

Edward S. Seaman
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MEMOREX CORPORATION

1180 SHULMAN AVENUE
SANTA CLARA, CALIFORNIA

March 29, 1968

Dear Shareholder:

The 1968 Annual Meeting of Shareholders will be held at our Santa Clara offices on Friday, April 26 at 2 P.M. California time.

The Annual Report for the year 1967 was recently mailed to you. At the shareholders' meeting, we shall discuss in more detail the subjects covered in the Annual Report as well as other matters of interest to shareholders.

The enclosed proxy statement explains the items of business to come formally before the meeting. As a shareholder, it is in your best interests to express your views on these matters by signing and returning your proxy. This will ensure the voting of your shares if you do not attend the meeting.

Whether or not you plan to attend the meeting, please sign the proxy card and return it promptly in the enclosed envelope, which requires no stamp if mailed in the United States.

Sincerely,

LAURENCE L. SPITTERS
President

MEMOREX CORPORATION
1180 SHULMAN AVENUE
SANTA CLARA, CALIFORNIA

Notice of Annual Meeting of Shareholders—April 26, 1968

Notice is hereby given that the Annual Meeting of the Shareholders of Memorex Corporation, a California corporation, will be held on Friday, April 26, 1968, at 2 P.M., at the principal office of the Corporation, 1180 Shulman Avenue, City of Santa Clara, California, for the following purposes:

1. To elect directors of the Corporation;
2. To take action upon a proposal to amend the Articles of Incorporation to provide for a restatement of the authorized Capital Stock of the Company to consist of 1,000,000 shares of Preferred Stock, \$100 par value, and 10,000,000 shares of Common Stock, \$1 par value.
3. To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed March 8, 1968, as the record date for the determination of shareholders entitled to vote at the Annual Meeting and to receive notice thereof. The transfer books of the Corporation will not be closed.

BY ORDER OF THE BOARD OF DIRECTORS

C. A. ANDERSON
Secretary

March 29, 1968

Shareholders are requested to date, sign and return the enclosed proxy in the enclosed envelope. If you plan to attend the meeting in person, please indicate this by checking the space provided on the proxy.

PROXY STATEMENT
for
Annual Meeting of Shareholders—April 26, 1968

SOLICITATION AND VOTING RIGHTS

This proxy statement is furnished to shareholders by the Management of the Company for solicitation of proxies for use by and on behalf of the Management at the Annual Meeting of Shareholders to be held on Friday, April 26, 1968, at 2 P.M., and at all adjournments thereof, for the purposes set forth in the attached Notice of Annual Meeting of Shareholders. All expenses incurred in connection with this solicitation, including postage, printing, handling, and the actual expenses incurred by brokerage houses, custodians, nominees and fiduciaries in forwarding proxy material to beneficial owners will be paid by the Company. In addition to solicitation by mail, certain officers, directors and regular employees of the Company, who will receive no additional compensation for their services, may solicit proxies by telephone, telegraph or personal call.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised. Proxies may be revoked by giving written notice to the Secretary of the Company, and the issuance of a subsequent proxy will revoke any prior proxy even though written notice of revocation is not given.

On March 8, 1968, the Company had outstanding 3,623,901 shares of Common Stock of a par value of \$1. Each holder of Common Stock will be entitled to vote his shares cumulatively in the election of directors, which means that he will be entitled to as many votes as he has shares of Common Stock multiplied by the number of directors to be elected (9), and he may cast all such votes for a single director or may distribute them among the directors to be voted for, or to two or more of them, as he sees fit. On all other matters to come before the meeting, each shareholder will be entitled to one vote for each share owned. Only shareholders of record at the close of business on March 8, 1968, are entitled to vote at the Annual Meeting.

ELECTION OF DIRECTORS

Nine (9) directors of the Company are to be elected to hold office for a term of one year and thereafter until their successors are elected and qualified. The following named nominees of the Management comprise the present Board of Directors of the Company, and except as hereinafter stated, the enclosed proxy will be voted for the election of those designated below.

