(918) 628-2103 Jody Livak
Manufacturing (Cherokee)
(918) 274-5547 Karen Bussell
Manufacturing (Raleigh)
(919) 890-1127 Marcia Wilson
Sales and Marketing
(918) 624-4441 Alice McGregor

Talking Book Speaks Well for TCI

THANKS to The Library of Congress and one of its branches, the National Library Service for the Blind and Physically Handicapped, thousands of blind and physically handicapped individuals can reach for just about any literary work they choose and fully enjoy it with Telex C-1 Talking Book Machine (TBC).

Telex Communications, Inc. (TCI), the maker of the Talking Book, was awarded a \$5.6 million contract to produce 40,000 of these special machines during 1987 and 1988.

According to Frank Garay, OEM sales manager, the Talking Book tapes cover almost any novel ever printed and some tapes also feature current news or current magazine articles of interest.

"Telex has been the primary supplier of cassette players to The Library since 1976," Garay noted. In the last five

years, TCI has produced nearly 306,000 of the helpful machines amounting to over \$35 million in revenue.

Since 1983, Telex has been the sole manufacturer providing a two-year warranty on all units as well as all the spare parts and production support necessary for the machines.

The yearly agreement includes a provision for TCI to provide machines for qualified international applicants. That provision has allowed for the production of a total of 5,000 machines annually to various countries including Canada, New Zealand and Australia.



Memorex Computer Supplies Launches First Catalog

In April, Memorex Computer Supplies began circulating its first U.S. catalog. The full-color catalog with 56 pages in a magazine format contains product and ordering information on all computer supplies bearing the Memorex brand name plus Memorex Telex workstations, selected equipment products, and workstation furniture.

"The purpose of the catalog is to sell supplies directly through the mail and over the phone, in addition to obtaining leads for our sales force," said Lee Sechler, manager of direct marketing sales and service.

According to Sechler, the monthly catalog will be mailed to all current Memorex Telex customers as well as to a lengthy list of prospective customers.

As part of the launch, 135,000 catalogs will be mailed every month for three months.

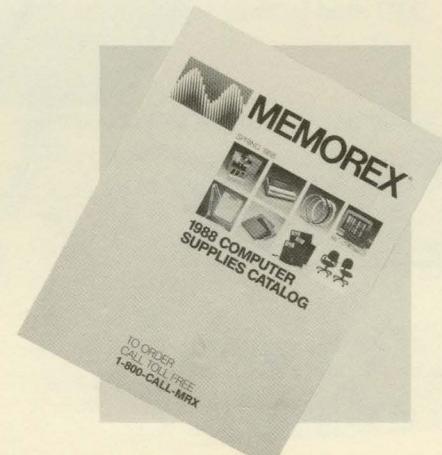
Supplementing the catalog are seven telesales people whose function is to follow up on leads received from catalog orders.

Combining the catalog with telesales allows us to contact people we have never done business with before," said Sechler. "We'll be taking the brand name to a very wide audience."

In addition to following up on leads, telesales people are responsible for order-taking, dispatching, and offering expert advice to callers with queries.

EUROPEAN MODEL

"We are not the first ones in the company to try direct response marketing. Some of the European operations have already started catalogs in their countries. France has been the most successful; they have generated millions of dollars in revenue from their catalog," said Sechler.



The U.S. catalog will be very similar to its European versions. Divided up according to product line, each section will include product description, product specifications, color, reference (ordering) numbers, pack quantities, and price per pack depending on amount ordered.

Customers have the option of ordering by phone, by post on a special order form in the catalog, or through our field sales force. With the catalog, Memorex Telex sales force can ensure that customers will always be sufficiently supplied with computer supplies. The catalog is just another after sale service that the Company provides.

Approximately 98 percent of the products offered through the catalog will be available within twenty four hours. All products, with the obvious exception of some consumables, carry at least a twelve month guarantee against defects in materials and workmanship, with extended guarantees available on many products. Computer tape, for example, carries a 25-year warranty. In addition, many products are available on a low-risk trial period.

The catalog will carry regular promotions and discounts. Projected revenue in catalog sales for 1988 is estimated at \$5.0 million.

What's Behind Our Name

ON February 9, 1961, the Memorex company founders incorporated. The name, a combination of "memory" and "excellence," reflected their dedication to producing a better computer tape product.

With 14 employees, the four entrepreneurs — Laurence Spitters, Donald Eldridge, W.I. Noon and Arnold Challman seized on the opportunity to create an alternative source of precision magnetic tape. What began in Mountain View, California, above a garage has grown into a burgeoning global enterprise.

