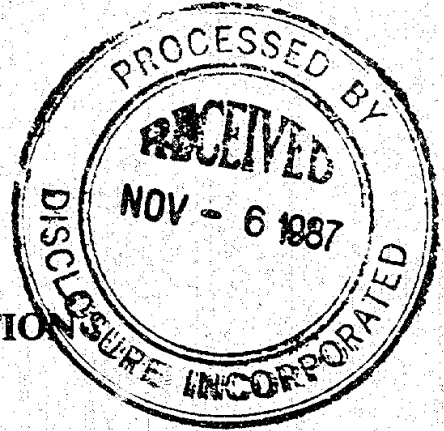


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DATAPoint CORPORATION

9725 Datapoint Drive
San Antonio, Texas 78284
(512) 699-7000

Dear Stockholder:

You are cordially invited to the Annual Meeting of Stockholders of Datapoint Corporation to be held on December 3, 1987, in the Wyndham and Colonnade Ballrooms of the Wyndham Hotel, 9821 Colonnade, San Antonio, Texas, at 10:00 a.m., local time.

The Notice of Meeting and Proxy Statement on the following pages cover the formal business of the meeting, which includes proposals to elect eight directors and to ratify the appointment of Arthur Young & Company, certified public accountants, as Datapoint's auditors for the fiscal year ending July 30, 1988.

You are cordially invited to attend the Annual Meeting. In any event, in order that we may be assured of a quorum, we request that you complete, sign, date and return the enclosed proxy as soon as possible. Your vote is important regardless of the number of shares you own.

Sincerely,

ASHER B. EDELMAN
Chairman of the Board

October 28, 1987

DATAPOINT CORPORATION

**9725 Datapoint Drive
San Antonio, Texas 78284
(512) 699-7000**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD DECEMBER 3, 1987

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Datapoint Corporation, a Delaware corporation ("Datapoint"), will be held on December 3, 1987, at the Wyndham Hotel, 9821 Colonnade, San Antonio, Texas, at 10:00 a.m., local time, for the following purposes:

- (1) To elect eight directors of Datapoint to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified.**
- (2) To ratify the appointment of Arthur Young & Company, certified public accountants, as Datapoint's auditors for the fiscal year ending July 30, 1988.**
- (3) To transact such other business as properly may come before the Annual Meeting or any adjournment thereof.**

Pursuant to the By-laws of Datapoint and action taken by the Board of Directors of Datapoint, October 21, 1987 has been fixed as the record date for the determination of the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof.

Whether or not you plan to attend the Annual Meeting, please complete, date and sign the enclosed proxy and return it promptly to Datapoint in the return envelope enclosed for your use, which requires no postage if mailed in the United States. You may revoke your proxy at any time before it is voted by filing with the Secretary of Datapoint a written revocation or a proxy bearing a later date, or by attending and voting at the Annual Meeting.

You are cordially invited to attend.

By Order of the Board of Directors,

ROSS LAUGHEAD
General Counsel and Secretary

San Antonio, Texas
October 28, 1987

PROXY STATEMENT

DATAPPOINT CORPORATION

9725 Datapoint Drive
San Antonio, Texas 78284
(512) 699-7000

ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 3, 1987

INTRODUCTION

This Proxy Statement is being furnished to holders of shares of the Common Stock of Datapoint Corporation, a Delaware corporation ("Datapoint"), in connection with the solicitation of proxies by the Board of Directors of Datapoint for use at the Annual Meeting of Stockholders to be held on December 3, 1987, in the Wyndham and Colonnade Ballrooms of the Wyndham Hotel, 9821 Colonnade, San Antonio, Texas, at 10:00 a.m., local time, and at any adjournment thereof. This Proxy Statement, the enclosed Notice, and the enclosed form of Proxy are first being mailed to stockholders of Datapoint on or about October 28, 1987.

On October 21, 1987 (the "Record Date"), the issued and outstanding voting capital stock of Datapoint consisted of 10,012,937 shares of Common Stock, par value \$.25 per share (excluding 10,928,421 shares held in the treasury of Datapoint), held by approximately 4,020 holders of record.

The accompanying proxy is solicited on behalf of the Board of Directors of Datapoint.

VOTING RIGHTS AND PROXY INFORMATION

The Board has fixed the close of business on October 21, 1987 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting. Each holder of Datapoint Common Stock on the Record Date is entitled to cast one vote per share.