Name of Nominee	Principal Occupation	First Year Elected Director	Shares of Common Stock Owned Beneficially on 3-8-68**
Alger Chaney*	Chairman of the Board, Medford Corporation, Forest Products Manufacturer; Vice President and Director, Baker, Fentress & Company, a Private Investment Firm	1961	66,000①
W. Noel Eldred*.....	Vice President, Marketing, Hewlett-Packard Co., Electronics Manufacturer	1965	300
Prentis C. Hale.....	Chairman of the Board, Broadway-Hale Stores, Inc. and Chairman of the Board, Hale Bros. Associates, Inc.	1967	2,100②
W. L. Noon.....	Chemical Engineer; Consultant	1961	34,350③
T. Robert Sandberg*.....	Vice President, Cutter Laboratories, Inc., Pharmaceutical Manufacturer and Distributor	1963	600
Laurence L. Spitters.....	President of the Company and Chairman of the Board	1961	54,309④
Fred M. van Eck.....	Partner, J. H. Whitney & Co., a Private Investment Firm	1963	12,810⑤
Dr. Theodore Vermeulen.....	Chemical Engineer; Professor, University of California, Berkeley	1963	660
Dr. Alejandro Zaffaroni.....	Director and Executive Vice President, Syntex Corporation, International Pharmaceutical Manufacturer; President, Syntex Research	1968	39,000⑥

① Mr. Chaney is a Director, Vice President, and stockholder of Baker, Fentress & Company, a Private Investment Firm which owns an additional 45,000 shares of Memorex Common Stock.

② Does not include 2,400 shares held by wife; 3,000 shares of a Trust of which Mr. Hale is one of two equal beneficiaries and one of three trustees; 2,100 shares held by a minor child; 3,762 shares combined direct and indirect holdings of above in a corporation of which the above are shareholders; and 4,842 shares combined direct and indirect holdings held in trusts for two adult children of which Mr. Hale is a Trustee.

③ Does not include 900 shares held for children as custodian under Uniform Gifts to Minors Act.

④ Does not include 3,696 shares held in trust for children and 18,645 shares held by the L. S. & Co. Partnership in which Mr. Spitters has a beneficial interest.

⑤ Mr. van Eck is a partner in J. H. Whitney & Co., a Private Investment Firm which owns an additional 216,000 shares of Memorex Common Stock.

⑥ Does not include 4,500 shares of the Zaffaroni Foundation of which Dr. Zaffaroni is President and 3,000 shares held for children as Custodian.

*Member, Board of Directors' Committee for 1965 Qualified Stock Option Plan.

**As adjusted for the distribution of 2 additional shares of common stock for each share outstanding as of the close of business on February 2, 1968.

Mr. Hale and Dr. Zaffaroni were elected to the Board of Directors in 1967 and 1968, respectively. Mr. Hale has been Chairman of the Board of Broadway-Hale Stores, Inc. since

1950, and prior to his election as Chairman of the Board of Hale Bros. Associates, Inc. in 1966, he was President of that company for in excess of 5 years. Dr. Zaffaroni has been engaged in the principal occupation indicated above for in excess of 5 years.

Management has no reason to believe that the persons named above as nominees for directors will be unable or will decline to serve if elected. However, in the event of death or disqualification, or refusal or inability, if any, of such nominees to serve, it is the intention of the persons named in the enclosed proxy to vote for the election of such other person or persons as the persons named in the enclosed proxy determine in their discretion. In any event, the shares represented by proxy will be voted for the election of directors.