Telex, though much older, also shares a humble start. From his home in Minneapolis, Minnesota, Allen Hempel began in 1936 as the manufacturer of the first wearable vacuum tube hearing aid, a product that revolutionized the hearing aid industry.

Hempel wanted to form a company with a name ending in "ex" because he felt it was easy to remember and would be pronounced the same in almost every language. In addition, he had been experimenting with tiny coils as magnetic pick-ups in his hearing aid. These coils were similar to those used in telephones of that time. He combined the two ideas to form the new name — Telex.

In the early 1960s, the Telex name was challenged. On April 22, 1964, both The Telex Corporation and Western Union Telegraph Company entered into an agreement essentially acknowledging that Telex had ownership of U.S. Trade Mark Registration No. 517, 386 but that the word "telex" (note lower case "t") had acquired a generic significance as applied to "teleprinter exchange services." This phrase was shortened to "telex."

The essence of the agreement stated that Western Union could continue to use the word telex to describe its communications equipment as long as the word was either immediately preceded or printed above the trademark "Western Union" in equal or larger type.

So, now you have the rest of the story.

Let's Talk With Alfred Mockett

MEMOREX Telex U.S. Sales and Service is the responsibility of Alfred Mockett, executive vice president.

With Telex Computer Products, he served in several capacities — senior vice president, a member of the Executive Committee and president of TCP World Trade with responsibility for all of TCP's operations outside of the U.S. and Canada.

Mockett is an honors graduate of the University of London and a Fellow of the Royal Society of Chartered Accountants of England and Wales. He immigrated to the United States in 1976 to take up an appointment as vice president, Finance, of General Computer Systems.

Following the acquisition of General Computer Systems by Telex in May 1978, Mockett was appointed Chief Financial Officer of Telex Computer Products, serving for six years to June 1984, the date of the acquisition of Raytheon Data Systems (RDS). He was one of the principal architects of that acquisition. Subsequently, Mockett assumed responsibility for Telex Data Systems, the TCP division established to manage the integration of RDS into the Telex mainstream.

At the completion of the restructuring and integration of the Raytheon operations, he was appointed president of TCP World Trade.

Q Describe your management style?
A I would describe myself as a ruthless delegator. My job is to manage my people not their operations. I encourage people to accept as much responsibility and associated authority as they can handle, but at the same time I

demand accountability, while keeping my involvement to "an exception" basis only.

Q What exciting events are taking place in your operation?
A The single most exciting event is the change in attitude of our people. Everyone wishes at some point in one's career to have that break, to be in the right place at the right time. This is the right place and the right time and we sense this. With a winning strategy and a winning attitude, we are on the verge of a major breakthrough, — that's exciting.

Q What other great business do you admire and why?
A Compaq. It is a company that has successfully made the transition from an IBM follower to a leader of IBM in its niche market, a success worthy of emulation.

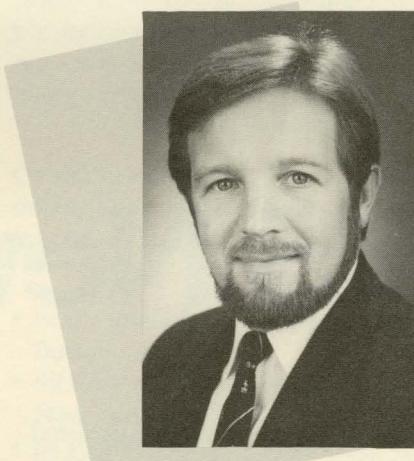
Q Who was your childhood hero?
A Biggles.

Q What current figure do you admire most today and why?
A Henry Kissinger. He calls his own shots, he's not afraid to take a position on any issue, commands authority and respect. His approach is pre-emptive rather than reactive.

Q What is your favorite spectator sport?
A Watching people from Memorex watching people from Telex watching people from Memorex. (Soon they won't be able to tell the difference.)

Q What hobbies/leisure time activities do you enjoy?

A Combative sports involving a physical adversary: rugby, squash, soccer, tennis.



Q What was your first full-time job?
A My family was involved in two lines of business — undertaking and farming. One involved a business that was not subject to many customer complaints or products returns. The other was a good grounding for the "wheels and fenders" concept of management, under which I suffered until liberated.

Q What was the worst job you ever had?
A Working as a kiln setter in a brick factory. This involved stacking heavy raw clay bricks in pre-heated caverns in temperatures of over 100 degrees. I remember drinking up to a gallon of salty water per day.