The affirmative vote of a majority of the shares of Datapoint Common Stock represented at the Annual Meeting is required to elect any person a director of Datapoint and to ratify the appointment of auditors.

All shares of Datapoint Common Stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting, and not revoked, will be voted at the Annual Meeting in accordance with the instructions thereon. If no instructions are indicated, proxies will be voted for the election of the nominees to the Board as set forth in this Proxy Statement and in favor of the other proposal referred to in the preceding paragraph. Datapoint does not know of any matters, other than as described in the Notice of Annual Meeting, which are to come before the Annual Meeting. If any other matters are properly presented at the Annual Meeting for action, the persons named in the enclosed form of proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment.

A proxy given pursuant to this solicitation may be revoked at any time before it is voted. Proxies may be revoked (i) by filing with the Secretary of Datapoint at or before the Annual Meeting a written notice of revocation bearing a later date than the proxy, (ii) by duly executing a subsequent proxy relating to the same shares and delivering it to the Secretary of Datapoint at or before the Annual Meeting or (iii) by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Mr. Ross Laughead, Secretary, Datapoint Corporation, 9725 Datapoint Drive, San Antonio, Texas 78284.

Confidentiality of Votes. It is the policy of the Company to preserve the secrecy of all proxies, ballots and voting tabulations until the final vote is tabulated at the annual meeting, except as required by law. The Company reserves the right to determine which shareholders have not exercised their right to vote and to encourage their participation as well as to have proxy cards containing comments referred to the Secretary for response, as appropriate.

ELECTION OF DIRECTORS

At the Annual Meeting, eight directors, constituting the entire Board of Directors of Datapoint, are to be elected to hold office until the next Annual Meeting and until their respective successors are elected and qualified. The affirmative vote of a majority of the shares of all voting stock represented at the Annual Meeting is required to elect any person as a director of Datapoint.

Although the Board of Directors does not contemplate that any of the nominees for director named herein will be unavailable for election, in the event of a vacancy in the slate of nominees, it currently is intended that the proxy will be voted for the election of a nominee who will be selected by the Board of Directors of Datapoint.

The nominees for election as directors are as follows:

DORIS D. BENCSIK, age 56, was Datapoint's Chief Operating Officer and a member of the Office of the President. Mrs. Bencsik resigned those positions in September 1987 and is currently a consultant to The Edelman Group of Companies. Mrs. Bencsik joined Datapoint in 1982 as Vice President-Engineering, became Vice President-Operations in August 1984 and Senior Vice President-Operations in January 1985. She became Executive Vice President and Chief Operating Officer and a director of Datapoint in November 1985. She became Acting Chief Executive Officer and President in January 1987 and became a member of the Office of the President in May 1987. Prior to joining Datapoint, Mrs. Bencsik was director of engineering in Data General Corporation's Small Business Systems Division from 1980 to 1982. She is a member of the Executive Committee.

ASHER B. EDELMAN, age 47, has been General Partner since July 1979 of Plaza Securities Company, broker-dealer; General Partner since July 1984 of Asco Partners, the sole general partner of Arbitrage Securities Company; and General Partner from January 1977 through June 1984 of Arbitrage Securities Company, broker-dealer. Mr. Edelman is director, Chairman of the Board and Chairman of the Executive Committee of Intelogic Trace, Inc., the public company created from Datapoint's former domestic customer service subsidiary; director, Vice Chairman of the Board and Chairman of the Executive Committee of United Stockyards Corporation; director and Chairman of the Board of Quantel Corp.; director and president of Canran Corp., a General Partner of Canal-Randolph Limited Partnership (which is the successor liquidating partnership to Canal-Randolph Corporation); and Chairman of the Board of Directors of PON Holding Corp. and Ponderosa, Inc. He became Chairman of the Board of Datapoint in March 1985 and is Chairman of the Executive Committee.

RAYMOND FRENCH, age 67, has been General Partner since February 1985 of Canal-Randolph Limited Partnership and prior thereto was Chairman of the Board since June 1983 and director and President for more than five years of Canal-Randolph Corporation, a real estate ownership and development company. He has been a director, Chairman of the Board and President since February 1984 of United Stockyards Corporation, a public stockyard ownership, operational and leasing company. Mr. French is also a director of Blue Ridge Estate Company and Big Boulder Corporation. He became a director of Datapoint in March 1985. He is a member of the Audit Committee.

