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DATAPOINT CORPORATION

8119 Datapoint Drive
San Antonio, Texas 78229

STATEMENT OF THE BOARD OF DIRECTORS OF DATAPOINT CORPORATION IN OPPOSITION TO THE SOLICITATION OF CONSENTS BY ASHER EDELMAN

This statement is furnished by the Board of Directors (the "Board") of Datapoint Corporation ("Datapoint" or the "Company") to holders of the outstanding shares of the Company's Common Stock, par value \$25 per share (the "Common Stock"), in connection with the Board's opposition to a solicitation by a group led by Asher B. Edelman of consents in favor of his proposals to (i) remove the present directors of the Company and (ii) elect six persons nominated by him (collectively, the "Edelman Proposals"). This statement and the enclosed WHITE revocation card are first being mailed to stockholders on or about March 8, 1985.

THE BOARD UNANIMOUSLY OPPOSES EDELMAN'S SOLICITATION OF CONSENTS. THE BOARD URGES YOU NOT TO SIGN THE BLUE CONSENT CARD SENT TO YOU BY MR. EDELMAN.

WHETHER OR NOT YOU HAVE PREVIOUSLY EXECUTED THE BLUE EDELMAN CONSENT CARD, THE BOARD URGES YOU TO CHECK THE "REVOKE CONSENT" BOXES ON THE ENCLOSED WHITE REVOCATION CARD AND TO SIGN, DATE AND RETURN IT TO THE COMPANY IN THE ENCLOSED POSTAGE PREPAID ENVELOPE.

THE CONSENT PROCEDURE

Amendments to the Company's Bylaws. At a meeting of the Company's directors held on January 28, 1985, the Board adopted amendments to the Company's Bylaws in order to provide for orderly and balanced procedures with respect to action by written consent of stockholders in lieu of a stockholders meeting and with respect to nominations for the election of directors. The adoption of the nomination and consent procedure Bylaws on January 28, 1985 followed the announcement by the Company that the Board had authorized management to explore all alternatives to maximize value for the Company's stockholders and Mr. Edelman's announcement that he was considering soliciting consents from the Company's stockholders. As described below under "BACKGROUND," Mr. Edelman commenced litigation challenging the validity of the nomination and consent procedure Bylaws adopted on January 28, 1985. On February 12, 1985, the Board amended the Bylaws adopted on January 28, 1985 to change certain aspects which appeared to be the focus of the litigation by Mr. Edelman. Mr. Edelman continued to challenge certain aspects of the Bylaws as amended on February 12, 1985. As described below under "BACKGROUND," on March 6, 1985 the Court of Chancery of the State of Delaware entered an order preliminarily enjoining the Company from enforcing the consent procedure Bylaws as adopted on January 28, 1985 and amended on February 12, 1985. The Company appealed the injunction to the Delaware Supreme Court which, on Friday, March 8, 1985, upheld the order of the Court of Chancery enjoining enforcement of the consent procedure Bylaws.

The nomination and consent procedure Bylaws as adopted on January 28, 1985 and amended on February 12, 1985 are described below. Since the Company has been preliminarily enjoined from

enforcing the consent procedure Bylaws, and such injunction has been upheld by the Delaware Supreme Court, the Bylaws are ineffective and do not affect the consent solicitation procedure, except as specifically indicated below.

Nomination Procedure. The Bylaws adopted by the Board on January 28, 1985 provide a procedure for stockholders seeking to nominate one or more persons for election as directors. In connection with the solicitation of written consents, the Bylaws as adopted on January 28, 1985 provided that written notice of a stockholder's intent to nominate directors be given to the Secretary of the Company not later than 60 days in advance of the date on which materials soliciting consents are first mailed to stockholders. The Bylaws require such notice to provide information concerning the stockholder making such nomination as well as certain information regarding each nominee. The amendments adopted on February 12, 1985 eliminate the nomination procedure in connection with a solicitation of written consents. Hence, the nomination procedure applies only to nominations in connection with an annual or special meeting of stockholders. The nomination procedure currently in effect was not contested in the litigation described above.

Record Date. The Bylaws adopted by the Board on January 28, 1985, as amended on February 12, 1985, provided that the record date for determining stockholders entitled to express consent to stockholder action without a meeting shall be fixed by the Board. The Bylaws provided that any stockholder seeking to set a record date for a consent solicitation shall give written notice of such stockholder's intent to take action by written consent and shall request the Board to fix a consent record date. The Bylaws adopted on January 28, 1985 provided that upon the receipt of a written notice requesting that a record date be set, the Board would fix as the record date a date no later than the 30th day following receipt of the request or such later date as was requested by the stockholder. As amended on February 12, 1985, the Bylaws provided that upon receipt of the written notice requesting that a record date be set, the Board shall fix as the record date a date no later than the 15th day following receipt of the request or such later date as may be requested by the stockholder.

On February 4, 1985, the Company received a letter enclosing a copy of a written consent, stating that such consent was executed on such date by Mr. Edelman, as a general partner of Plaza Securities Company, and purporting to establish February 4, 1985 as the record date for determining stockholders entitled to express or withhold consent with respect to the Edelman Proposals. Since such consent was executed after adoption of the Bylaws on January 28, 1985, which require that the record date for action by written consent of stockholders be set by the Board, it was the Company's position that February 4, 1985 did not constitute a valid record date under Delaware law and the Bylaws. Furthermore, it was the Company's position that until Mr. Edelman complied with the amended Bylaw procedure and requested the Board to set a record date, there would be no valid record date for determination of stockholders entitled to express or withhold their consent to the Edelman Proposals. Following the amendments to the Bylaws on February 12, 1985, the Company received a letter dated February 14, 1985 signed by Mr. Edelman, as a general partner of Plaza Securities Company, (i) revoking the consent executed on February 4, 1985, (ii) withdrawing the contention that February 4, 1985 constituted the record date for determining stockholders entitled to express or withhold consent with respect to the Edelman Proposals, (iii) requesting that the Board set March 4, 1985 as the record date for the determination of stockholders entitled to express or withhold consent to the Edelman Proposals, and (iv) stating that Plaza Securities was not waiving any claim as to the invalidity of the balance of the Bylaws adopted on January 28, 1985, as amended on February 12, 1985. On February 19, 1985, the Company's Board set March 4, 1985 as the record date for the purpose of determining stockholders entitled to express or withhold consent with respect to the Edelman Proposals. The March 4, 1985 record date was not contested by Mr. Edelman in the litigation described above.

Effectiveness of Consents. Under Delaware law, action by written consent of stockholders may not occur more than sixty days after the record date for determining stockholders entitled to express or withhold such consent. Under the Bylaws as adopted by the Board on January 28, 1985, the date for

determining if an action has been consented to by the holders of the requisite number of shares of Common Stock was the 59th day after the record date. As amended on February 12, 1985, the Bylaws provided that the date for determining if an action has been consented to by the holders of the requisite number of shares of Common Stock would be the 45th day after the record date. As described above, although Mr. Edelman requested that the Board set March 4, 1985 as the record date for the determination of stockholders entitled to express or withhold consent with respect to the Edelman Proposals, in the letter dated February 14, 1985, Mr. Edelman continued to claim that the balance of the Bylaws adopted on January 28, 1985, as amended on February 12, 1985, were invalid.

The Bylaws as adopted on January 28, 1985 provided that in the event a stockholder soliciting consents delivers to the Company a written consent or consents purporting to authorize or take corporate action, the Secretary would determine whether the proposed action had been validly consented to by the holders of shares having the requisite voting power to authorize or take such action and that the consents would not become effective as stockholder action until the final termination of any proceedings commenced in a court of competent jurisdiction for an adjudication of any legal issues incident to determining the validity of the consents unless and until the Secretary determined that such proceedings were not being pursued expeditiously and in good faith. As amended on February 12, 1985, the Bylaws provided (i) that in the event a stockholder soliciting consents delivers to the Company a written consent or consents purporting to authorize or take corporate action, the Secretary shall determine whether the proposed action has been validly consented to by the holders of shares having the requisite voting power to authorize or take such action except that if the action to which the consents relate is the removal, replacement or the election of one or more directors, the Secretary must **designate two independent inspectors to make such determination** and (ii) that the consents shall not become effective as stockholder action until the final termination of any proceedings which may have been commenced in the Court of Chancery of the State of Delaware or any other court of competent jurisdiction for an adjudication of any legal issues incident to determining the validity of the consents unless and until such court determines that such proceedings are not being pursued expeditiously and in good faith.

In light of the Court of Chancery's order enjoining enforcement of the consent procedure Bylaws, which was upheld by the Delaware Supreme Court, the foregoing Bylaw provisions are ineffective. Hence, under the Delaware General Corporation Law, the attempted action to remove the Company's present directors and elect the persons named by Edelman would become effective at the time written unrevoked consents are signed by the holders of record as of March 4, 1985 of a majority of the outstanding shares of Common Stock, subject to the limitation that such action cannot occur more than sixty days after the March 4, 1985 record date.

Effect of WHITE Card. The Company's Board of Directors is soliciting AGAINST the Edelman Proposals. By executing the WHITE card you will revoke any earlier dated BLUE consent card solicited by Mr. Edelman which you may have signed unless you specifically indicate that you wish to withhold revocation of a consent already given with respect to one or more of the Edelman Proposals, or with respect to the removal or election of one or more individuals, in the manner provided in the instructions on the WHITE card. The BLUE consent cards solicited by Mr. Edelman may also be revoked by executing a later dated written revocation of the BLUE card and returning it to the Secretary of Datapoint (at the address set forth on the first page hereof) or Mr. Edelman.

Even if you have not previously executed a BLUE card solicited by Mr. Edelman, the Board of Directors urges you to execute a WHITE card and return it to the Secretary of Datapoint to show your support for the Board, which is seeking to maximize the value of your Datapoint shares. Checking a "Revoke Consent" box on the WHITE card with respect to one or more of the Edelman Proposals will have no legal effect other than to revoke a prior dated consent solicited by Mr. Edelman and will not constitute a ratification by stockholders of actions which the Board may determine to take in the

interests of the Company's stockholders. Any such action which would require stockholder approval under applicable law will be submitted to stockholders at the appropriate time. The Board nonetheless urges you to inform it of your support by signing and dating the enclosed WHITE card and returning it to Datapoint as soon as possible.

Revocations of consent effected by means of the WHITE card solicited by the Datapoint Board are themselves revocable by a stockholder who either signs a later dated BLUE consent card solicited by Mr. Edelman OR executes a later dated written revocation of the WHITE card and returns it to the Secretary of Datapoint (at the address set forth on the first page hereof) or to Mr. Edelman.

