

E.C.
Shall I send this
to Mary Lou?
✓ N-

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I N T E R O F F I C E M E M O R A N D U M

Doc. No: 029956
Date: 29-Jul-1992 01:24pm EDT
From: Ken Olsen
OLSEN.KEN
Dept: Administration
Tel No: 223-2301

TO: See Below

Subject: RULE OF DIRECTORSHIPS

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We have a rule which says that before an employee of Digital becomes a member of the Board of another major organization, they must receive permission from our Board of Directors.

This is a good rule because Directorships should not be taken lightly and should be reviewed very carefully. We think it is a good idea for people to become Directors of other companies because they can learn from them. We should pick the companies very carefully, and we should make sure there is little potential for trouble in those companies.

General Doriot used to pick the companies, review them for us but now we have to do it ourselves.

When you become a Board member, it opens one's self to serious legal problems. It also means that when trouble does occur, it can devour enormous amounts of time. In addition, many Directorships are boring, a waste of time and often there is too much travel involved.

When we invest in a company, it is often implied or written that we have rights to a Directorship. Often, our people eagerly jump at the chance because of the glamour involved, but usually there is some conflicts of interest.

When we invested in Trilogy, legal was dismayed that I did not allow anyone to become a Director, but in time, all Directors were sued. At least for a few minutes, people realized the wisdom of not freely becoming a Board of Director.

KHO:lp
KO:7532
(DICTATED ON 7/29/92, BUT NOT READ)

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