DANIEL R. KAIL, age 52, has been Managing Trustee since January 1986 of Management Assistance Inc. Liquidating Trust, and prior thereto had been a director, Executive Vice President and Chief Operating Officer since October 1984 of Management Assistance Inc., a computer manufacturing and servicing company. Mr. Kail was Vice President-Corporate Planning and Development from February 1980 through September 1984 of Management Assistance Inc. He became a director of Datapoint in March 1985. Mr. Kail is also a director of Intelogic Trace, Inc. and Quantel Corp. He is Chairman of the Management Compensation and Stock Option Plan Committee and a member of the Finance Committee.

CLARK R. MANDIGO, age 44, is President and Chief Executive Officer of Intelogic Trace, Inc. Mr. Mandigo was President of BHP Petroleum (Americas), Inc. (formerly Energy Reserves Group), an oil and gas exploration and production company, from 1983 to 1986. Mr. Mandigo was Executive Vice President-Administration of Energy Reserves Group from 1982 to 1983. He was Vice President, Secretary and General Counsel of Energy Reserves Group from 1976 to 1982. He became a director of Datapoint in

May 1985. Mr. Mandigo is also a director of Intelogic Trace, Inc., United Stockyards Corporation, PON Holding Corp. and Ponderosa, Inc. He is a member of the Finance Committee.

ROBERT J. POTTER, age 54, is President and Chief Executive Officer of Datapoint. Dr. Potter joined Datapoint in May 1987 as Chief Executive Officer and a member of the Board of Directors. Prior to joining Datapoint, Dr. Potter was Group Vice President, Integrated Office Systems of Northern Telecom, Inc. from January 1985 to May 1987. From October 1982 to January 1985, Dr. Potter was a self-employed business advisor. From September 1978 until September 1982, Dr. Potter was Senior Vice President of International Harvester Company. From May 1965 to September 1978, he served Xerox Corporation in various capacities, culminating as president of its Office Systems Division. He is a director of Molex Inc. and Xytronyx, Inc. He is a member of Datapoint's Executive Committee.

CHARLES P. STEVENSON, JR., age 40, has been President since 1982 of Capcor, Inc., a corporation involved in diversified financial activities, and President since 1975 of Stevenson Capital Management Corp., a financial services company. Mr. Stevenson is also a director of United Stockyards Corporation and Intelogic Trace, Inc. He became a director of Datapoint in March 1985. He is Chairman of the Finance Committee and a member of the Audit, Executive and Management Compensation and Stock Option Plan Committees.

DWIGHT D. SUTHERLAND, age 61, has been Partner and Chief Executive Officer for more than five years of Sutherland Lumber Co., a retail lumber chain. Mr. Sutherland is also a director of United Stockyards Corporation, First National Charter Corp., Employers Reinsurance Corp., National Fidelity Life Insurance Company, and Intelogic Trace, Inc. He became a director of Datapoint in March 1985. He is Chairman of the Audit Committee.

Audit, Compensation and Nominating Committees

Datapoint has standing Audit and Management Compensation and Stock Option Plan Committees of the Board of Directors, but does not have a Nominating Committee. The members of those committees have been identified above.

The Audit Committee annually recommends to the Board of Directors independent auditors for Datapoint and its subsidiaries; meets with the independent auditors concerning the audit; evaluates non-audit services and the financial statements and accounting developments that may affect Datapoint; meets with management concerning matters similar to those discussed with the outside auditors; and makes reports and recommendations to the Board of Directors and Datapoint's management and independent auditors from time to time as it deems appropriate. This Committee met one time during the fiscal year ended August 1, 1987.

The Management Compensation and Stock Option Plan Committee makes salary recommendations regarding senior management to the Board of Directors and administers Datapoint's Management Incentive Compensation and Stock Option Plans described below. The Management Compensation and Stock Option Plan Committee met five times during the fiscal year ended August 1, 1987.

Meetings of the Board of Directors and Committees

The Board of Directors met six times during the fiscal year ended August 1, 1987. During the fiscal year, each nominee for director of Datapoint (other than Dr. Potter, who was elected as a director in May 1987) attended at least 75% of the aggregate of (a) the total number of meetings of the Board of Directors, and (b) the total number of meetings held by all committees of the Board on which he served, during his tenure as director.