BACKGROUND

In a Schedule 13D (such Schedule 13D including all amendments thereto, is referred to herein as the "Edelman 13D") dated December 7, 1984, Mr. Edelman, along with Plaza Securities Company, Arbitrage Securities Company, Dart Partners, L.P. and Bullet Partners, all of which are controlled by Mr. Edelman (the "Partnerships"), United Stockyards Corporation, a corporation of which Mr. Edelman is a 28.7% beneficial owner and is Vice Chairman ("United"), and certain investment accounts managed by Mr. Edelman (the "Accounts") (Mr. Edelman, the Partnerships, United and the Accounts, along with the additional entities described below filing amendments to the Edelman 13D, being collectively referred to as the "Edelman Group"), disclosed beneficial ownership of shares of Common Stock representing approximately 8.0% of the outstanding Common Stock. For additional information concerning the ownership of shares of Common Stock by Mr. Edelman and the other filing parties to the Edelman 13D, see "CERTAIN BENEFICIAL OWNERS". At such time, it was disclosed that "[t]he Partnerships, United and the Accounts purchased the shares of Common Stock with a view toward making a profit ... that Mr. Edelman intended to "seek to maximize the value of the Company to all shareholders ... seeking to influence management policies or by obtaining control of the Company." In Amendment No. 1 to the Edelman 13D, dated December 14, 1984, the Edelman Group disclosed additional purchases resulting in the beneficial ownership of approximately 9.8% of the outstanding Common Stock. In Amendment No. 2 to the Edelman 13D, which is dated December 19, 1984, the Edelman Group (including Helix Partners, a new member of the Edelman Group, which is also controlled by Edelman) disclosed additional purchases resulting in the beneficial ownership of approximately 10.8% of the outstanding Common Stock.

On January 10, 1985, Mr. Edelman met with representatives of the Company's investment bankers and, on January 11, 1985, delivered a letter containing a conditional proposal to acquire the Company at \$23 per share of Common Stock through a merger or similar transaction. The proposal contemplated the execution of a letter of intent in which the obligation of Mr. Edelman to effect a merger or other similar transaction would be conditioned upon receipt of the necessary financing and in which the Company would be required (i) to agree not to solicit or encourage any other acquisition proposal for a period of 60 days during which Mr. Edelman would study the Company and determine whether he wished to agree to an acquisition and (ii) to either grant an option to Mr. Edelman to purchase newly issued shares of Common Stock which would represent 18 1/2% of the outstanding shares of Common Stock or pay to Mr. Edelman a "cancellation fee" of \$15,000,000, which option would become exercisable, or fee payable, as the case might be, if the Company were to receive a proposal for the acquisition of the Common Stock on terms which the Company's Board determined to be more favorable than the terms proposed by Edelman or if any person were to acquire more than 20% of the Common Stock. The Company responded by a letter dated January 13, 1985, stating that the Board had rejected the January 10 proposal by Mr. Edelman on the grounds that in the absence of a firm binding commitment to acquire the Company, the Company would not agree to terms which would impede its objective of seeking to maximize values for all stockholders. In the January 13 letter,

Harold E. O'Kelley, the Chairman of the Board of Directors and Chief Executive Officer of the Company, reiterated that representatives of the Company would be willing to meet with Mr. Edelman to discuss a proposal by him but only on the same basis as they were meeting with all other potential bidders.

On January 24, 1985, in a letter to Mr. O'Kelley, Mr. Edelman stated that if by January 31, 1985 the Company had not either received an offer to purchase the Company at a price higher than the \$23 per share proposed by Mr. Edelman, or did not reconsider the proposal he had submitted on January 11, he would consider other alternatives, including the solicitation of consents from stockholders.

On January 28, 1985, the Board adopted the nomination and consent procedure Bylaws discussed above. In a letter to Mr. Edelman, Mr. O'Kelley informed Mr. Edelman of the Bylaw amendments and stated the Company's belief that the objective of achieving the very best possible price and terms for all of the Company's stockholders in a sale of the Company could be seriously jeopardized by Mr. Edelman's attempt to gain control of the Company, without paying the other stockholders anything for such control, by soliciting consents to replace the Company's Board. The Company reiterated its request that Mr. Edelman submit a firm and financeable proposal, which the Company agreed to consider.

In Amendment No. 5 to the Edelman 13D, dated January 31, 1985, Mr. Edelman disclosed the withdrawal of his proposal to acquire the Company at \$23 in cash per share and announced his intention to solicit consents in an effort to take control of the Company's Board. In such Amendment No. 5, the Edelman Group stated that "[t]he principal goal of the Edelman slate will be to sell the Company as a whole or in parts to a third party purchaser or purchasers (but not to Mr. Edelman himself) so as to realize the highest price for the benefit of all stockholders."

On February 4, 1985, the Company received a letter enclosing a copy of a written consent, stating that the consent had been executed on such date by Mr. Edelman, as a general partner of Plaza Securities Company, and purporting to establish February 4, 1985 as the record date for determining stockholders entitled to express or withhold consent with respect to the Edelman Proposals. Such consent has since been revoked. See "THE CONSENT PROCEDURE — Record Date."

On February 4, 1985, Plaza Securities Company and Arbitrage Securities Company (two members of the Edelman Group) filed suit in the United States District Court for the Southern District of New York (the "New York Action") against the Company and Mr. O'Kelley alleging that the Bylaw amendments adopted on January 28, 1985 by the Board are illegal under Delaware law and alleging violations of the federal securities laws by the defendants in connection with the Company's communication with its stockholders concerning the actions by the Edelman Group. The complaint in the New York Action seeks a declaratory judgment that the Bylaw amendments are void, seeks to enjoin enforcement of the Bylaw amendments and seeks to enjoin alleged violations of the federal securities laws.

On February 5, 1985, Plaza Securities Company and Arbitrage Securities Company filed suit in the Court of Chancery of the State of Delaware (the "Delaware Action") against Harold E. O'Kelley and the Company alleging that the Bylaw amendments adopted on January 28, 1985 by the Company's Board are illegal under Delaware law and alleging a breach of fiduciary duty by the Company's Board in connection with the adoption of the Bylaw amendments. The plaintiffs in the Delaware Action are seeking a declaratory judgment that the Bylaw amendments are void and are seeking to enjoin enforcement of the Bylaw amendments. On February 8, 1985, the defendants in the Delaware Action filed an answer and counterclaim. A hearing was held on February 28, 1985 on the plaintiff's motion for a preliminary injunction. On March 6, 1985, the Court of Chancery entered an order preliminarily

enjoining the Company from enforcing the consent procedure Bylaws as adopted on January 28, 1985 and amended on February 12, 1985. The Company appealed the order to the Delaware Supreme Court. On March 8, 1985, the Delaware Supreme Court upheld the order of the Court of Chancery.

In Amendments Nos. 6, 7 and 8 to the Edelman 13D, dated February 6, 1985, February 7, 1985 and February 13, 1985, respectively, the Edelman Group (including Minor Associates, L.P., a new member of the Edelman Group, which is also controlled by Edelman) disclosed additional purchases of the Company's Common Stock resulting in the beneficial ownership of approximately 11.5% of the outstanding Common Stock.

On February 12, 1985, the Board amended the nomination and consent procedure Bylaws adopted on January 28, 1985. See "THE CONSENT PROCEDURE." By letter dated February 14, 1985, Mr. Edelman, on behalf of Plaza Securities Company, revoked the consent executed on February 4, 1985, withdrew the contention that February 4, 1985 constituted the record date for determining stockholders entitled to express or withhold consent with respect to the Edelman Proposals and requested the Board to set a record date of March 4, 1985, which the Board has done. See "THE CONSENT PROCEDURE — Record Date."

In Amendment No. 9 to the Edelman 13D, dated February 26, 1985, the Edelman group stated that "[t]he candidates for whose election the Edelman Group will solicit consents intend to sell the Company in whole or in parts to a third party purchaser or purchasers for the benefit of all shareholders. Should the candidates of the Edelman Group be elected directors, they will not sell the Company nor any of its assets to any member of the Edelman Group or to any persons or entities controlling, controlled by, or under common control with, any member of the Edelman Group."

On February 27, 1985, the Company, Mr. Harold E. O'Kelley and Mr. Edward P. Gistaro, President and Chief Operating Officer of the Company, filed a complaint in the United States District Court for the Western District of Texas, San Antonio Division, which complaint was amended on March 1, 1985 (the "Texas Action"), against Mr. Edelman, individually and as a general partner of the Partnerships, the other members of the Edelman Group and Mr. Raymond French, Mr. Daniel R. Kail, Mr. Charles P. Stevenson, Jr. and Dwight D. Sutherland, four of Mr. Edelman's nominees for election to the Board, alleging that Edelman and the others, in seeking to replace the Board, would be creating interlocking directorates between the Company and two other companies that compete directly with the Company in the computer equipment market, in violation of Federal anti-trust laws. The complaint in the Texas Action seeks to enjoin alleged violations of the Federal anti-trust laws, seeks to enjoin the defendants from taking any steps in furtherance of their plan to replace the Board with a slate consisting of certain of the defendants, seeks a declaratory judgment that, contrary to the assertions of Mr. Edelman, there has been no mismanagement or breach of fiduciary duty by the Company's management in connection with any aspect of its operation of the Company, seeks a declaratory judgment that, contrary to the assertions of Mr. Edelman, certain trusts and contracts relating to retention agreements with thirty-six of the Company's executive officers (see "COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS — Certain Indemnification and Trust Agreements") are legal, valid, existing and enforceable and seeks a declaratory judgment concerning the alleged violations of the Federal antitrust laws.

On February 27, 1985, the Company, Mr. O'Kelley and Mr. Gistaro filed a complaint in the District Court for the 57th Judicial District, Bexar County, Texas, which complaint was amended on March 1, 1985, against Mr. Edelman seeking a declaratory judgment that, contrary to the assertions of Mr. Edelman, there has been no mismanagement or breach of fiduciary duty to the Company and seeking a declaratory judgment that the creation and terms of a trust providing for certain additional benefits for officers of the Company under retention agreements (see "COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS — Certain Indemnification and Trust Agreements") are proper in their entirety.

In a complaint dated March 1, 1985, filed in the Court of Chancery for the State of Delaware, Stanley Heineman, alleged to be a stockholder of the Company, brought a purported derivative action against the Company and each of its directors alleging corporate waste in connection with certain trusts and contracts relating to the retention agreements with certain officers of the Company (see "COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS — Certain Indemnification and Trust Agreements"). The complaint seeks to enjoin implementation of such transactions and money damages in an unspecified amount.

Since developments in the litigation and other matters relating to the Edelman consent solicitation may occur rapidly, the information provided herein may not be current as of a date later than March 8, 1985. **Stockholders are urged to follow news releases and other communications by the Company with its stockholders in order to obtain information as it becomes available.**

CERTAIN BENEFICIAL OWNERS

Based on statements filed with the Securities and Exchange Commission (the "Commission") pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Act"), the following table lists the only persons known to the Company to be, as of March 4, 1985, the beneficial owners of more than 5% of any class of the Company's equity securities. "Percent of Class" is based on 20,041,168 shares of Common Stock outstanding as of March 4, 1985 (excluding 362,700 shares held in treasury). As of March 4, 1985, there was outstanding \$92,493,000 principal amount of the Company's 8⁷/₈% Convertible Subordinated Debentures Due June 1, 2006, convertible into an aggregate of 1,114,355 shares of the Company's Common Stock.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Asher B. Edelman 717 Fifth Avenue New York, New York 10022	2,275,600(1)	11.5%
Oppenheimer Holdings, Inc. One New York Plaza New York, New York 10004	1,050,100(2)	5.3%

(1) According to the Edelman 13D, the Partnerships, Plaza Securities Company ("Plaza"), Arbitrage Securities Company ("Arbitrage"), Dart Partners, L.P., Bullet Partners, Helix Partners and Minor Associates, L.P., beneficially own in the aggregate 1,793,000 shares of Common Stock, constituting approximately 9.0% of the outstanding shares of Common Stock. As stated in the Edelman 13D, as a result of Edelman's relationship to the Partnerships, he may be deemed to be the "beneficial owner", by reason of Rule 13d-3 under the Act, of the shares held by the Partnerships. In addition, Mr. Edelman has the authority to purchase, sell and vote the securities of the Accounts which he manages and, accordingly, Mr. Edelman, in his capacity as manager of the Accounts, may be deemed to be the "beneficial owner" of the 392,000 shares of the Common Stock owned by the Accounts by reason of Rule 13d-3 under the Act. According to the Edelman 13D, Mr. Edelman beneficially owns in the aggregate 2,185,000 shares of Common Stock constituting approximately 11.0% of the outstanding Common Stock. United is another filing person with respect to the Edelman 13D that owns 90,600 shares of Common Stock constituting approximately 0.5% of the outstanding shares of the Common Stock. Mr. Edelman is Vice-Chairman of United and a group of stockholders composed of Plaza, Arbitrage, Mr. Edelman and a limited partnership of which Mr. Edelman is sole general partner control approximately 28.7% of the outstanding shares of United. The table reflects the total number of shares owned by Mr. Edelman and United in the aggregate. Mr. Edelman and United have sole voting and investment power with respect to their respective shares of Common Stock.