REMUNERATION OF DIRECTORS AND OFFICERS

The following tabulation furnishes information as to the remuneration paid during the year 1967 by the Company and its subsidiaries to or for the benefit of (1) each of the three highest paid officers and directors whose aggregate remuneration exceeded \$30,000, and (2) all directors and officers as a group:

Name of Individual or Number of Persons in Group	Capacities in Which Remuneration Was Received	1967 Aggregate Direct Remuneration
Laurence L. Spitters.....	President and Chairman of the Board	\$ 65,096*
Eugene L. Rogers.....	Vice President	\$ 50,285*
Edward S. Seaman.....	Vice President	\$ 55,233*
All Directors and Officers as a Group (18 persons).....		\$415,987†

*The Company's Board of Directors has paid a year-end bonus to these officers based on the Company's financial performance for the year. Bonuses are paid in the sole discretion of the Board of Directors and not according to any fixed scale or plan. Included above are such bonus payments computed on performance for 1967 but not paid until February 1968. Not included above are bonus payments made to the above in 1967 with respect to 1966 performance.

†Includes bonuses based on 1967 performance.

In addition, these officers are also eligible to participate in the Memorex Employees' Profit Sharing Plan discussed under "*Other Remuneration and Incentive Plans of the Company.*"

MEMOREX QUALIFIED STOCK OPTION PLAN

The Memorex Qualified Stock Option Plan ("1965 Plan") was approved by shareholders in December, 1965. The 1965 Plan permits the granting to key employees of "qualified" stock options under Section 422 of the Internal Revenue Code, as amended. A "key employee" is defined as an employee who renders services of the type which tend to contribute, or which may reasonably be anticipated to tend to contribute, materially to the success of the Company or of a

subsidiary of the Company. Options are granted to key employees selected by a "Committee" of the Board of Directors, none of whom is eligible to participate under the 1965 Plan. The maximum number of shares for which options may be granted under the 1965 Plan is 210,000* shares of the authorized but unissued Common Stock of the Company, and the maximum number of shares for which options may be granted to any one employee is 21,000*.

In consideration of the granting of options under the 1965 Plan, an optionee must agree to remain in the employ of the Company or a subsidiary for at least twelve (12) months after the option is granted. These options are exercisable at the rate of 25% per year, beginning one year after the date of grant. In all cases, options expire five (5) years after date of grant. Each optionee is required to agree to hold for investment the shares acquired by him under the 1965 Plan. The 1965 Plan will terminate on December 29, 1975, one day less than ten (10) years after approval was obtained from the shareholders of the Company.

Options are granted under the 1965 Plan at a price of 100% of the fair market value of the Company's Common Stock on the granting date. Options are not transferable by the optionee, although they may be exercised within thirty (30) days after termination of employment by an optionee and within one (1) year after an optionee's death by his legal representative to the extent the option was exercisable at the time of termination or death, but in no event later than five (5) years after date of grant.

The Board of Directors may at any time suspend or terminate the 1965 Plan, but may not adversely affect options already granted, or increase the maximum number of shares subject to the 1965 Plan, or increase the maximum number of shares for which an option may be granted to a single employee, or extend the option period or expiration date of the 1965 Plan.

The Company is advised by counsel that when a "qualified" stock option, as defined in Section 422 of the Internal Revenue Code, is granted to an employee under the 1965 Plan and if shares of Common Stock of the Company are issued to the holder of any such option and no disposition of such shares is made by such holder within the three-year period beginning on the day after the day of transfer of such shares to him, no income will result to such holder upon his exercise of the option. When he sells the shares, any amount realized by him in excess of the option price will be taxed to him as a long-term capital gain and any loss sustained by him will be a capital loss. The Company is also advised by counsel that under such circumstances the Company is entitled to no deduction for federal income tax purposes under Section 162 of said Code in connection with the issuance or exercise of the options, and that no amount other than the price paid under the options will be considered as received by the Company for shares so issued.

*As adjusted for the distribution of 2 additional shares of Common Stock for each share outstanding as of the close of business on February 2, 1968.