See "COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS" below for certain other information concerning directors.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Executive Officers

The following table sets forth all aggregate cash compensation paid by Datapoint and its subsidiaries for service in all capacities for the fiscal year ended August 1, 1987, with respect to each of the five highest paid executive officers whose aggregate remuneration exceeded \$60,000 and all executive officers of Datapoint as a group. The information set forth below in this section with respect to executive officers and directors does not include any data with respect to any portion of the applicable period during which the person was not an executive officer or director of Datapoint.

CASH COMPENSATION TABLE—FY 1987

<u>Name of Individual or Number of Persons in Group</u>	<u>Capacities in Which Served</u>	<u>Cash (1)(2) Compensation</u>
D. D. BENCSIK.....	Chief Operating Officer (until September 1987)	\$ 282,347
J. R. NOVAK.....	Senior Vice President, International	\$ 164,640
E. P. GISTARO.....	President and Chief Executive Officer (until January 1987)	\$ 148,300
L. D. WICKWAR.....	Vice President, Development	\$ 142,185
A. B. EDELMAN.....	Chairman of the Board	\$ 150,000
All Executive Officers of Datapoint as a group (15 persons, including those named above).....		\$1,645,991

¹ Amounts include bonuses for the fiscal year ending August 1, 1987 that were paid after the close of the 1987 fiscal year.

² Compensation excludes \$746,075 in severance payments made to Mr. Gistaro during the fiscal year ended August 1, 1987. Compensation also excludes \$622,212 in severance payments made to five other executive officers during such fiscal year.

The amounts shown in the tables above as cash compensation exclude certain expenditures by Datapoint and its subsidiaries which are or may be deemed to be of some personal benefit to executive officers. Datapoint, after reasonable inquiry, is unable to determine how much of these excluded expenditures were not directly related to performance of Datapoint's business activities, but it believes that this amount, in the applicable fiscal year, 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 Datapoint, as a group.

Directors

Directors who are employees of Datapoint receive no additional compensation for serving on the Board of Directors or its committees. Each director who is not an employee of Datapoint receives fees as follows: Each non-employee director receives an annual fee of \$15,000, payable in quarterly installments. Executive Committee members receive an additional \$5,000 annual fee. Committee Chairmen receive an additional \$2,000 annual fee. Board members serving on more than one committee receive an additional \$1,000 annual fee. Each non-employee director also receives a fee of \$750 for each Board meeting attended, \$500 for each committee meeting attended and \$500 for attendance at each meeting on Datapoint business other than a Board or committee meeting. Each non-employee director of Datapoint is, at Datapoint's expense, provided with \$50,000 of group term life insurance and \$250,000 accidental death insurance. Each non-employee director of Datapoint has the option to purchase, at his expense, coverage for himself and his dependents under Datapoint's group medical and dental insurance plan. The aggregate cost to Datapoint of such benefits for all non-employee directors for the fiscal year ended August

1, 1987, was less than \$50. Mr. Edelman became an employee of Datapoint on May 19, 1986 at an annual salary of \$150,000 with normal executive management employee benefits. Prior to such date, he was compensated as a non-employee director.

Datapoint maintains a retirement plan and a retirement medical care plan to cover non-employee Board members. Both plans presently are purely contractual rather than funded, and are self-insured except that retirees are required to participate in Medicare parts A and B. The retirement plan provides for a maximum benefit equal to a Board member's annual retainer in effect on the date of retirement. A partial benefit will be paid directors with less than five years' service, and a full benefit will be paid to directors with five or more years of service. The benefit will be 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 will be paid to his estate. Retirement will be mandatory at age 70 for all directors who initiate their service on the Board of Directors after July 31, 1983. The retirement medical care plan affords non-employee Board members, upon retirement, benefits equivalent to those of non-retired employees under Datapoint's group medical plan. On February 12, 1985, Datapoint purchased an annuity contract under which former directors Gene K. Beare, Evelyn Berezin, Harry G. Bowles, William G. Karnes, Thomas J. Klutznick, Dr. George Kozmetsky and Dr. William C. Leone own individual interests in lieu of maintaining such non-employee directors' retirement plan with respect to such persons.