(2) Item 4 of the Schedule 13G filed by Oppenheimer Holdings, Inc. ("Oppenheimer") indicates that as of December 31, 1984, Oppenheimer shared voting and dispositive power with respect to 1,050,100 shares of Common Stock.

**INFORMATION CONCERNING DIRECTORS
AND CERTAIN OFFICERS OF THE COMPANY**

Under the applicable rules of the Commission, each member of the Board of Directors of the Company is deemed to be a "participant" in an "election contest" due to the Board's solicitation in opposition to the solicitation of consents by Mr. Edelman. In addition to the directors, Mr. Jack G. Milne, Vice President of Corporate Relations of the Company, and Mr. John F. Strieby, Vice President, Corporate Development and Planning, of the Company, who are officers of the Company but not directors, also may be deemed to be "participants" by reason of their involvement in efforts to solicit against the Edelman Proposals. Set forth herein is certain information with respect to the members of the Board and Messrs. Milne and Strieby in accordance with the rules of the Commission.

The name, age and business address (if different from that of the Company) of each director of the Company, together with certain additional information as to each such director, are as follows:

<u>Name</u>	<u>Principal Occupation and Ten Year Employment History</u>	<u>Age</u>	<u>Year Which Service as Director Began</u>
Gene K. Beare	Former Executive Vice President and a former director of General Dynamics Corporation, St. Louis, Missouri, and former Chairman of the Board and a former director of Asbestos Corporation Limited, Montreal, Canada. Mr. Beare is a member of the Board of Directors of American Maize-Products Company, Emerson Electric Company, Westvaco Corporation and Nooney Realty Trust, Inc. He joined General Dynamics Corporation in 1972 and served as Executive Vice President until 1977. Prior to joining General Dynamics Corporation, Mr. Beare was Executive Vice President, Manufacturing, and a director of General Telephone and Electronics Corporation from 1969 to 1972. From 1961 to 1969, he was President and a director of Sylvania Electric Products, Inc. (now GTE Sylvania, Inc.). Prior to 1961, Mr. Beare was President and a director of General Telephone and Electronics International, Incorporated (now GTE International, Incorporated). He is a former President of the National Electrical Manufacturers Association and has served as a Trustee of the National Security Industrial Association. Mr. Beare received a Bachelor of Mechanical Engineering degree from Washington University and a Master of Business Administration degree from the Harvard Graduate School of Business Administration. Chairman of Management Compensation and Stock Option Plan Committee and member of Audit and Executive Committees.	69	1977
Evelyn Berezin	President of the Greenhouse Management Corporation, founder and former President of Redactron Corporation, now part of Burroughs Corporation. Ms. Berezin is a member of the Boards of Directors of CIGNA Corporation, Koppers Company, Inc., Auragen Systems Corp. and DNA-Plant Technology Corporation. She is President of Greenhouse Management Corporation, which is the general partner of The Greenhouse Investment Fund. Ms. Berezin organized Redactron Corporation in 1969, serving as its President until 1978, when it was acquired by Burroughs Corporation. Ms. Berezin serves as a director of the Long Island Association and the American Woman's Economic Develop-	59	1983

Name	Principal Occupation and Ten Year Employment History	Age	Year Which Service as Director Began
Harry G. Bowles	<p>ment Foundation. Ms. Berezin received a Bachelor's degree from New York University.</p> <p>Member of Audit and Management Compensation and Stock Option Plan Committees.</p> <p>Former Senior Vice President, Chief Financial Officer and director, Burroughs Corporation; Business Consultant.</p> <p>Mr. Bowles is a member of the Board of Directors of Sanders Associates, Inc. a manufacturer of electronic equipment and systems. He serves as a director of Webster Cash Reserve Fund and four Kidder, Peabody & Co. Incorporated mutual funds. Mr. Bowles began his career with Burroughs Corporation as a salesman in 1929. He became Manager of General Accounting and then moved to the Burroughs Business Forms and Supplies Division, serving first as Controller and later as Plant Manager. In 1959, Mr. Bowles was named Corporate Controller for Burroughs Corporation and, in 1960, Chief Financial Officer. He was elected to the Burroughs Board of Directors in 1963. Mr. Bowles retired from Burroughs Corporation in 1971 but continued as a director until 1975. He has since been engaged in independent business consulting. Mr. Bowles holds a Bachelor of Business Administration degree from the Detroit Institute of Technology.</p>	78	1976
Edward P. Gistaro	<p>Chairman of Audit Committee and member of the Finance, Management Compensation and Stock Option Plan, and Retirement Income Plan Committees.</p> <p>President and Chief Operating Officer, Datapoint Corporation.</p> <p>Mr. Gistaro joined Datapoint Corporation as Vice President Marketing in 1973. He was elected Senior Vice President Marketing in 1975. He was named General Manager of the Domestic Marketing Division in 1977 and was elected Executive Vice President, Corporate Development in January 1980, and Executive Vice President, Finance and Corporate Development in November 1981. He was elected President and Chief Operating Officer in March 1982. During 1972 and 1973, he was Director of Marketing for Computer Operations, Radiation Systems Division, Harris-Intertype Corporation (now Harris Corporation). From 1962 to 1972, Mr. Gistaro held various marketing positions with Computer Control Company (a computer manufacturer now a division of Honeywell, Inc.) and with Honeywell Information Systems, Inc. In 1971, he was named Director of Product Marketing for Subsystems, involving Honeywell's communications, peripherals, data entry, terminals and mini-computer product lines. From 1960 to 1962, Mr. Gistaro was a Design Engineer for RCA Communications, Inc. He is a University of Notre Dame graduate in Electrical Engineering and attended the Graduate School of Industrial Engineering, Brooklyn Polytechnic Institute.</p>	49	1976
William G. Karnes	<p>Retired Chairman of the Board and Chief Executive Officer of Beatrice Foods Co.</p> <p>Mr. Karnes serves as a director of International Harvester Company, Chicago Milwaukee Corporation, the Midwest Securities Trust Company, Tone Brother Spice Company and Lou Ana</p>	73	1977

Name	Principal Occupation and Ten Year Employment History	Age	Year Which Service as Director Began
Dr. George Kozmetsky	<p>Foods Company. Mr. Karnes began his career with Beatrice Foods Co., a leading diversified food manufacturer, in 1936 as a clerk in the Law Department. In 1943, he was elected Vice President. In 1948, he was elected Executive Vice President and in 1952, President and Chief Executive Officer. He retired from Beatrice Foods in 1976. Since 1976 he has been President of the University of Illinois Foundation, a Trustee of Knox College and a member of the Board of Governors of the Midwest Stock Exchange. He is an Honorary Trustee of Northwestern Memorial Hospital (Chicago) and a Trustee Emeritus of the National Jewish Hospital (Denver). Mr. Karnes is a graduate of the University of Illinois with a Bachelor of Science degree and received a Juris Doctor degree from Northwestern University School of Law.</p> <p>Chairman of Finance Committee and Member of Audit, Nominating and Retirement Income Plan Committees.</p> <p>Executive Associate for Economic Affairs, The University of Texas System Board of Regents, and Director, Institute for Constructive Capitalism at The University of Texas at Austin.</p>	67	1973
Dr. William C. Leone	<p>Dr. Kozmetsky is a member of the Boards of Directors of Heizer Corporation, Teledyne, Inc., MCO Holdings, Inc., La Quinta Motor Inns, Inc., Wrather Corporation, and the MAXXAM Group, Inc. (formerly Simplicity Pattern Co., Inc.), and is a trustee of Federated Development Company. Dr. Kozmetsky joined The University of Texas at Austin in 1966 as Dean of the College of Business Administration and the Graduate School of Business and served in that capacity through 1982. He became Director of the Institute for Constructive Capitalism at The University of Texas at Austin in 1977. He is Executive Associate for Economic Affairs to the Board of Regents of The University of Texas System. Between 1940 and 1952, he taught at the University of Washington, Harvard Graduate School of Business Administration and Carnegie Institute of Technology. Dr. Kozmetsky joined Hughes Aircraft Company in 1952. Joining Litton Industries in 1954, he became Vice President of the Electronic Equipment Division. In 1960, he co-founded Teledyne, Inc. and served as its Executive Vice President until 1966. Dr. Kozmetsky is a graduate of the University of Washington and received Master of Business Administration and Doctor of Commercial Science degrees from Harvard University.</p> <p>Chairman of Retirement Income Plan Committee</p> <p>President, MCO Holdings, Inc.</p> <p>Dr. Leone is a member of the Board of Directors of MCO Holdings, Inc., Sanders Associates, Inc., MCO Resources, Inc., and the MAXXAM Group, Inc. (formerly Simplicity Pattern Co., Inc.). Dr. Leone joined Hughes Aircraft in 1953 as an engineer in the Advanced Electronics Laboratory and advanced to Division Manager, Industrial Systems Division. In 1959, he founded Remex Electronics for Rheem Manufacturing Company and, following the sale of Remex to Ex-Cell-O Corporation, remained with Ex-Cell-O until 1968 in activities involving numerical controls for machine tools. He rejoined Rheem Manufacturing Company in 1968 as Group Vice President and advanced to Executive Vice President. Between</p>	60	1976

Name	Principal Occupation and Ten Year Employment History	Age	Year Which Service as Director Began
Harold E. O'Kelley	<p>1972 and 1975, Dr. Leone served as President of Rheem Manufacturing Company and was in charge of all manufacturing divisions of City Investing Company, which acquired Rheem; these operations included City Investing International, World Press, and Hayes International, in addition to Rheem. Dr. Leone became a member of the Board of Directors of Farah Manufacturing Company in 1973. During 1976 and 1977, he served as President of Farah. He was a business consultant from 1977 to 1979. In 1979, he was elected acting Vice Chairman of the Board of McCulloch Oil Corporation (now MCO Holdings, Inc.) and in 1980 was named President of MCO Holdings, Inc. Dr. Leone is a graduate of Carnegie Institute of Technology and was a member of its faculty from 1946 to 1953.</p> <p>Chairman of Nominating Committee and member of Executive and Management Compensation and Stock Option Plan Committees.</p> <p>Chairman of the Board and Chief Executive Officer, Datapoint Corporation.</p> <p>Mr. O'Kelley was elected President and Chief Executive Officer at the time he joined Datapoint Corporation in 1973 and served in those capacities through March 1982 until Mr. Gistaro's election as President. He was elected Chairman of the Board in 1974. Before joining Datapoint Corporation, he was a Group Vice President of Harris-Intertype Corporation (now Harris Corporation) with worldwide responsibilities for all Harris composition and broadcast equipment. He began his engineering and professional management business career in 1957 when he joined Radiation, Inc. (merged with Harris in 1967) as a Project Engineer. He became Vice President, Operations at Radiation in 1963. In 1964, he became Vice President and General Manager of Radiation Systems Division, and in 1969 was named by Harris-Intertype Corporation as Vice President, Programs of the Harris Electronics Group. Prior to this business affiliation, he taught Electrical Engineering at Auburn University. Mr. O'Kelley became a member of the Board of Directors of Teknekron Infoswitch Corporation in connection with the transfer to that company of the business of Datapoint's Communications Management Products Division in June 1983. The two companies participate in a limited business relationship as a result of the Definitive Agreement governing that transaction. Mr. O'Kelley is a past Chairman of the Computer and Communications Industry Association, a Senior Member of the Institute of Electrical and Electronics Engineers, and a member of the Board of Directors of the National Association of Manufacturers and of Charles River Data Systems, Inc. Active in civic affairs, he is a member of the Board of Directors as well as a Trustee of Southwest Research Institute and holds numerous other cultural and educational directorships and advisory posts. Mr. O'Kelley holds a Bachelor of Electrical Engineering degree from Auburn University and a Master of Science degree in Engineering from the University of Florida.</p> <p>Chairman of Executive Committee and Ex Officio member of Nominating Committee.</p>	59	1973

For certain information concerning the Company's executive officers, including Messrs. Milne and Strieby, who are not directors, see Appendix B.

