

Memorex®

Is it live or is it Memorex?®

THE MARKET

Today's digital world has transformed the way we do things, but it has not changed the *reasons* that we do them. Whether we're exploring new music, sharing photos of loved ones, videotaping a celebration, or creating a multimedia presentation for a client, creative content matters to us all. It can represent the fruits of our labor, and it is often a labor of love. Almost anything can be created digitally these days, and anything that is created digitally begs to be saved the same way. This is why digital media has become so important to our way of life.

As the market-share leader in recordable CD and DVD products, Memorex understands the role of digital media in capturing, saving, and sharing the moments of our lives.

CD and DVD discs — collectively termed “optical media” — were the first nonmagnetic, digital media widely available for consumer recording; today, they remain the most widely used. The recordable optical media business is a \$3.7 billion industry worldwide, with approximately 28 percent of consumption occurring in the United States. Eighty-five percent of personal computers sold to the U.S. household market come equipped with an optical disc recorder, and U.S. consumers burned more than 3 billion discs in 2004.

Although the Memorex story starts decades before “CD” and “DVD” became part of the modern vernacular, the brand continues to be associated throughout the world with cutting-edge consumer recording technologies.

ACHIEVEMENTS

Memorex markets the number-one selling brand of CD and DVD media in the United States, outselling their nearest competitor by nearly three to one.

Today, Memorex brand products can be found in over 25 different countries across the globe. At home, in the United States, Memorex media products are carried in 21 of the nation's top 25 retailers.

Not just a media company, Memorex markets a wide range of data storage products, including their award-winning line of CD and DVD recorders, their



fast-growing line of USB flash drives, and a wide assortment of media cleaning, labeling, and organization products. Memorex products have captured the attention and accolades of leading technology publications, such as *PC World* and *PC Magazine*, winning multiple editor's choice awards.

Memorex focuses on delivering emerging technologies in a configuration and price point that place their products within reach of all types of consumers.

HISTORY

Although Memorex is best known for bursting onto the 1970s recording scene with its popular line of audio cassette tapes, the company was actually founded in 1961, in the heart of California's Silicon Valley. Memorex got its start in the emerging computer industry, selling magnetic oxide data-storage tapes directly to private-sector companies, the U.S. government, and many quasi-governmental organizations, when mainframe computers ruled the day.

The magnetic media experts at Memorex soon began developing lines of high-quality audiotape,

and throughout the late 1960s and early 1970s, Memorex tape was the definitive medium for use by broadcasting professionals. Yet the company's big break was still to come.

In 1971, Memorex launched a consumer line of recordable audiocassettes with one of the most memorable campaigns in television history, the image of Ella Fitzgerald's recorded voice shattering a wine glass . . . and the phrase, “Is it live or is it Memorex?” This effort solidified Memorex as a consumer brand name — one that is still known today as the standard for high-quality recording products.

For the next three decades, the Memorex brand image would be so intertwined with the “Is it live or is it Memorex?” slogan that the phrase would become the guiding force in the company's business ventures and its corporate vision.

Eight years later, in 1979, the video library was born. Memorex expanded into video cassette tapes, launching a product line that quickly became as successful as its extensive line of audio cassette tapes.

In 1982, Memorex was acquired by Tandy Corporation, parent company of national electronics retailer Radio Shack. The musical legacy of the Memorex brand made for a natural extension into other consumer electronics product categories, aside from recordable media. Under Tandy's management, Memorex began to market a line of audio and video equipment ranging from speakers and headphones to remote controls. But media remained the company's primary calling, and the proliferation of desktop PCs allowed the company to begin marketing another type of magnetic media: the floppy disk.



In 1993, Memorex was sold to a private investment firm and launched headlong into the digital revolution. Memorex quickly established itself in the business of optical media, becoming the first brand name to meet U.S. retailers' demands for a steady supply of recordable compact discs, or CD-Rs. With 650 (and later 700) megabytes of digital capacity, recordable CDs opened up a world of new possibilities for personal storage. As more and more personal computers shipped with CD recorders, consumers found that data, music, photos — anything digital — could be saved to a highly portable, low-cost disc that would last virtually through the consumer's lifetime.

Rounding out its product offering, the company launched its own line of CD recorders and media accessories for disc cleaning, labeling, and storage.

The rise of the DVD began with the new millennium, and Memorex recordable DVDs delivered consumers 4.7 gigabytes of capacity each, enough storage space to hold an entire set of encyclopedias in one hand. Building on a successful formula, the company again forged its way to become the leading retail provider of this new media, while launching an award-winning line of DVD recorders and DVD media accessories.