Stock Options

Datapoint has issued stock options to officers and other key employees under its 1977, 1983, and 1986 Employee Stock Option Plans. The 1977 and 1983 Plans authorized the purchase of 2,000,000 and 600,000 shares, respectively (adjusted for stock splits in the form of 100% stock dividends), of Datapoint's Common Stock upon the exercise of options granted under the Plans. No additional options may be granted under the 1977 Plan after May 23, 1987. The 1986 Plan authorized the purchase of 1,000,000 shares. As of August 1, 1987, 294,563 shares remained available for the grant of options under the 1983 Plan, and 550,000 shares remained available for the grant of options under the 1986 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 1977 and 1983 Plans are not exercisable for at least six months after they are granted; under the 1986 Plan, the Committee may grant options exercisable over time or immediately. Options expire, if not exercised, at the conclusion of their ten-year terms. 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.

The exercise price is required to be at least 75% of the fair market value of Datapoint Common Stock as of the date of the grant of an option; and for incentive options, the price must be at least fair market value. Under the 1986 Plan, options may be granted allowing an option holder to deliver Datapoint Common Stock in payment of the exercise price of an option. The 1986 Plan authorizes the Committee to cancel and reissue options with the consent of the option holder. To date Datapoint has issued no stock appreciation rights.

Datapoint has also issued stock options to purchase its Common Stock to members of its Board of Directors, pursuant to its 1985 Director Stock Option Plan. The 1985 Director Plan provides for a one-time grant of a non-incentive stock option to purchase at fair market value, as of the date of the grant, 25,000 shares of Datapoint Common Stock to each director and an additional 50,000 shares to any newly elected Chairman of the Board. Options granted under the Plan are exercisable when granted and expire on a date fixed by the Committee, which may not be later than the fifth anniversary of the date of grant.

If an option holder under the 1985 Director Plan ceases to be a director of Datapoint other than by reason of retirement, disability or death, each option held by that person terminates on the earlier of its stated termination date or 180 days after ceasing to be a director. If the optionee ceases to be director by reason of death, retirement or disability, the option terminates on the earlier of its termination date or one year after such event.

As of August 1, 1987, 275,000 shares remained available for the grant of options under the 1985 Director Plan. Under the 1985 Director Plan and as of September 23, 1987, Dr. Potter held options for 25,000 shares exercisable at a price of \$5.75 per share and Ms. Bencsik held options for 25,000 shares, exercisable at a price of \$5.25 per share. Mr. Edelman holds an option for 50,000 shares, exercisable at \$3.136 per share and an option granted under the 1985 Director Plan for 25,000 shares, exercisable at \$2.781 per share; the option for 50,000 shares was granted to Mr. Edelman by the Board of Directors under the 1986 Employee Stock Option Plan and is in lieu of the option for the position of Chairman of the Board that Mr. Edelman would otherwise be entitled to under the 1985 Director Plan.

Stock Option Table

The following table shows as to the named executive officers and all executive officers as a group (i) the number of options to purchase Datapoint Common Stock granted July 26, 1986 through August 1, 1987, (ii) the average exercise price thereof, and (iii) the net value of shares (market value on date of exercise less the exercise price) realized during the fiscal year upon exercise of any options held by such persons.

	<u>E. P. Gistaro</u>	<u>D. D. Bencsik</u>	<u>A. B. Edelman</u>	<u>L. D. Wickwar</u>	<u>J. R. Novak</u>	<u>All Executive Officers as a group</u>
Granted July 26, 1986 to August 1, 1987:						
Number of Options	25,000	125,000	75,000	5,000	5,000	605,000
Average Per Share Exercise Price	\$2.96	\$5.50	\$3.02	\$4.88	\$4.88	\$4.67
Exercised July 26, 1986 to August 1, 1987:						
Net Value realized in Shares (market value less exercise price)(1)	\$347,657	\$-0-	\$-0-	\$-0-	\$-0-	\$484,646

¹ Market value based on closing price of Datapoint Common Stock for New York Stock Exchange —Composite Transactions as reported by the Southwest Edition of *The Wall Street Journal* for the later of (a) the exercise date or (b) the date the recipient became entitled without further contingencies to retain such stock.