**EQUITY SECURITIES OF THE COMPANY BENEFICIALLY
OWNED BY DIRECTORS AND OFFICERS OF THE COMPANY**

The following table sets forth the ownership by each director and of all directors and officers, as a group, of the Common Stock of the Company as of March 4, 1985(1).

<u>Name of Director</u>	<u>Common Shares Beneficially Owned (2)(3)</u>
Gene K. Beare	12,700
Evelyn Berezin	500
Harry G. Bowles	14,800
Edward P. Gistaro	89,456
William G. Karnes	15,400
Dr. George Kozmetsky	20,000
Dr. William C. Leone	20,000
Harold E. O'Kelley	195,750
Officers and Directors of the Company as a Group (40 persons)	575,254

Each director beneficially owned less than 1.0% of the outstanding Common Stock of the Company and all officers and directors as a group beneficially owned approximately 2.87% of such stock. The directors had sole voting and investment power over the shares of Common Stock listed above.

(1) As of March 4, 1985, officers and directors of the Company as a group beneficially owned 20 of the Company's 878,777 Convertible Subordinated Debentures Due June 1, 2006, collectively convertible into an aggregate of 240 shares of the Company's Common Stock.

(2) The share data set forth above and elsewhere in this Consent Statement has been adjusted to give effect to stock splits in the nature of 100% stock dividends paid by the Company on April 11, 1980 and February 6, 1981.

(3) The information set forth above as to shares of Common Stock of the Company owned by the nominees and officers and directors as a group is current as of March 4, 1985, and includes shares which may be deemed to be beneficially owned by such persons by reason of stock options currently exercisable or which may become exercisable within 60 days of that date. The number of shares deemed to be beneficially owned by reason of such options are as follows: Mr. Beare, —0—; Ms. Berezin, —0—; Mr. Bowles, 10,000 (at an average exercise price of \$5.50 per share); Mr. Gistaro, 38,750 (at an average exercise price of \$27.26 per share); Mr. Karnes 5,000 (at an average exercise price of \$5.50 per share); Dr. Kozmetsky, 20,000 (at an average exercise price of \$5.50 per share); Dr. Leone, —0—; Mr. O'Kelley, 71,150 (at an average exercise price of \$39.11 per share); and officers and directors of the Company as a group, 331,757 (at an average exercise price of \$28.36 per share).

As of March 4, 1985, Mr. Milne beneficially owned 2,500 shares of Common Stock (all of which were beneficially owned by reason of stock options currently exercisable or which may become exercisable within 60 days of such date at an average exercise price of \$18.00 per share), and Mr. Strieby beneficially owned 15,140 shares (of which 11,300 shares were so owned by reason of options currently exercisable or which may become exercisable within 60 days at an average exercise price of \$19.04 per share).

Except as set forth in Appendix A hereto, none of the directors listed above, and none of Messrs. Milne or Strieby, has purchased or sold shares of Common Stock within the past two years.

Ms. Evelyn Berezin, a director of the Company, is President of Greenhouse Management Corporation ("Greenhouse Management"), the General Partner of the Greenhouse Fund ("Greenhouse Fund") which invests in high technology ventures. Greenhouse Fund is a substantial investor in Philon, Inc. ("Philon"). In Ms. Berezin's capacity as President of Greenhouse Management she serves on the Board of Directors of Philon. At the February 12, 1985, meeting of the Board of Directors of the Company, the Board, after Ms. Berezin had disclosed her interest in Philon, voted unanimously, with Ms. Berezin abstaining, to approve a contract to purchase language compilers from Philon for approximately \$500,000. The contract represents a material contract for Philon.

ADDITIONAL INFORMATION RELATING TO THE BOARD OF DIRECTORS

Audit, Compensation and Nominating Committees

The Company has standing Audit, Management Compensation and Stock Option Plan, and Nominating Committees of the Board of Directors. The members of those committees have been identified above.

The Audit Committee annually recommends to the Board of Directors independent auditors concerning the audit; evaluates non-audit services and the financial statements and accounting developments that may affect the Company; meets with management and the Company's internal auditors concerning matters similar to those discussed with the outside auditors; and makes reports and recommendations to the Board of Directors and the Company's management, internal auditors and independent auditors from time to time as it deems appropriate. This Committee met five times during the fiscal year ended July 28, 1984.

The Management Compensation and Stock Option Plan Committee makes salary recommendations regarding senior management to the Board of Directors and administers the Company's Management Incentive Compensation, Stock Option and Executive Performance Award Plans, which are described below. The Management Compensation and Stock Option Plan Committee met six times during the fiscal year ended July 28, 1984.

The Nominating Committee was formed for the purpose of making recommendations to the Board of Directors concerning the qualifications of prospective candidates for election as directors. The Committee will consider the qualifications of candidates for Board membership submitted in writing by stockholders to the Secretary of the Company. This Committee met two times during the fiscal year ended July 28, 1984.

Meetings of the Board of Directors and Committees

The Board of Directors met eleven times during the fiscal year ended July 28, 1984. During said fiscal year, each director of the Company attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during such fiscal year, and (ii) the total number of meetings held by all committees of the Board on which he served.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation of Executive Officers

The following table sets forth all aggregate cash compensation paid by the Company and its subsidiaries for service in all capacities for the fiscal year ended July 28, 1984, with respect to each of the five highest paid executive officers whose aggregate remuneration exceeded \$60,000 and all executive officers of the Company as a group. The information set forth below in the Cash Compensation Table with respect to executive officers does not include any data with respect to any portion of the applicable period during which the person was not an executive officer of the Company.

<u>Name of Individual or Number of Persons in Group</u>	<u>Capacities in Which Served</u>	<u>Cash Compensation</u>
H. E. O'Kelley	Chief Executive Officer and Chairman of the Board	\$ 486,446
E. P. Gistaro	President, Chief Operating Officer and a Director	\$ 358,631(1)
W. P. Meehan	Executive Vice President, Finance and Chief Financial Officer	\$ 266,744(2)
J. L. Hale	Executive Vice President, Customer Service and Operations Administration	\$ 190,918
D. R. Fernald	Vice President, Domestic Marketing	\$ 185,330(2)
All Executive Officers of the Company as a group (10 persons including those named above)		\$2,177,065

(1) The amount shown includes \$44,300 paid as a bonus to discharge indebtedness for stock purchased pursuant to the employment agreement described below between the Company and Mr. Gistaro.

(2) Amounts shown include payments incident to the relocation of certain officers in the following amounts: Mr. Meehan, \$57,796; Mr. Fernald, \$36,381.

The amounts shown above as cash compensation exclude certain expenditures by the Company and its subsidiaries which are or may be deemed to be of some personal benefit to executive officers. The Company, after reasonable inquiry, is unable to determine how much of these excluded expenditures were not directly related to performance of the Company's business activities, but it believes that this amount would not exceed the lesser of 10% of cash compensation or \$25,000 for any listed executive officer or for the average of all executive officers of the Company as a group.

Compensation of Directors

Directors who are employees of the Company receive no additional compensation for serving on the Board of Directors or its committees. Each director who is not an employee of the Company receives an annual fee of \$11,000, payable in quarterly installments. Each non-employee director also receives a fee of \$750 for each Board meeting attended, \$500 for each committee meeting attended on a day other than the date on which a Board meeting is held, \$300 for each committee meeting attended on a day on which a Board meeting is held and \$500 for attendance at each meeting on Company business other than a Board or committee meeting. Each non-employee director of the Company is, at the Company's expense, provided with \$50,000 of group term life insurance and \$250,000 of accidental death insurance. The aggregate cost to the Company of such benefits for all non-employee directors for the fiscal year ended July 28, 1984 was \$1,086. Each non-employee director of the Company has the option to purchase, at his expense, coverage for himself and his dependents under the Company's group medical and dental insurance plan. The Company maintains a retirement medical care plan to cover non-employee Board members which is self-insured (except that retirees are required to participate in Medicare parts A and B). The plan affords non-employee Board members, upon retirement, benefits equivalent to those of non-retired employees under the Company's group medical plan. No cost has been incurred in connection with such plan to date.

The Company in March 1983 adopted a retirement plan for non-employee directors which provided for a maximum benefit equal to a Board member's annual retainer in effect on the date of retirement. No benefit was to be paid to directors with less than five years of service on the Board of Directors; a prorated benefit was to be paid to directors with from five to ten years of

service, and a full benefit was to be paid to directors with ten or more years of service. The benefit was payable for the greater of ten years or life and, in the event a retiree should die within ten years of retirement, the remaining benefit was payable to his estate.

On February 12, 1985, the Company purchased an annuity contract under which the current non-employee directors and former director Thomas J. Klutznick own individual interests in lieu of maintaining such non-employee directors' retirement plan. Such annuity contract will provide a full retirement benefit to each such person with five or more years of service. Evelyn Berezin, a director with one year's service, will receive one half of full retirement benefits. The cost of the annuity contract was \$353,478. Payments aggregating \$353,478 were made on February 22, 1985 to such persons to offset the tax impact to them of the purchase of the annuity contract. The cash used to purchase the annuity contracts and make the tax impact payments will be reflected as a decrease in cash in the third quarter for fiscal 1985. A portion of the cost of the annuity contracts and the tax impact payments was accrued as an expenditure in the second quarter for fiscal 1985. The remaining portion will be expensed in the third quarter.

Stock Options

The Company has issued stock options to officers and other key employees under its 1974, 1977 and 1983 Stock Option Plans, which Plans have been approved by the stockholders of the Company.

The 1974 and 1977 Plans authorized the purchase of 1,000,000 shares and 2,000,000 shares, respectively (adjusted for stock splits in the form of 100% stock dividends), of the Company's Common Stock upon the exercise of options granted under the Plans. The 1983 Plan authorized the purchase of 600,000 shares. As of July 28, 1984, 5,182 shares remained available for the grant of options under the 1974 Plan, 3,850 shares remained available under the 1977 Plan and 561,825 shares remained available under the 1983 Plan. However, no further options may be granted under the 1974 Plan.