Q What was the title of the last book you read?
A Currently completing two books: *Man of The House*, by Tipp O'Neal, *The Veil*, by Bob Woodward.



Q Of all the cities you have visited, which one is your choice for number one and why?

A My favorite city is Buenos Aires, Argentina. It is a sophisticated, vibrant, elegant city, with flair, a sense of style and culture. Over the centuries, Buenos Aires has been under English, French, Italian, and Spanish rule. It has retained a rich heritage from each of these occupations and each is reflected in today's architecture, culture, and lifestyle.

Q What is your pet peeve?

A Don't call me Al.

Q What is your favorite movie?

A Casablanca. It is the only movie that I have willingly watched more than once.

Q What words of advice have been the most helpful to you?

A In the negotiation process for the acquisition of Raytheon Data Systems, I submitted our best and final offer to Tom Phillips, Chairman of Raytheon. He did not open the envelope, instead, turned to me and said, "Never mind the numbers, tell me Mr. Mockett what you are going to do for my customers and what are you going to do for my people? If you can take care of my customers and can take care of my people, the numbers will take care of themselves."

WRITE TO KNOW

Q Will employees keep the same seniority under Memorex Telex that they had under Telex and Memorex?

A Our new company will recognize carryover service for employees that were on either the Telex or Memorex payrolls at the time of the merger.

Q Is Memorex Telex going to continue with the current performance evaluation process?

A A single system is currently under consideration that would retain almost all of the existing Telex features. Until final approvals are given, the two previous systems will remain in place.

Q What are our corporate goals this year?

A Our corporate goals are quite simple this year — complete the merger, make every effort to increase customer satisfaction, expand our revenues, and exercise control over our costs/overhead. To these ends, each of us should establish individual goals in support of these key objectives.

Q What job functions are going to be moved from Tulsa to the Field offices?

A Functions have been evaluated from the standpoint of "Who can get the job done most efficiently and cost effectively while still giving the best service to the customer?" Sometimes we benefit from consolidation in Tulsa due to the economies of scale. Other times the regional offices are better equipped to handle certain things. Decisions have been made to move Collections, some Finance and Human Resource activities to the field. Our future experience will dictate if other changes are worthwhile.

Q Are our health benefits going to change?

A Effective July 1, 1988, the Memorex Telex Medical and Dental Plans will be consolidated. The focus in developing the plans has been to provide comparable levels of benefits, to minimize the number of changes, and to consolidate and simplify claims administration. More detailed information will be provided to all employees in benefit materials distributed during an employee meeting in early June. You will be asked to attend.

Q Will Memorex Telex provide a company-wide Employee Assistance Program (EAP) or expand its Wellness Program?

A We are currently evaluating results of recent pilot tests in these areas. Decisions on expansion will be based on this evaluation.

featuring Giorgio Ronchi and George Bragg. Although we don't sell everything as the headline flashed, the article did focus on the increased product offerings through the combined company.

• FORTUNE, April 1988 issue listed the Telex Corporation at number 360, up from 387, in its annual list of the nation's largest industrial companies. Next year, it won't be on the list. With the completion of the merger, Telex will be privately held. Only publicly traded companies are included in the Fortune 500.

• MIS WEEK, April 4, 1988 issue noted KLM, Royal Dutch Airlines choice of Memorex Telex to automate its new central telephone sales offices in White Plains, N.Y. KLM has plans to open the offices in the spring and will centralize all of its telephone sales in the United States. Under the terms of the agreement, Memorex Telex will be responsible for the total terminal installation. Memorex Telex 1280 workstations will serve as network file servers and gateways to a token-ring network. Each 1280 will support a variety of Telex 1280 intelligent local area network workstations and printers.

• FORBES, April 4, 1988 issue carried a two-page spread on the new Memorex Telex with interviews

• ELECTRONIC NEWS, April 4, 1988 issue reported the Memorex Telex entry into the Digital Equipment (DEC) plug-compatible market with a competitively priced ASCII display. According to Memorex Telex Vice President of Marketing Bob Farrell, "More than half of our IBM customers also have DEC systems. By adding DEC-compatible equipment to our line of 3270 and 3X displays, we can now offer a variety of solutions for users of both DEC and IBM."

• COMPUTER INDUSTRY UPDATE, March 1988 issue noted the introduction of the Memorex 4780, an 80-ppm ion-deposition printer that provides a resolution of 240 x 240 dpi and has a duty cycle of over 50,000 pages per month. It is a plug-compatible version of IBM's 3203 Model 5 printer.

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

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