Employment Agreements

Datapoint entered into an employment agreement with Mr. Gistaro, dated February 29, 1980, which, as amended, provided for and governed Datapoint's employment of Mr. Gistaro. The 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 Datapoint without three years' notice, or by the officer, within twelve months after the occurrence of a Change in Control (amended in Mr. Gistaro's agreement to thirty months), he would be entitled to termination compensation equal to three years' compensation at the highest annual rate earned by him within the five years preceding such termination, as well as three years' benefits, except for performance-related benefits, to which he would have been entitled had his employment not terminated. Mr. Gistaro's employment with Datapoint terminated in January 1987. Pursuant to the foregoing employment agreement, Mr. Gistaro received during fiscal year 1987 \$746,075, in satisfaction of Datapoint's entire obligation to pay severance compensation to him. Furthermore, the exercisability of Mr. Gistaro's then-outstanding stock options was accelerated, subject to certain limitations appearing in the stock option plan(s) under which the options were granted, to the date of his termination of employment.

Pursuant to his employment agreements, Mr. Gistaro was entitled to receive annual supplemental retirement benefits, in addition to any benefits payable to him under the Social Security Program or

Datapoint's Retirement Income Plan, based upon a formula set forth in the agreement. Based upon such formula and assuming a \$9,000 annual Social Security benefit and retirement at age 65, this supplemental annual benefit would be \$73,585 for Mr. Gistaro. Such supplemental retirement obligation to Mr. Gistaro was assumed in part by an annuity purchased by Datapoint during the fiscal year 1985 at a cost of \$84,597 with respect to Mr. Gistaro, plus an additional \$84,597 in tax-offsetting payments to Mr. Gistaro. This annuity provides for the payment of \$59,216 to Mr. Gistaro annually upon his reaching age 65. To the extent that the above-referenced formula might call for annual retirement payments in excess of the annuity, such excess is a separate obligation of Datapoint. Finally, pursuant to his employment agreement, Datapoint originally agreed to provide life insurance policies payable to the designated beneficiaries of Mr. Gistaro. Benefits to be provided to the designated beneficiaries of Mr. Gistaro under the Executive Benefit Plan are supplemented by life insurance policies purchased by Datapoint of a total face amount of \$500,000, for which Datapoint during the fiscal year ended August 1, 1987, paid a premium of \$1,305. The entire amount of Mr. Gistaro's supplemental insurance is term life insurance.

On October 1, 1986, Datapoint entered into an amended and restated employment agreement with Mrs. Bencsik for an indefinite term at a minimum base salary of \$200,000. In September 1987, Mrs. Bencsik terminated her employment with Datapoint, and under the agreement, as amended, Mrs. Bencsik is entitled to receive her base salary of \$200,000 and benefits for a period of two years from such termination, less amounts received by Mrs. Bencsik during such period as compensation for services rendered or consulting fees. The agreement also provides for Mrs. Bencsik to receive annual supplemental retirement benefits, which vest 10% per year with each year of employment (including the period of severance benefits), equal to at least 25% of the average of her last three years' salary prior to retirement.

On March 15, 1986, Datapoint entered into employment agreements with Messrs. Novak and Wickwar which provide for their employment for an indefinite term and with functions, duties and responsibilities at least equal to those on the date of the agreements. In the event that Datapoint terminates the employment of any such officer without "cause" (defined principally as fraud, theft or embezzlement at the expense of Datapoint or a material breach of the agreement), each agreement provides that the officer shall be entitled to receive his full salary (including a prorated amount for his preceding management incentive compensation award) and benefits for a period of one year from such termination. Mr. Novak's and Mr. Wickwar's base compensation covered by their employment agreements were \$140,000 and \$120,000, respectively, as of September 23, 1987.

On May 27, 1987, Datapoint entered into a one-year employment agreement with Dr. Potter that governs his employment as Chief Executive Officer. The agreement automatically renews for successive one-year periods, unless prior notice of termination is given. The agreement provides that Dr. Potter is to receive an annual base salary of \$300,000 and an annual bonus of \$300,000, to be adjusted by the percentage Dr. Potter achieves or exceeds performance goals. For fiscal year 1988, \$150,000 of Dr. Potter's bonus is guaranteed. Additionally, Dr. Potter is entitled to receive a supplemental retirement benefit in addition to Datapoint's Retirement Income Plan based upon his last 5 years' salary and bonus, but never less than 50% of his last 3 years' base salary. For purposes of his supplemental retirement benefit, Dr. Potter is credited 15 years of service as of May 27, 1987. Dr. Potter's supplemental retirement benefit will vest 50% at the end of 5 years of employment with Datapoint and an additional 10% per year of employment thereafter. Dr. Potter has been guaranteed a minimum selling price for his Dallas residence in connection with his relocation to San Antonio. Pursuant to the agreement, Dr. Potter may be discharged only for cause, involving dishonesty or moral turpitude directly relating to Datapoint's business. If Dr. Potter resigns because of Datapoint's default under the agreement or if his employment is terminated without cause, Dr. Potter will be entitled to receive a lump sum of 18 months of base salary plus earned but unpaid bonuses and the perquisites and benefits associated with his employment. In connection with his employment, Datapoint granted Dr. Potter an option to purchase 300,000 shares of Datapoint Common Stock at a purchase price of \$5.1875 per share, under the terms of Datapoint's 1986 Employee Stock Option Plan. The option may be exercised as to one-third of the shares on the first anniversary of the date of grant and as to additional one-third amounts on the second and third anniversaries.