The Plans are administered by the Management Compensation and Stock Option Plan Committee of the Board of Directors ("Committee"), which is comprised of at least three Board members not eligible to receive options under the Plans. The Plans provide for the grant of non-qualified stock options, incentive stock options and stock appreciation rights. Options granted under the Plans are not exercisable for at least six months after they are granted, and expire, if not already exercised, at the conclusion of their ten-year terms. The exercise price is required to be at least 75% of the fair market value of the Common Stock as of the date of the grant of an option, and for incentive stock options, the price must be at least fair market value. The Committee is empowered to establish conditions upon the exercisability of options. Options cannot become exercisable after termination of employment, but in most cases options exercisable prior to termination of employment remain exercisable for a period of six months.

As a matter of practice, the Committee has not granted options at less than fair market value. Most options become exercisable in four cumulative 25% installments coincident with the first through fourth anniversaries of their grant. Options granted pursuant to the Company's Executive Performance Award Plan (hereinafter described) become exercisable in one block upon the third anniversary of their grant. The Company has granted no stock appreciation rights to date.

The following table shows, as to certain executive officers and all executive officers as a group, the number of shares of Common Stock subject to options granted during the fiscal year ended July 28, 1984, and the average exercise price thereof.

	H. E. O'Kelley	E. P. Gistaro	W. P. Meehan	J. L. Hale	D. R. Fernald	All Executive Officers as a group
Granted August 1, 1983 to July 28, 1984						
Number of Options	10,000	6,000	4,000	4,000	2,000	40,100
Average Per Share Exercise Price	\$21.25	\$21.25	\$21.25	\$21.25	\$21.25	\$21.25

There were no options exercised by executive officers during the period August 1, 1983 to July 28, 1984 and, therefore, no net value of securities (market value or exercise price) or cash was realized by any executive officer during that period.

Material Employment Agreements

In order to retain the services of key personnel during a period of perceived uncertainty concerning the future ownership of the Company, on January 15, 1985 the Company entered into retention arrangements with thirty-four officers of the Company, including all persons, except Messrs. O'Kelley and Gistaro, listed in the Cash Compensation Table, and all other executive officers. Such retention arrangements were amended on January 29, 1985. Arrangements between the Company and Messrs. O'Kelley, Gistaro and Poor are described in later paragraphs detailing their amended employment agreements. With respect to Messrs. Meehan, Hale and Fernald, and ten other officers, the incentive retention agreements as amended, *inter alia*:

(i) provide for payment of an incentive retention bonus equalling 30% of base salary (as of the date of execution of such agreement) should the executive officer continue in the employment of the Company through the date of a "Change in Control" (as defined below);

(ii) provide, that if, during a period of one year following a "Change in Control" (as defined below) (a) an officer's employment is terminated by the Company without "Cause" (as defined below) with less than two years' notice, the officer will be paid a lump-sum amount equal to base salary for the period from the effective date of such termination through two years following notice of termination and the officer's benefits will be continued for such period, or (b) the officer voluntarily leaves the Company for "Good Reason" (as defined below) the officer will be paid such lump-sum amount and will receive such continued benefits; and

(iii) provide for, upon the occurrence of a Change in Control, acceleration of the exercisability of all outstanding options granted at least six months prior to such Change in Control.

The base salaries of Messrs. Meehan, Hale and Fernald are \$160,000, \$140,000 and \$125,000, respectively.

With respect to the remaining twenty-one officers covered by retention agreements, such agreements, as amended provide for the same arrangements as described in the foregoing subparagraphs (i), (ii) and (iii), except that the two-year notice and base salary payment periods are limited to one year periods.

For purposes of the agreements between the Company and each of the thirty-four officers referenced above, as well as the arrangements between the Company and Messrs. O'Kelley and Gistaro, respectively, a "Change in Control" means any one of the following: (i) Continuing Directors (as hereinafter defined) no longer constitute at least 80% of the Board; (ii) any person or group of persons (as defined in Rule 13d-5 under the Act), together with its affiliates, becomes the beneficial owner, directly or indirectly, of 30% or more of the voting power of the Company's then outstanding securities entitled generally to vote for the election of the Company's directors; (iii) the approval by the Company's stockholders of the merger or consolidation of the Company with any other corporation, the sale of substantially all of the assets of the Company or the liquidation or dissolution of the Company, unless, in the case of a merger or consolidation, the incumbent members of the Board as constituted immediately prior to such merger or consolidation will constitute at least 80% of the directors of the surviving corporation of such merger or consolidation and any parent (as such term is defined in Rule 12b-2 under the Act) of such corporation; (iv) any person or group of persons (as defined in Rule 13d-5 under the Act) obtains the consents of stockholders holding more than 50% of the Company's voting securities for the purpose of changing more than 20% of the Continuing Directors or for the purpose of changing the Certificate of Incorporation or the Bylaws of the Company to alter either the number or class of directors of the Company; or (v) the Board as constituted immediately prior to any other action proposed to be taken by the Company's stockholders

determines that such proposed action, if taken, would constitute a change in control of the Company and such action is taken. Under the retention agreements, "Continuing Director" means any individual who (i) was a member of the Company's Board of Directors on January 28, 1985, or (ii) was designated (before such person's initial election as a director) as a Continuing Director by 75% of the then Continuing Directors. "Good Reason" means (i) any material change in the officer's duties, responsibilities, or authority, as they exist immediately prior to the Change in Control or (ii) any reduction in the officer's base compensation, as it exists immediately prior to the Change in Control; and "Cause" means misconduct by the officer.

The Company has entered into separate employment agreements with Messrs. O'Kelley and Gistaro, dated January 1, 1978 and February 29, 1980, respectively, which, as amended, provide for and govern the Company's employment of such corporate executive officers unless terminated by either the officer or the Company. Each such agreement was amended as of January 5, 1985 to continue for an indefinite term and to provide that upon termination of the officer's employment by the Company without three years' notice, or by the officer, within twelve months after the happening of a Change in Control, he shall be entitled to termination compensation equal to three years' compensation and benefits, except for performance-related benefits, to which he would have been entitled had his employment not terminated. Furthermore, the agreements between each of the officers and the Company provide that in the event any such officer's employment terminates, the exercisability of that officer's then-outstanding stock options will be accelerated, subject to certain limitations appearing in the stock option plan(s) under which the options were granted, to the date that notice of termination of employment is given by the Company or that officer. The minimum annual base salaries specified by the foregoing agreements are: Mr. O'Kelley \$300,000; and Mr. Gistaro \$200,000.

The estimated maximum aggregate amount of compensation that would be payable in the event of a Change in Control to all thirty-six officers referenced above is \$8,076,959. (The foregoing excludes amounts realizable upon exercise of options and (i) assumes all officers other than Messrs. O'Kelley and Gistaro are terminated by the Company without Cause or resign for Good Reason within one year of the Change in Control and (ii) assumes that in the case of Messrs. O'Kelley and Gistaro, they are terminated by the Company without the requisite notice, or resign, within one year after the Change in Control.)

As previously disclosed in prior proxy statements, pursuant to Mr. Gistaro's employment agreement, 8,000 shares of the Company's Common Stock were sold to him, at a price equal to the closing price of such stock for New York Stock Exchange-Composite Transactions, as reported by the Southwest Edition of *The Wall Street Journal*, for the date of his agreement (\$27.75 per share). The consideration for the shares purchased by Mr. Gistaro consisted of a cash down payment of \$500, equal to the par value of the stock, and promissory notes, bearing an annual interest rate of 10%, which mature serially and in equal principal amounts of \$44,300 on the first through fifth anniversary dates of the original agreement. Provided that Mr. Gistaro has not breached his employment agreement, the Company has agreed to pay him an annual bonus equal to the principal amount of each note as it matures. Such bonuses are in addition to any other sums which might be payable to Mr. Gistaro pursuant to any other compensation arrangement or plan of the Company. The largest aggregate amount of Mr. Gistaro's total indebtedness to the Company, as described above, since the fiscal year ended July 31, 1983, and the amount of such indebtedness as of March 4, 1985, were \$132,900 and \$44,300, respectively.

The employment agreement of Mr. O'Kelley provides that, in the event of his disability, he will receive monthly, until the earlier of his recovery or retirement, an amount which, when added to Social Security benefits and benefits payable to him pursuant to the Company's group long-term disability insurance program, will aggregate 60% of his highest base salary paid during the 60 months immediately prior to such disability. In the event of Mr. Gistaro's disability, he will receive an amount equal to his base salary for one year, less benefits otherwise payable under the Company's long-term disability plan and Social Security benefits.

Pursuant to their respective employment agreements, Messrs. O'Kelley and Gistaro are entitled to receive annual supplemental retirement benefits, in addition to any benefits payable to them under the Social Security Program or the Company's Retirement Income Plan, based upon formulae set forth in such agreements. Such formulae provide for payments of: (i) 100% of average base salary and 50% of average bonus paid over the last five years of employment; (ii) reduced by Company Retirement Income Plan and primary Social Security benefits payable; (iii) multiplied by a percentage equal to the total of (a) 3% per year for the first ten years of Mr. O'Kelley's employment and 1.5% per year for each year thereafter, and (b) 1.6% per year for each year of Mr. Gistaro's employment. Based upon such formulae and 120% of current compensation, and assuming a \$9,000 annual Social Security benefit and retirement at age 65, these supplemental annual benefits would be \$105,120 and \$43,560, respectively, for Messrs. O'Kelley and Gistaro. In addition, in the event of the death of either of the aforementioned officers, such officer's designated beneficiary will receive the base salary of that officer for a period of one year. Finally, pursuant to the employment agreements described above, the Company originally agreed to provide life insurance policies payable to such officers' designated beneficiaries. However, those policies were replaced with the benefits provided by the Executive Benefit Plan, described below, upon the adoption of that plan. Benefits to be provided to the designated beneficiaries of Messrs. O'Kelley and Gistaro under the Executive Benefit Plan are supplemented by life insurance policies purchased by the Company of total face amounts of \$550,000 and \$400,000, respectively, for which the Company during the fiscal year ended July 28, 1984 paid premiums of \$5,436 and \$1,197, respectively. The entire amount of Mr. Gistaro's supplemental insurance is term life insurance. A portion of Mr. O'Kelley's supplemental insurance is whole life insurance, the premium for the term portion of which is paid by the Company.

Effective September 2, 1984, the Company and Victor D. Poor, formerly Executive Vice President, Datapoint Technology Center, and a director of the Company, entered into a third amendment to an employment agreement between Mr. Poor and the Company which was originally entered into as of June 30, 1978. This amendment, among other things, provided for: (i) Mr. Poor's resignation of his position as an officer of the Company, and (ii) his service as a technology consultant to the Chairman of the Board of the Company through September 1, 1985, at an annual salary of \$160,000. The amendment also terminated the provisions, described in prior proxy statements, which were to apply upon the happening of a Change of Control Event as defined therein.

In fulfillment of its obligation to provide supplemental retirement benefits to Messrs. O'Kelley, Gistaro and Poor under their amended employment agreements, on February 12, 1985, the Company purchased an annuity contract under which said persons own individual interests corresponding to their vested supplemental retirement benefits. The cost of the annuity contract was \$706,339. Payments aggregating \$706,339 were made on February 22, 1985 to such persons to offset the tax impact to them of the purchase of the annuity contract. The cash used to purchase the annuity contracts and make the tax impact payments will be reflected as a decrease in cash in the third quarter for fiscal 1985. A portion of the cost of the annuity contracts and the tax impact payments was accrued as an expenditure in the second quarter for fiscal 1985. The remaining portion will be expensed in the third quarter.