Today, Memorex retains its position as the number-one provider of optical media in the United States.



Is it live...or is it...

MEMOREX[®]

THE PRODUCT

Memorex offers retail's largest assortment of recordable CD and DVD media, catering to consumers' and retailers' demands for nearly every conceivable combination of recording speed and format. Memorex also offers the largest range of pack configurations at retail, with SKUs ranging from a single disc and jewel case combination to 100-disc bulk packs.

Memorex has led the competition in introducing specialty media, such as Music CDs made especially for audio compilations; Cool Colors multi-hued CDs made especially for style; 8cm Pocket CDs for greater portability; inkjet Printable CDs and DVDs for paperless labeling; and DVD 120 discs for use with today's set-top DVD recorders.

As a natural extension to its optical media lines, Memorex has also introduced a successful line of optical recorders that regularly win Editors' Choice, Best Buy, and Number-One ranking designations from respected publications including *PC Magazine*, *PC World*, and *Computer Shopper*.

Further capitalizing on its knowledge of the media business, Memorex has also introduced a wide array of media cleaning, labeling, and organization products. The company's popular line of LabelMaker kits has featured a comprehensive disc labeling solution including a patented label



applicator, software, and paper labels. Memorex's OptiFix Pro, a motorized device for cleaning and repairing scratched CDs and DVDs, has drawn the praise of consumers and reviewers alike.

While optical disc consumption continues to grow, solid-state USB flash drives are poised to revolutionize the smaller-is-better world of consumer technology. Memorex's popular TravelDrive™ line of flash drives offers up to 4 gigabytes of storage capacity — all on a device the size of a thumb. The introduction of the TravelDrive M-Flyer™ marks a new trend in flash drives, as these tiny devices become highly stylized and packed with their own self-contained software applications that run on any PC.

In addition to marketing its own line of digital storage products, Memorex also licenses its brand name to select marketers of consumer electronics and accessories. Memorex brand televisions and home stereos have been found at mass retailers since 1995. Today, the brand name graces contemporary electronic devices such as MP3 players, LCD monitors, and portable DVD players.

RECENT DEVELOPMENTS

Since the year 2000, Memorex has experienced year-over-year growth averaging 20 percent, despite the dot-com bust and ensuing tech-sector slump that plagued most companies in the first half of this decade. Based on 2004 market data, the company recently announced that it led its competitors in U.S. market share for all blank digital media, as measured by volume and sales. It is the fifth consecutive year that Memorex has led in the CD category, and the third consecutive year of leadership in DVDs.

In 2004, Memorex expanded its corporate offices, moving to a new facility in Cerritos, California, and securing its options for further growth. In late 2004, the company consolidated its Canadian operations under the U.S. corporate office, rededicating itself to a more focused growth effort in non-U.S. regions of the Americas.

PROMOTION

"Is it live or is it Memorex?" The question has become part of the American vernacular, and the ultimate way of comparing the real thing to its facsimile.

Memorex was made famous by the 1971 commercials in which singing legend Ella Fitzgerald shattered a glass — first with her live voice, then with a recording of her voice played from a Memorex cassette tape, proving that the tapes offered high-fidelity recording quality. Created by the brand-making Leo Burnett agency, the commercials and the "Is it live . . ." slogan appeared on American television broadcasts throughout the 1970s.

Today, Memorex retains the famous "Is it live . . ." slogan, but has expanded its brand persona to include the messaging, "capture. save. share." The "capture, save, and share" concept recognizes what digital media really means for the consumer: the ability to capture the music, save the photo, or share the memory. This update to the Memorex identity is reflected in the brand's imagery, its promotional materials, its new global Web site, and its packaging.

In fact, starting in 2005, consumers and retailers alike will see a more unified, worldwide Memorex presence on store shelves. From Los Angeles to Mexico City, from London to Quebec, a global Memorex package design will appear for the first time, making the brand that much more recognizable in places far and wide.

BRAND VALUES

For over 30 years, the Memorex name has been synonymous with recording so lifelike that it prompts the question, "Is it live or is it Memorex?"

Today, Memorex is committed to preserving its legacy as a recording company. The company's mission is to continue providing the products that more consumers use to capture, save, and share all facets of life, from music to memories.

THINGS YOU DIDN'T KNOW ABOUT MEMOREX

- In 2004, for the fifth consecutive year in the CD category and third consecutive year in DVDs, Memorex led its competitors in market share, both by volume and sales.
- The name Memorex stands for "Memory Excellence."
- Memorex ships 1 billion CD and DVD discs each year to stores nationwide — enough to carpet the entire state of New York!