With respect to the 1965 Plan, and as to those persons named under "Remuneration of Directors and Officers," to all directors and officers as a group, and to all employees as a group, the following tabulation shows options granted and options exercised from January 1, 1967, until March 8, 1968, and unexercised options held as of that date:

OPTIONS GRANTED		Common Stock* (Number of Shares)	Average Option Price Per Share (100% of Market)
Name			
Laurence L. Spitters.....		15,000	\$63.91
Edward S. Seaman.....		3,750	57.33
Directors and Officers as a Group (including those named above).....		48,750	60.77
All Employees as a Group (including the above).....		97,950	58.45

OPTIONS EXERCISED

Name	Common Stock* (Number of Shares)	Aggregate Purchase Price	Aggregate Market Price
Eugene L. Rogers.....	2,250	\$ 24,656.25	\$124,110.00
Directors and Officers as a Group (including Mr. Rogers).....	4,122	55,232.25	206,936.64
All Employees as a Group (including the above).....	11,619	179,080.12	593,821.03

UNEXERCISED OPTIONS

Name	Common Stock* (Number of Shares)	Average Option Price Per Share (100% of Market)
Laurence L. Spitters.....	15,000	\$63.91
Eugene L. Rogers.....	6,750	10.95
Edward S. Seaman.....	3,750	34.97
Directors and Officers as a Group (including those named above).....	70,878	44.58
All Employees as a Group (including the above).....	146,706	44.25

The Board of Directors' action adopting the 1965 Plan was taken concurrently with its termination of the Company's 1961 Restricted Stock Option Plan.

1961 RESTRICTED STOCK OPTION PLAN

The 1961 Restricted Stock Option Plan ("1961 Plan") has been terminated; however, options remain outstanding under this plan. The 1961 Plan allowed options to be granted to key employees (other than the founders of the Company, including Mr. Spitters) for the purchase

*As adjusted for the distribution of 2 additional shares of Common Stock for each share outstanding as of the close of business on February 2, 1968.

of shares of Common Stock of the Company, at a price of not less than 100% of fair market value of the shares on the date of grant.

From the date of adoption of the 1961 Plan until its termination on November 12, 1965, options for 221,625* shares were granted, and officers and directors of the Company as a group were granted options to purchase 49,500* shares.

With respect to the 1961 Plan and as to those persons named under "Remuneration of Directors and Officers," to all directors and officers as a group, and to all employees as a group, the following tabulation shows options exercised from January 1, 1967 until March 8, 1968 and unexercised options held as of that date:

OPTIONS EXERCISED

Name	Common Stock* (Number of Shares)	Aggregate Purchase Price	Aggregate Market Price
Directors and officers as a group.....	2,250	\$ 2,750.00	\$ 72,652.50
All Employees as a group (including the above).....	33,750	35,812.50	1,684,462.50

UNEXERCISED OPTIONS

Name	Common Stock* (Number of Shares)	Average Option Price Per Share (100% of Market)
Edward S. Seaman.....	2,250	\$1.11
Directors and officers as a group (including Mr. Seaman).....	5,625	1.15
All Employees as a group (including above).....	10,125	1.63

OTHER REMUNERATION AND INCENTIVE PLANS OF THE COMPANY

Profit Sharing Plan

The Company has adopted and entered into an Employees' Profit Sharing Trust. This plan was approved in form by the Board of Directors on December 11, 1964. The plan was qualified with the Internal Revenue Service as tax deductible July 27, 1966, effective January 1, 1965. It provides that 10% of the Company's profits, before taxes (assuming certain minimum earnings requirements are met) be allocated to employees on the basis of years of service and salary. All employees, including officers, are eligible. Funds allocated are invested by a trustee and payable to employees upon certain conditions of retirement, termination of employment, death or disability.

The interest of the officers and directors named above under "Remuneration of Directors and Officers," and all officers and directors as a group in the Company's contribution as of

*As adjusted for the distribution of 2 additional shares of Common Stock for each share outstanding as of the close of business on February 2, 1968.