Management Incentive Compensation Plan

In 1973, the Board adopted the Management Incentive Compensation Plan ("MIC") which, as amended, can provide officers with annual cash awards in addition to regular salaries. MIC is administered by the Management Compensation and Stock Option Plan Committee of the Board, comprised entirely of directors who are not employees of the Company. No member of the Committee is eligible for awards under MIC. The Board, with respect to each year, appraises the overall performance of the Company in the attainment of profit and other objectives and establishes the amount of the appropriation, if any, which the Board deems advisable or desirable to be made to the Management Incentive Compensation Fund for distribution to such employees as may be selected by the Management Compensation and Stock Option Plan Committee for participation in MIC with

respect to that year. An appropriation to the Fund can be made only by the Board. In 1978, the Board stipulated that in no event would an appropriation to the Fund be made which would reduce pre-tax return on invested capital below 5%. Awards under MIC during the fiscal year ended July 28, 1984, to the named executive officers and all executive officers as a group are included in the Cash Compensation Table.

By unanimous resolution passed January 5, 1985, the Board authorized up to \$1,500,000 for the payment of special individual performance bonuses to officers in lieu of MIC for fiscal 1985. Such performance bonuses are payable at the close of fiscal year 1985 to thirty-four officers of the Company, including Messrs. O'Kelley and Gistaro, if they remain employed by the Company at that time. The actual amounts payable under such performance bonuses will be determined on an individual basis and will be based upon each officer meeting or exceeding certain individually established goals and objectives. The bonuses are not guaranteed, but are not directly contingent upon the financial performance of the Company. The Board has authorized up to the following target amounts for the following officers in connection with its adoption of the January 5 resolution: Mr. O'Kelley, \$200,000; Mr. Gistaro, \$120,000; Mr. Meehan, \$66,000; Mr. Hale, \$55,000; and Mr. Fernald, \$42,000.

Executive Performance Award Plan

In 1978, the Board approved, and the stockholders ratified, the Executive Performance Award Plan ("Performance Plan") for key executives of the Company and its subsidiaries. The Performance Plan is administered by the Management Compensation and Stock Option Plan Committee of the Board, comprised entirely of directors who are not employees of the Company. No member of that Committee is eligible for awards under the Performance Plan. Such awards are in the form of performance units. The performance units under each three-year Performance Plan period ("Performance Period") have a varying cash value at the time of payment, depending upon the extent to which Performance Period objectives are met. Such objectives relate to the Company's achievement of certain performance goals measured in terms of either cumulative earnings per share or return on invested capital over any one three-year Performance Period. A new three-year Performance Period is established annually. The Committee, at the beginning of each Performance Period, establishes the objectives that will be used to measure performance during that period. The Committee may not, among other things (i) set an objective based upon a pre-tax return on capital of less than 8%, or decrease an established objective below that level; (ii) set an objective based upon fully diluted cumulative earnings per share for any Performance Period equal to an amount less than the fully diluted net earnings per share for the fiscal year immediately preceding the commencement of the Performance Period compounded at a rate equal to 5% per annum for the duration of the Performance Period; or (iii) make contingent awards under the Performance Plan the aggregate value of which, in any fiscal year, exceeds 10% of the Company's average annual income before taxes for the five-year period immediately preceding the fiscal year in which such contingent awards are made. In connection with the Performance Plan, grants of stock options which do not become exercisable for three years from the date they are granted may also be made.

The Committee, in its discretion, can make contingent awards in each fiscal year. Accordingly, each participant in the Performance Plan may, from time to time, hold more than one contingent award. Awards are paid in cash as soon as practical after financial statements have been certified by the Company's independent public accountants and all other necessary financial data relating to the completed Performance Period is received. No individual award payment can exceed 150% of the product of the number of performance units awarded and the closing price per share of the Company's Common Stock on the New York Stock Exchange on the first day of August of the year in which the award is made. No payments were made under the Performance Plan for the Performance Period ended July 28, 1984.

Executive Benefit Plan

Effective November 1, 1980, the Board of Directors adopted the Executive Benefit Plan ("EBP") in order to provide certain insurance benefits to a select group of management employees who

contribute materially to the continued growth, development and future business success of the Company. A committee of the Board of Directors selects EBP participants and is responsible for the administration of the plan. In general, in the event an EBP participant dies while in the Company's employ, his designated beneficiaries will receive an amount equal to three or four times his base salary, payable in monthly installments over six or eight years. To meet its obligations under EBP, the Company has obtained life insurance policies on the life of each participant. The Company paid the following amounts in connection with EBP during the fiscal year ended July 28, 1984: Mr. O'Kelley, \$21,406; Mr. Gistaro, \$9,453; Mr. Meehan, \$6,889; Mr. Hale, \$3,814; Mr. Fernald, \$3,989, and all executive officers as a group, \$79,814.

Retirement Income Plan

The Company maintains, solely at its cost, a Retirement Income Plan ("Retirement Plan") for its officers and employees. During the fiscal year ended July 28, 1984, the employees of Intorex, Inc., a wholly owned subsidiary of the Company, were brought into the Retirement Plan with full credit for past service. The amounts included in the Cash Compensation Table do not include any compensation attributable to the Retirement Plan. Pension payments are based on the average base salary of the highest consecutive five out of the last ten years of an employee's service, subject to reduction based upon a portion of any Social Security benefits received. Therefore, the amounts reported in the Cash Compensation Table, which are not limited to base salaries, exceed the compensation covered under the Retirement Plan. Annual benefits payable under the Retirement Plan equal 40% of the final average earnings during such five-year period less one-half of projected Social Security benefits, multiplied by a fraction consisting of years of service (numerator) divided by 30 years (denominator). Participants have the option to elect early retirement as early as age 55 with reduced benefits. Several methods of settlement are available under the Retirement Plan. Directors who have not been officers or employees of the Company do not participate in the Retirement Plan. See "Compensation of Directors."

Assuming that an employee is entitled to an annual Social Security benefit of \$9,000 for retirement at age 65, the table below illustrates the additional amount of annual pension benefits payable by the Company as a retirement benefit to a person in the specified average salary and years-of-service classifications. The average remuneration covered by the Retirement Plan for the fiscal year ended July 28, 1984, and the credited years of service of the persons named in the Cash Compensation Table are as follows: Mr. O'Kelley, \$506,923, 11.5 years; Mr. Gistaro, \$204,616, 11.2 years; Mr. Meehan, \$152,212, 2.2 years; Mr. Hale, \$126,540, 6.2 years; and Mr. Fernald, \$117,212, 2.2 years.

Five Years Average Covered Compensation	Years of Service				
	10	15	20	25	30
\$100,000	\$14,833	\$17,750	\$23,667	\$29,583	\$35,500
\$150,000	\$18,500	\$22,750	\$30,000	\$46,250	\$55,500
\$200,000	\$25,167	\$30,750	\$40,333	\$62,917	\$75,500
\$250,000	\$31,833	\$40,750	\$53,667	\$79,583	\$90,000
\$300,000	\$38,500	\$53,750	\$70,000	\$90,000	\$90,000
\$350,000	\$45,167	\$67,750	\$90,000	\$90,000	\$90,000
\$400,000	\$51,833	\$77,750	\$90,000	\$90,000	\$90,000

These amounts are generally restricted by provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") without adjustment for future cost-of-living increases. Effective January 1, 1983, ERISA limits future benefits to \$90,000 per year for all non-Gol publicly traded. For information regarding supplemental retirement benefits available to Messrs. O'Kelley and Gistaro, see "Material Employment Agreements."

Certain Indemnification and Trust Arrangements

Indemnification arrangements have been made for the benefit of all officers of the Company, as well as certain former and all present members of the Board of Directors. These arrangements consist of an Indemnification Trust, of which the aforementioned officers and directors (the "Indemnitees") are the beneficiaries, Indemnification Agreements with said persons, and Undertaking Agreements (collectively, the "Agreements") with regard to specific litigation matters which name certain indemnitees individually or as a group as defendants.

The Indemnification Trust Agreement, dated January 29, 1985, establishes an irrevocable Indemnification Trust Fund with an independent trustee to be funded by the Company initially in the amount of \$5 million. From time to time, representatives of the indemnitees may demand of the Company expenses and costs (including attorneys' fees) to be advanced under the Agreements. If the Company does not pay this amount within five business days, the representatives shall make this same demand of the Trustee, who has three business days to deliver the amount requested. This agreement is effective for ten years, after which time any unused corpus and income thereon will revert to the Company.

Indemnification Agreements with each of the indemnitees, dated January 29, 1985, provide that to the extent permitted by Delaware law, the Company will indemnify the indemnitee against all expenses, costs, liabilities and losses (including attorneys' fees, judgments, fines or settlements) reasonably incurred or suffered by the indemnitees in connection with any suit, present or future, in which the indemnitee is a party or otherwise involved as a result of his service as a member of the Board of Directors or as an officer.

The Undertaking Agreements that are currently in effect provide that the Company shall pay, in advance, litigation costs and expenses incurred by current and certain former directors and officers who are parties to *In Re Datapoint Securities Litigation*, Civil Action No. SA-82-CA-338 (Consolidated Action) (W.D. Texas) and *Bruce Doniger v. Datapoint, et al.*, Civil Action No. 6767 (Del. Ch.), both of which actions are described below.

Since July 1, 1983, the Company has paid an aggregate of approximately \$2,630,000 in legal and other related fees and expenses in connection with the litigation described above. Such amount includes fees and expenses paid by the Company on its own behalf, as a defendant, as well as on behalf of the individuals who are defendants in such litigation. The amount allocable to the defense of the individual defendants cannot as yet be determined by the Company. Except for such portion of the approximately \$2,630,000 as may ultimately be determined to be allocable to the defense of the individual defendants, no payments under any of the foregoing indemnification arrangements were made since the beginning of the last full fiscal year.

The \$5 million used to fund the Indemnification Trust will be accounted for in the third quarter for the 1985 fiscal year as a reclassification of cash as other assets. Payments pursuant to the Indemnification Trust Agreement will be reflected as Company expenditures if and when such payments are made.

In addition to the Indemnification Trust described above, the Company has entered into three additional types of trust agreements with an independent trustee to, *inter alia*, hold funds for application against certain contractual commitments of the Company. Trust corpus and income not utilized for specified trust purposes will revert to the Company when all trusts of the same type have either fully distributed proceeds pursuant to those commitments or such commitments have expired. The trusts, their purpose, and their level of funding are as follows:

(i) Incentive Retention Severance Compensation Trusts (thirty-four separate trusts) — to meet costs associated with fulfilling the Company's potential obligations to officers pursuant to the incentive retention agreements described above in the event of a termination of their employment following a Change in Control. \$5,182,430.

(ii) Incentive Retention Bonus Trust—to meet costs associated with fulfilling the Company's potential obligations in connection with a retention bonus to be paid to officers who remain in the employment of the Company through the date of a Change in Control pursuant to the incentive retention agreements described above; \$1,079,529; and

(iii) Severance Compensation Trusts (two separate trusts)—to meet costs associated with the Company's potential obligations to Messrs. O'Kelley and Gistaro in the event their employment with the Company should be terminated under circumstances calling for payments under their amended employment contracts described above; \$1,815,000.