Management Incentive Compensation Plan

In 1973, the Board of Directors adopted the Management Incentive Compensation Plan ("MIC") which, as amended, can provide officers with annual cash bonus awards in addition to regular salaries. MIC is administered by the Management Compensation and Stock Option Plan Committee of the Board of Directors, comprised entirely of directors who are not employees of Datapoint. No member of that Committee is eligible for awards under MIC. The Board of Directors will, with respect to each year, appraise the overall performance of Datapoint in the attainment of profit and other objectives and establish 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 shall be made only by the Board of Directors of Datapoint. In 1978, the Board of Directors stipulated that in no event would an appropriation to the Fund be made which would reduce pre-tax return on invested capital below 8%.

The Board of Directors set aside funds for the payment of special individual performance bonuses in lieu of MIC (under which the 8% pre-tax return on invested capital had not been met) for fiscal 1987 of \$1,547,000. When it became apparent during the fiscal year that Datapoint would not achieve the profit goals established by the Board of Directors, the amount set aside was reduced to \$601,000 (constituting the amount the Board set aside for bonuses to individuals meeting individualized goals). From these funds \$450,000 was ultimately paid as performance bonuses. The actual amounts payable under such performance bonuses were determined on an individual basis based upon each beneficiary meeting or exceeding certain individually established goals and objectives. The following amounts were paid to the following named executive officers for fiscal 1987: Mr. Novak, \$25,000; Mr. Wickwar, \$25,000, and the executive officers as a group, \$146,049. Such bonus payments for the fiscal year ended August 1, 1987 to the named executive officers and the executive officers as a group are included in the Cash Compensation Table.

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 Datapoint. The Management Compensation and Stock Option Plan Committee of the Board of Directors selects the EBP participants and is responsible for the administration of such plan. In general, in the event an EBP participant dies while in Datapoint's employ, his designated beneficiaries will receive an amount equal to three or four times the participant's base salary, payable in monthly installments over six or eight years. To meet its obligations under the EBP, Datapoint has obtained life insurance policies on the life of each participant. Datapoint paid the following amounts in connection with the EBP from July 26, 1986 through August 1, 1987: Mr. Gistaro, \$6,472; Mrs. Pencsik, \$4,426; Mr. Novak, \$2,024; Mr. Edelman, \$-0-; Mr. Wickwar, \$1,479; and all executive officers as a group, \$30,557.

Retirement Income Plan

Datapoint maintained, solely at its cost, a Retirement Income Plan (the "Retirement Plan") for its domestic officers and employees. In May 1987, the Retirement Plan was terminated by Datapoint's Board of Directors effective as of August 15, 1987, see "Retirement Plan Termination," below. The amounts included in the Cash Compensation Table do not include any compensation attributable to the Retirement Plan. Pension payments were 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 equaled 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) over 30 years (denominator). Participants had the option to take early retirement as early as age 55 with reduced benefits. Several methods of settlement were available under the Retirement Plan. Directors who

have not been office or employees of Datapoint did not participate in the Retirement Plan. See "Compensation of Directors." For information regarding supplemental retirement benefits payable or paid to Mr. Gistaro, Dr. Potter and Mrs. Bencsik, see "Employment Agreements."

The average remuneration covered by the Retirement Plan for the fiscal year ended August 1, 1987, and the credited years of service of the persons named in the Cash Compensation Table, are as follows: Mr. Gistaro, \$224,000, 13.4 years; Mrs. Bencsik, \$162,000, 4.7 years; Mr. Novak, \$115,883, 5.7 years; Mr. Edelman, \$150,000, 2.0 years; and Mr. Wickwar, \$93,356, 8.3 years.

