

I N T E R O F F I C E M E M O R A N D U M
C O R M T S A L L - I N - 1 S Y S T E M

Date: 29-Mar-1989 04:59pm EST
From: Anne H. Kreidler @CFO
KREIDLER.ANNE AT A1 at BARTL

E at CFO

Dept: Employee Communication
Tel No: DTN 251-1316

TO: See Below

Subject: DRAFT MEMO FROM KEN OLSEN TO EMPLOYEES

After taking your good advice about Ken's memo to employees, I'm recommending the following:

- we send out a brief memo from Ken to the Executive Committee for electronic distribution within their groups... this will happen as soon as there is agreement about the memo's contents
- a day after the distribution cycle is initiated, we will put the letter on LIVE WIRE. (It will not appear elsewhere since Q3 results publicity is only a few weeks away)
- we hold off on the bulk of the message until Q3 results, at which time, I will make sure we have an approved memo from Ken positioning the results for employees

Please react to my recommendations about the communications process as well as the attached drafted memo from Ken. I'd appreciate hearing from you by noon on Thursday.

Thank you.

Win,

This does not apply to you.

You were on the "cc" list.

af

DRAFT MEMO 3/29/89

FROM KEN FOR DISTRIBUTION THROUGH THE EXECUTIVE COMMITTEE
RE: Digital's Financial Position and Investments

**** Please Share This With Your Employees ****

It seems likely that within a few years, there will be considerably fewer full-line computer manufacturers in the world. We plan for Digital to be one of these.

To assure this, we must continue our careful strategy of investing in the growth of the company. In this last year, we have introduced many new, exciting products that we think will change the world of computing. I believe that the \$4.0 billion we've invested in research and engineering; particularly in new products and process development; is critical for Digital's long-term success.

As I've said before, some members of the investment community worry about us. They seem to look at short-range projections and downward trends rather than see the underlying goodness and value of what we are doing for the longer term.

Last week Wall Street reacted negatively when investment analysts concluded that a small change in revenues could have a significant effect on our profitability.

Digital usually makes a pretty good profit. But, with dramatic product changes, we must be willing to accept a temporary drop in profit to support our dreams for future information systems that can integrate entire organizations. Profitability aside, during periods of substantive product transitions, it's very difficult to predict revenues.

For the last 32 years, it has been our goal to change the way the world does computing. We are willing to suffer the criticism for occasional dips in profitability in order to fulfill our vision of enterprise wide computing.

3/29/89

Distribution:

TO: JOHN SIMS @CORE
TO: JIM SHAUGHNESSY @MSO
TO: GAIL MANN @MSO
TO: DALLAS KIRK @CORE
TO: JEFF GIBSON @CORE
TO: MARK STEINKRAUSS @MSO

CC: ABBOTT WEISS @CORE
CC: WIN HINDLE @CORE
CC: JIM OSTERHOFF @CORE
CC: JACK SHIELDS @CORE
CC: JACK SMITH @CORE