The amounts used to fund the trusts described in clauses (i) through (iii) above will be accounted for in the third quarter for fiscal 1985 as a reclassification of cash as other assets. Payments pursuant to the trusts will be reflected as Company expenditures if and when such payments are made.

OTHER LEGAL PROCEEDINGS

The Company, certain of its officers and directors, and its independent auditors have been named as defendants in 19 actions brought by multiple plaintiffs, purportedly representing an alleged class of persons who purchased securities, debentures or options to purchase securities of the Company during the period August 1, 1980 through April 29, 1982, and "short" sellers of the Company's Common Stock who made covering purchases during the period August 1, 1980 through May 4, 1982. These actions have been consolidated for discovery and pretrial purposes in the United States District Court for the Western District of Texas and are styled *In re Datapoint Securities Litigation*, Civil Action No. SA-82-CA-338 ("Consolidated Action"). The complaint in the Consolidated Action alleges that the Company, Harold E. O'Kelley, Edward P. Gistaro, Richard V. Palermo, Victor D. Poor, and the Company's independent auditors, Peat, Marwick, Mitchell & Co., violated Sections 11 and 15 of the Securities Act of 1933, and Sections 10(b) and 20 of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, as a result of alleged misrepresentations and omissions in connection with the issuance of the Company's financial statements and the disclosure of the financial condition of the Company over the period August 1, 1980 through May 4, 1982, and concerning earnings of the Company and its financial condition in connection with the issuance of the Registration Statement and Prospectus, dated May 28, 1981, covering the Company's 8 $\frac{7}{8}$ % Convertible Subordinated Debentures due June 1, 2006. The Consolidated Complaint also alleges that defendant Peat, Marwick, Mitchell & Co. failed to follow generally accepted auditing standards in rendering its opinion on the Company's financial statements. The complaint on behalf of the "short" sellers further alleges a pattern of activity on the part of the Company and the individual defendants, that allegedly gives rise to treble damage civil liability under the civil provisions of the Racketeer Influenced and Corrupt Organization Act, 18 U. S. C. Section 1964. The amount of damages sought in the Consolidated Action is not specified.

By order dated December 29, 1983, the Court certified the Consolidated Action as a class action for the determination of specific issues on behalf of the following classes of purchasers and sellers: (a) purchasers of the Company's securities and options to purchase the Company's Common Stock during the period from August 1, 1980, through April 29, 1982; (b) purchasers of the Company's 8 $\frac{7}{8}$ % Convertible Subordinated Debentures during the period from May 28, 1981 through April 29, 1982; (c) sellers of "put" options on the Company's Common Stock during the period from August 1, 1980, through April 29, 1982; and (d) "short" sellers of the Company's Common Stock who made covering purchases during the period from August 1, 1980 through May 4, 1982. The Company and the named individual defendants have denied the material allegations in the Consolidated Action and intend to vigorously defend themselves in this action.

On April 19, 1982, a stockholders' derivative suit was filed in the Court of Chancery of the State of Delaware, New Castle County, by Bruce Doniger who alleges that he is a stockholder of the Company. The suit names as defendants three former directors and seven present directors of the

Company. The complaint alleges that defendants Harold E. O'Kelley, Edward P. Gistaro, Harry G. Bowles and Richard V. Palermo, who sold shares of the Company's Common Stock during the period June 23, 1981 through January 18, 1982, did so with the knowledge that the Company would not in the future be able to maintain the level of earnings it had achieved in the preceding few years and in so doing breached the fiduciary duty these persons owed the Company. The complaint further alleges that the remaining six defendants, Victor D. Poor, Gene K. Pearce, William G. Karnes, Thomas J. Klutznick, George Kozmetsky and William C. Leone, who did not sell shares of the Company's Common Stock during the above period, had knowledge of and acquiesced in the allegedly unlawful sales of the other defendants and thus breached their fiduciary duty to the Company. The amount of damages sought is not specified.

This action has been stayed pending discovery in the consolidated actions styled *In re Datapoint Securities Litigation* described above, and the parties have agreed that all discovery in *Doniger* will be conducted as part of the discovery in the Consolidated Action.

ADDITIONAL INFORMATION REGARDING THE SOLICITATION

The cost of solicitation of revocations of consent by the Board of Directors and certain other management participants will be borne by the Company. The Company estimates that total expenditures relating to such solicitation (including legal fees related to the solicitation and the litigation concerning the consent procedure Bylaws, proxy solicitation fees, public relations advice and printing and mailing costs) will be approximately \$1,390,000, of which approximately \$723,000 has been expended to date. Directors, officers and employees of the Company may, without additional compensation, make solicitations through personal contact or by telephone or telegraph. Brokers, nominees and custodians who hold stock in their names and who solicit consents on behalf of the Board from the beneficial owners of such stock will be reimbursed by the Company for reasonable expenses. In addition, the Company has retained The Kissel-Blake Organization to assist in the solicitation of consents on behalf of the board for a fee estimated not to exceed \$88,000 plus reasonable out-of-pocket expenses (which amount is included in the estimate of total expenditures above). Approximately 35 persons will be utilized by this organization in its solicitation efforts.

Stockholders wishing to receive a copy of the Datapoint Annual Report to Stockholders and Annual Report on Form 10-K for the fiscal year ended July 28, 1984 may obtain one without charge by making a written request to the Secretary of Datapoint at the address set forth on the first page of this Consent Statement.

San Antonio, Texas
March 8, 1985

By Order of the Board of Directors,

H. E. O'KELLEY
Chairman and Chief Executive Officer

**TRANSACTIONS IN COMMON STOCK BY
DIRECTORS AND CERTAIN OFFICERS**

Since February 1, 1983, no director or other person who may be deemed to be engaged in the solicitation against the Edelman Proposals has purchased or sold shares of Common Stock except as described below:

<u>Name</u>	<u>Date</u>	<u>Transaction</u>
Evelyn Berezin	August 25, 1983	500 Purchased
Harry G. Bowles	December 21, 1984	1,000 Sold
Edward P. Gistaro	December 19, 1984	680 Sold*
William G. Karnes	January 3, 1985	5,000 Sold
William C. Leone	March 28, 1984	5,000 Purchased
	July 10, 1984	5,000 Purchased
John F. Strieby	March 14, 1984	3,600 Purchased

* 135 shares of Common Stock donated without consideration to Regis High School, New York, New York and 5-5 shares donated to children's trust.

**INFORMATION CONCERNING EXECUTIVE OFFICERS
OF DATAPoint WHO ARE NOT DIRECTORS**

Set forth below is certain information with respect to executive officers of the Company who are not directors as of March 4, 1985:

<u>Name</u>	<u>Age On March 4, 1985</u>	<u>Position</u>	<u>Officer Since</u>
V. S. Balhorn	63	Senior Vice President, Customer Relations, Corporate Projects	1977
D. D. Bencsik	53	Senior Vice President, Operations	1982
D. R. Fernald	44	Senior Vice President, Domestic Marketing	1982
J. L. Hale	44	Executive Vice President, Customer Service and Operations Administration	1978
W. P. Meehan	49	Executive Vice President, Finance and Chief Financial Officer	1982
D. J. Shapiro	50	Senior Vice President, International and Advanced Products	1984
J. F. Strieby	37	Vice President, Corporate Development and Planning	1978

The executive officers named above serve until the next Board of Directors meeting immediately following the Annual Meeting of Stockholders.

Mr. Balhorn has been employed by the Company for more than the past five years. He was appointed Vice President and General Manager of the Company's Customer Service Division in 1977, and became Vice President and Group Executive, Operations and Service in February 1982. In September 1982, he was elected Senior Vice President, Customer Relations and Quality Assurance. In March 1984, his title was changed to Senior Vice President, Customer Relations, Corporate Projects.

Mrs. Bencsik joined the Company in November 1982 as Vice President, Engineering. In May 1984, she was promoted to Vice President, Operations and in January 1985 she was named Senior Vice President, Operations. Prior to joining the Company she served as Director of Engineering for Data General Corporation's Small Business Systems Division. Prior to joining Data General, she was employed in Honeywell Information Systems' Advanced Manufacturing and Strategic Planning Operations divisions.

Mr. Fernald joined the Company in December 1982 as Vice President, Domestic Marketing. Prior to joining the Company, he had been employed by Digital Equipment Corporation since 1972 in various marketing positions.

Mr. Hale has been employed by the Company for more than the past five years. He joined the Company in 1978 as Vice President, Field Operations. In 1980, he was elected President of Inforex, which was, at that time, a partially owned subsidiary of the Company. He was elected Executive Vice President, Customer Service and Operations Administration of the Company in September 1982, while continuing as President of Inforex.

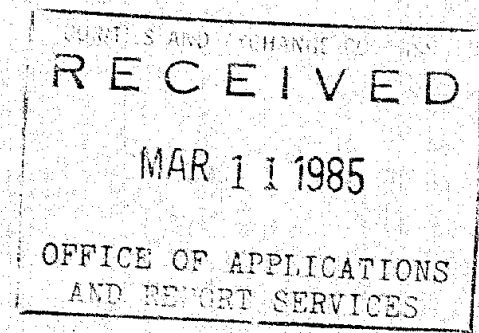
Mr. Meehan joined the Company in December 1982 as Executive Vice President, Finance and Chief Financial Officer. Prior to joining the Company, Mr. Meehan had been employed by Motorola, Inc. for 13 years, serving as Treasurer since 1974 and as Vice President and Treasurer since 1977.

Mr. Shapiro joined the Company in August 1984 as Vice President, Advanced Products. In September 1984, he was given additional responsibilities as acting Vice President, International. In January 1985 he was named Senior Vice President, International and Advanced Products. Prior to joining the Company he served as Executive Vice President and Chief Financial Officer of Otrono Advanced Systems Corporation. From 1980 to 1983 Mr. Shapiro served as Senior Vice President, Product Development and Marketing, and President, Vydec Systems Division, of Exxon Enterprises. From 1960 to 1980 he was employed by Harris Corporation, most recently as Vice President of Manufacturing for its Data Communications Division.

Mr. Strieby has been employed by the Company for more than five years. He was appointed Vice President and Controller, Marketing Division in November 1978. In 1981 he was appointed Vice President, Corporate Development, and was elected to that position in September 1982. In December 1984 he was named Vice President, Corporate Development and Planning.



HAROLD E. O'KELLEY
Chairman of the Board,
Chief Executive Officer



AN IMPORTANT MESSAGE

March 8, 1985

Dear Fellow Shareholder:

A group led by Asher B. Edelman is seeking to take control of Datapoint by soliciting consents from you to remove all eight of the Company's directors and substitute a six member board of candidates hand-picked by Edelman.

The Datapoint Board urges you **NOT** to sign any consents or proxies solicited by Edelman. Instead, please show your support for the Datapoint Board, which is seeking to maximize the value of your Datapoint shares, by checking the "Revoke Consent" boxes and signing, dating and mailing the enclosed **WHITE CARD** today.

FIRST, EDELMAN WOULDN'T COMMIT

Edelman's efforts to replace the Datapoint Board follow his recent highly conditional acquisition proposal which was rejected because, in the Board's view, it would have placed Edelman on a preferred footing compared to other bidders for Datapoint — **at your expense**. The **FACTS** of the Edelman proposal are that:

- It required Datapoint to abandon for 60 days the intensive efforts already underway to obtain the best possible price for the Company and instead to give Edelman an exclusive right during that time to determine whether he would ultimately agree to buy the Company.