January 1, 1967, and estimated amount allocable to the same persons for the year ending December 31, 1967, is as follows:

Name	Cumulative to January 1, 1967	Period Ending December 31, 1967*
Laurence L. Spitters.....	\$ 3,892	\$ 1,700
Eugene L. Rogers.....	2,984	1,620
Edward S. Seaman.....	3,892	1,700
All Officers and Directors (including those named above).....	25,511	17,000
Total all employees (including the above).....	855,664	751,717

*Figures approximate, since actual figures not available at time of printing.

No funds have been paid or allocated under any other retirement or profit sharing plans.

Proposal

Amendment of Articles of Incorporation to provide for an increase of the Authorized Capital Stock of the Company to 800,000 Shares of Preferred Stock, \$100 par value, and 10,000,000 Shares of Common Stock, \$1 par value.

As of March 8, 1968, the authorized capital stock of the Company consisted of 200,000 shares of Preferred Stock, \$100 par value per share, of which none have been issued, and 5,000,000 shares of Common Stock, \$1 par value per share, of which 3,623,901 shares were issued and outstanding (exclusive of treasury shares).

The Board of Directors on March 1, 1968, adopted resolutions declaring it advisable to amend Article Fourth of the Articles of Incorporation of the Company to provide for an increase of the authorized capital stock of the Company to 1,000,000 shares of Preferred Stock, \$100 par value, and 10,000,000 shares of Common Stock, \$1 par value. If this amendment is adopted by the shareholders of the Company at the Annual Meeting, the increase in the authorized capital stock would serve to create an additional authorized 5,000,000 shares of Common Stock, with the same rights, preferences and privileges as the currently issued and outstanding Common Stock. The holders of shares of Common Stock of the Company have no preemptive or other subscription rights. The additional 800,000 shares of Preferred Stock would be the same as the currently authorized and unissued Preferred Stock. The Articles of Incorporation of the Company provide that the Preferred Stock may be issued from time to time in one or more series, and the Board of Directors will be authorized to fix or order the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preferences of any fully unissued series of any Preferred Stock, and the number of shares constituting any such series, and the designation thereof.

Although the Company has no present intention of issuing any additional series of Preferred Stock, if any such series of Preferred Stock were to be issued in the future, the Company's present intention is that the rate of its dividend would be not more than \$7.00 per share per annum. Although it is impossible to predict at this time, as in the case of any Preferred Stock, issuance thereof might place holders of Common Stock in a junior position with respect to dividends and distributions upon liquidation. Under certain conditions the issuance of Preferred Stock or additional Common Stock may result in a dilution of the equity and earnings of the outstanding Common Stock. However, the rate of dividend, the conversion rights, if any, the redemption prices, voting rights, if any, and certain other terms of such series of Preferred Stock, as well as the terms and conditions upon which it might be offered, would be determined by the Board of Directors, without further shareholder action, a short time before such offering were to be made and would depend, of course, upon the market and other conditions at that time.

The reason for this proposed increase of the authorized capital stock of the Company is to provide the Company with flexibility in its financial programs should it prove advisable in the future to issue stock for corporate purposes. Assuming that the shareholders approve the increase in the authorized capital stock of the Company, the Company has entered into no negotiations, agreements or arrangements for the issuance of any additional shares of stock resulting from such increase in the authorized capital stock.

The affirmative vote of the holders of a majority of the issued and outstanding Common Stock of the Company is required for the adoption of the form of Amendment to the Articles of Incorporation of the Company. In exercising their judgment on this proposal shareholders should refer to the financial statements set forth in the Company's Annual Report for 1967, which financial statements are hereby incorporated by reference.

The Board of Directors recommends a vote "FOR" this proposal.

MISCELLANEOUS

The management does not know of any matters to be presented at the Annual Meeting other than the election of a Board of Directors and the proposal to approve the Amendment to the Articles of Incorporation. However, in the event that any other matters should come before the meeting or any adjournment thereof for action, the enclosed proxies will be voted in such manner as the named proxies may determine in their discretion.

BY ORDER OF THE BOARD OF DIRECTORS

C. A. ANDERSON
Secretary