



MEMOREX TELEX

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Date: October 22, 1993

TEXT OF PRESS RELEASE:

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FOR IMMEDIATE RELEASE

MEMOREX TELEX REPORTS SECOND QUARTER RESULTS

SIGNIFICANT IMPROVEMENT IN OPERATING INCOME

UPDATE ON STATUS OF RESTRUCTURING

IRVING, TEXAS, October 22, 1993 -- Memorex Telex N.V. (NASDAQ: MEMXY) today announced its financial results for the second fiscal quarter ended September 30, 1993.

Revenue for the quarter was \$256.4 million, compared with \$346.4 million in the same period one year ago. The Company reported a net loss of \$22.2 million, or \$.22 per share, versus a net loss of \$42.4 million for the same period of the prior year. Earnings before interest, taxes, depreciation, and amortization ("EBITDA") were \$19.6 million for the quarter, compared to \$3.5 million for the second quarter of the previous year. For the six months ended September 30, EBITDA were \$39.5 million versus \$19.8 million in the prior year.

Memorex Telex chairman, president and chief executive officer Marcelo Gumucio said he was pleased with the results: "Our second-quarter earnings are additional evidence

of our ability to perform. In the face of strong competition in all markets and despite soft economies in key European countries, we continue to achieve results consistent with our business plan. This achievement supports the belief that we have a sound plan and a promising outlook for the period following completion of the financial restructuring."

Separately, the Company announced that it had reached an agreement in principle with Morgan Guaranty Trust Company of New York, the agent bank of its working capital loans, regarding a proposed revision of its working capital facility. Morgan, as largest holder of its working capital loans, stated it will support the proposal. The Company said that under the terms of the agreement, which would take effect upon completion of its restructuring plan, the Company would retain its existing \$66 million working capital facility as well as \$34 million of its existing Tranche A senior bank debt. The Company would have the opportunity to obtain the forgiveness of a significant portion of such debt to the extent it repays the debt in advance of the proposed 5 year amortization schedule.

To facilitate the agreement, the Company has approached Apollo Investment Fund L.P., together with affiliates its largest shareholder and bondholder, who have agreed to consider the purchase of 19% of the existing \$66 million working capital facility for \$12.5 million. Apollo would receive warrants to purchase 2.5% of the common stock of the post-restructuring Company. Warrants to purchase an additional 2.5% of the new common stock would be issued to Apollo or members of the working capital facility who elect not to receive their pro rata share of the \$12.5 million. The warrants would be exercisable at a \$50 million equity value.

In May, 1993, the Company announced its plan to convert essentially all of the Company's long term debt to equity. The developments announced today represent a further step in the overall restructuring process.

The Company announced further that it is seeking approval from its senior banks and noteholders to retain for operational use the proceeds from the sale of certain assets, including its computer supplies business and other non-core assets. The assets are expected to yield proceeds of approximately \$25 million which will be used to meet the Company's liquidity needs. The Company said it expects to complete these transactions within the next three months.

Memorex Telex N.V.
Condensed Consolidated Statement of Operations
(Amounts in U.S. Dollar Thousands, except per share amounts)

	<u>6 Months Ended 9/30</u>	<u>3 Months Ended 9/30</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>
Revenues	535,746	686,247	256,431
Gross Margin	164,530	206,926	346,352
Selling, general and administrative expenses	131,368	179,621	62,994
Goodwill amortization	11,730	11,730	5,865
Other (income)expenses, net	<u>2,046</u>	<u>18,134</u>	<u>1,402</u>
Operating income (loss)	19,386	(2,559)	10,024
Interest expense, net	<u>58,441</u>	<u>57,806</u>	<u>29,706</u>
(Loss) before income taxes	(39,055)	(60,365)	(19,682)
Provision for income taxes	<u>5,359</u>	<u>6,862</u>	<u>2,565</u>
Net income (loss)	<u>(44,414)</u>	<u>(67,227)</u>	<u>(22,247)</u>
Net income (loss) per common share	<u>(0.44)</u>	<u>(0.67)</u>	<u>(0.22)</u>
			<u>(0.42)</u>

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