- Even if he chose to proceed with an acquisition of Datapoint — which he made no promise to do — he would have had to arrange the necessary financing.
- Even if he chose not to proceed, Datapoint would have had to agree either to pay Edelman a “cancellation fee” of \$15 million, or to give him an option to purchase 18½% of the Company’s stock, if Datapoint received a higher offer or if 20% of the Company’s stock was acquired by a third party.
- When we asked Edelman to demonstrate that he had the necessary financing, and invited him to submit a firm proposal, he failed to do so.
- When we gave him the opportunity to receive confidential information on the same basis as other prospective purchasers, he refused.

NOW, NO SPECIFICS

Edelman is now proposing that you enable him to take control of Datapoint and its assets **without paying you, the remaining shareholders, a single penny**. Although Edelman and his handpicked designees have stated that they intend to sell Datapoint as a whole or in parts, the simple **FACTS** are that:

- Edelman has not proposed any specific transaction.
- Indeed, Edelman has publicly offered nothing more than speculation about what he might be able to do were he to control Datapoint.
- Moreover, Edelman has given no assurance as to the value of any transaction that he might propose.
- If Edelman were to replace your Board and attempt to sell the Company, we believe he would have to go through the same time-consuming analysis and contacts we have already made, further prolonging any sale of the Company.

THE REAL ISSUE is whether there is any reason to believe that Edelman can do a better job than your Board of selling the Company in a timely manner and at the best possible price. We think the answer is clearly "No".

COMPARE EDELMAN'S VAGUE PLATFORM WITH WHAT WE ARE ALREADY DOING:

- Your Board is actively seeking a purchaser, or combination of purchasers, for Datapoint's operations and to these ends, is working with the assistance of Kidder, Peabody & Co. Incorporated, Datapoint's independent investment advisor.
- Together with Kidder Peabody, we have done a thorough analysis of the Company's businesses in order to assess the value of Datapoint and its constituent parts.
- We have been in contact with the managements or representatives of over 100 prospective purchasers — both domestic and international — and we have provided detailed information to a significant number of parties.
- We have received serious expressions of interest with respect to one or more parts of the Company's business from several prospective purchasers.
- We are mindful of the need to proceed quickly, responsibly and professionally. And that is precisely what we are doing.

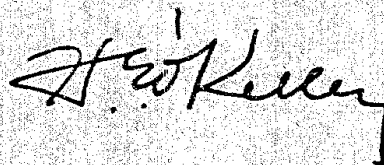
We ask you to consider whether your economic interests will best be served by supporting Edelman. In our view, the Edelman consent solicitation places an artificial time constraint on our efforts to sell Datapoint at the highest price in a transaction which serves the best interests of all of Datapoint's shareholders.

You can reject Edelman's vague platform and permit us to continue our efforts to sell Datapoint.

We urge you **NOT** to execute Edelman's blue card. By signing Datapoint's **WHITE CARD** you will revoke any Edelman card you may have signed previously. **Whether or not you have previously signed Edelman's card, please show your support for the Board, which is seeking to maximize the value of your Datapoint shares, by checking the "Revoke Consent" boxes and signing, dating and mailing promptly the enclosed WHITE CARD today.**

We will contact you again soon with additional information. And we will continue to keep you informed of our progress.

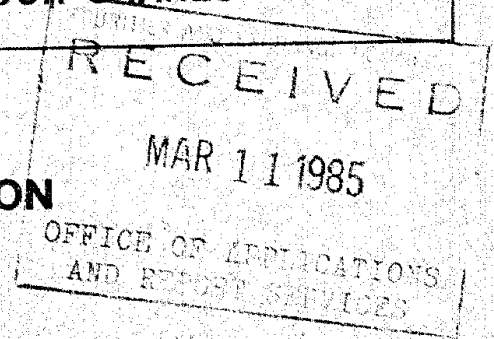
On Behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "H. O'Kelley". The signature is written in a cursive style with a large, sweeping flourish at the end.

HAROLD E. O'KELLEY
*Chairman and Chief
Executive Officer*

IMPORTANT
A REPLY IS NECESSARY TO VOTE YOUR SHARES

DATAPoint CORPORATION



REVOCATION OF CONSENT
SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

TO OUR CLIENTS:

The enclosed Consent material solicited by the Board of Directors of Datapoint Corporation is sent to you as beneficial owner of Datapoint's Common Stock which we hold for your account.

We cannot execute a Revocation of Consent on your behalf without receiving instructions from you.

Accordingly, if you wish us to vote the enclosed WHITE Revocation of Consent Card solicited by the Board of Directors, please mark, date, sign and mail the WHITE Card promptly in the envelope provided.

Your cooperation will be appreciated.

SINCE ONLY WE CAN VOTE ON YOUR BEHALF
DO NOT SEND THIS WHITE REVOCATION OF CONSENT CARD
TO ANYONE BUT US

PLEASE ACT PROMPTLY

MAR 11 1985

OFFICE OF APPELLATE AND FINANCIAL SERVICE

An Important Message to Datapoint Shareholders

A group led by Asher B. Edelman is seeking to take control of Datapoint by soliciting consents from you to remove all eight of the Company's directors and substitute a six member board of candidates hand-picked by Edelman.

The Datapoint Board urges you **NOT** to sign any consents or proxies solicited by Edelman. Instead, please show your support for the Datapoint Board, which is seeking to maximize the value of your Datapoint shares, by signing and dating the **WHITE CARD** you will be receiving shortly and mailing it to Datapoint.

FIRST, EDELMAN WOULDN'T COMMIT

Edelman's efforts to replace the Datapoint Board follow his recent highly conditional acquisition proposal which was rejected because, in the Board's view, it would have placed Edelman on a preferred footing compared to other bidders for Datapoint — at your expense. The **FACTS** of the Edelman proposal are that:

- It required Datapoint to abandon for 60 days the intensive efforts already underway to obtain the best possible price for the Company and instead to give Edelman an exclusive right during that time to determine whether he would ultimately agree to buy the Company.

- Even if he chose to proceed with an acquisition of Datapoint — which he made no promise to do — he would have had to arrange the necessary financing.
- Even if he chose not to proceed, Datapoint would have had to agree either to pay Edelman a "cancellation fee" of \$15,000,000, or to give him an option to purchase 18 2/3% of the Company's stock, if Datapoint received a higher offer or if 20% of the Company's stock was acquired by a third party.

NOW, NO SPECIFICS

Edelman is now proposing that you enable him to take control of Datapoint and its assets without paying you, the remaining shareholders, a single penny. Although Edelman and his hand-picked designees have stated they intend to sell Datapoint as a whole or in parts, the simple **FACTS** are that:

- Edelman has not proposed any specific transaction.
- Indeed, Edelman has publicly offered nothing more than speculation about what he might be able to do were he to control Datapoint.
- Moreover, Edelman has given no assurance as to the value of any transaction that he might propose.

THE REAL ISSUE is whether there is any reason to believe that Edelman can do a better job than your Board of selling the Company in a timely manner and at the best possible price. We think the answer is clearly "NO."

Compare Edelman's vague platform with what we are **ALREADY** doing:

- Your Board is actively seeking a purchaser, or combination of purchasers, for Datapoint's operations and to these ends, is working with the assistance of Kidder, Peabody & Co. Incorporated, Datapoint's independent investment advisor.
- Together with Kidder, Peabody, we have done a thorough analysis of the Company's businesses in order to assess the value of Datapoint and its constituent parts.
- We have been in contact with the managements or representatives of over 100 prospective purchasers — both domestic and international — and we have provided detailed information to a significant number of parties.
- We have received serious expressions of interest with respect to one or more parts of the Company's business from several prospective purchasers.
- We are mindful of the need to proceed quickly, responsibly and professionally. And that is precisely what we are doing.

YOU CAN REJECT Edelman's vague platform and permit us to continue our efforts to sell Datapoint. **DO NOT** execute Edelman's consent card. Instead, we urge you to sign Datapoint's **WHITE CARD** which will revoke any Edelman card you may have signed previously. **Whether or not you have previously signed Edelman's card, please show your support for the Board, which is seeking to maxi-**

mize the value of your Datapoint shares, by signing, dating and mailing promptly the WHITE CARD you will be receiving shortly.

Thank you for your cooperation and support.

The Board of Directors of Datapoint

If you have any questions or need assistance in voting the **WHITE** proxy card in support of the Board of Directors of Datapoint please call our proxy solicitors, **THE KISSIEL-BLAKE ORGANIZATION, INC.** (collect) at (212) 344-6733.

REVOCATION OF CONSENT

This Revocation of Consent is Solicited by the Board of Directors of Datapoint Corporation

The undersigned hereby revokes any and all prior consents or proxies which the undersigned may have given with respect to the following proposal(s) of the Edelman Group, except as otherwise specified below:

Edelman Proposal Number One: Removal of existing Board of Directors of Datapoint Corporation

REVOKE CONSENT

WITHHOLD REVOCATION OF CONSENT

with respect to Edelman resolution that the entire Board of Directors (the "Board") of Datapoint Corporation ("Datapoint"), consisting of Gene K. Beare, Evelyn Berezin, Harry G. Bowles, Edward P. Gistaro, William G. Karnes, Dr. George Kozmetsky, Dr. William C. Leone and Harold E. O'Kelley and such other persons who may have been designated as replacement or additional directors prior to the effective date of such resolution, be removed, and the office of each member of the Board be declared vacant.

Instruction: To revoke a consent already given with respect to the removal of all present directors of Datapoint, check the "Revoke Consent" box above. To withhold revocation of a consent already given with respect to the removal of all present directors of Datapoint, check the "Withhold Revocation" box above. To revoke a consent for the removal of one or more individual directors, without revoking a consent for the removal of the remaining individual directors, check the "Revoke Consent" box above and write the names of the directors with respect to whom a consent is NOT to be revoked in the space provided below:

[continued and to be signed on reverse side]

Edelman Proposal Number Two: Election of new Board of Datapoint

REVOKE CONSENT

WITHHOLD REVOCATION OF CONSENT

with respect to Edelman resolution that the following persons be elected as directors of Datapoint, their terms to continue until the next annual meeting of shareholders or until their successors are duly qualified and elected:

Asher B. Edelman
Raymond French

Daniel R. Kail
Dr. Roger LeRoy Miller

Charles P. Stevenson, Jr.
Dwight D. Sutherland

Instruction: To revoke a consent already given with respect to the election of all nominees listed above, check the "Revoke Consent" box above. To withhold revocation of a consent already given with respect to the election of all nominees listed above, check the "Withhold Revocation" box above. To revoke a consent already given for the election of one or more individual nominees, without revoking a consent for the election of the remaining individual nominees, check the "Revoke Consent" box above and write the names of the nominees with respect to whom a consent is NOT to be revoked in the space provided below:

UNLESS OTHERWISE SPECIFIED, EXECUTION OF THIS CARD WILL REVOKE ANY AND ALL PRIOR CONSENTS GIVEN WITH RESPECT TO EDELMAN PROPOSALS ONE AND TWO.

Dated: _____, 1985

(Signature)

(Signature)

(Title)

(Please date this card and sign your name exactly as it appears hereon. In the case of one or more joint owners, each joint owner should sign. If signing as executor, trustee, guardian, attorney or in any other representative capacity or as an officer of a corporation, please indicate your full title as such. This card will vote all shares held by the undersigned in all capacities.)

THE DATAPPOINT BOARD RECOMMENDS THAT YOU CHECK THE "REVOKE CONSENT" BOXES AND SIGN, DATE, AND MAIL THIS CARD — TODAY.