Retirement Plan Termination

The Board of Directors of Datapoint terminated the Retirement Plan effective August 15, 1987. Effective that date all participants became vested as to the balance maintained in their accounts. Datapoint will distribute cash settlements to those individuals having account balances of less than \$3,500. As to those individuals having greater amounts in their account, Datapoint will purchase an annuity for the benefit of such individuals, which will fund payment of retirement benefits when such amounts become payable. The annuity will be purchased with assets of the Retirement Plan. Datapoint is currently requesting bids from insurance companies for the annuity. It is believed that the Retirement Plan's assets exceed its vested liabilities by approximately \$7.5 to \$8.0 million. The calculation of the Retirement Plan's liabilities are currently being reviewed by the Pension Benefit Guaranty Corporation. Datapoint expects cash settlements and the annuity purchase to be completed in November 1987. As of August 15, 1987, the executives named in the Cash Compensation Table were entitled to the following annual retirement benefits under the Retirement Plan, assuming they retire at age 65: Mr. Gistaro, \$37,578; Mrs. Bencsik, \$9,245; Mr. Edelman, \$3,625; Mr. Novak, \$7,733; Mr. Wickwar, \$9,258; and, all executive officers as a group, \$91,618. Dr. Potter will receive a cash settlement of \$2,457. Mr. Gistaro, Dr. Potter and Mrs. Bencsik are also entitled to supplemental retirement benefits, see "Employment Agreements."

Certain Relationships and Related Transactions

Pursuant to the Settlement Agreement previously disclosed in connection with a change in control of Datapoint in March 1985, Datapoint retained Arbitrage, a company controlled by Mr. Edelman, as a financial adviser for a fee of \$150,000. The Settlement Agreement further provides for the payment to Arbitrage Securities Company ("Arbitrage") of an additional fee of 0.5% of the amount of the aggregate consideration (excluding debt assumption) payable to Datapoint or its stockholders in the event of any sale, merger, consolidation, tender offer or similar transaction involving substantially all of the business, assets or stock of Datapoint, or any sale of a subsidiary, division or equivalent assets of Datapoint. Such additional fee was agreed to be reduced to 0.15625% of aggregate consideration with respect to any spin-off to Datapoint's stockholders of any equity securities of any subsidiary of Datapoint. With respect to the July 28, 1985 spin-off to Datapoint's stockholders of the shares of Intelogic Trace, Inc., such fee obligation was assumed by Intelogic.

Pursuant to an agreement dated February 20, 1986, as amended, Datapoint retained Arbitrage to perform investment advisory and financial management services with respect to a portfolio of investments funded with \$20,000,000 which in the judgment of Datapoint's Board was not currently needed for Datapoint's operations. Arbitrage is to receive a management fee equal to 25% of the net gains realized by the portfolio. The amount of such fees earned during the fiscal year ended August 1, 1987 was \$2,330,000. As of September 30, 1987, the portfolio was valued at approximately \$40,365,000. Datapoint also pays Arbitrage an annual tax advisory fee of \$25,000.

On June 13, 1986, a limited partnership of which a wholly owned subsidiary of Datapoint was the sole general partner commenced a cash tender offer for all of the outstanding shares of common stock of Fruehauf Corporation ("Fruehauf"). The limited partners of this partnership included directors Edelman, Kail and Mandigo and several entities in which members of Datapoint's Board have an interest. This partnership was dissolved upon termination of the tender offer. During fiscal 1987, Datapoint's subsidiary received a \$250,000 fee for services provided as general partner pursuant to the Agreement of Limited Partnership. Datapoint's Retirement Income Plan, of which Messrs. Edelman, French and Stevenson are the Trustees, purchased 35,000 shares of Fruehauf during the same period that members of the partnership were accumulating such shares. The Plan was not a participant in the partnership.

A limited partnership of which a wholly-owned subsidiary of Datapoint was the sole general partner effectively acquired the outstanding stock of Ponderosa, Inc. in January 1987. Limited partners of the partnership included Mr. Edelman and several entities in which members of Datapoint's Board have an interest. The limited partnership was dissolved in October 1987. Datapoint's subsidiary was paid a fee of \$420,000 for services provided as general partner.

In March 1987, a group comprised of Mr. Edelman and affiliated investors, including Datapoint, commenced a cash tender offer for all of the outstanding shares of common stock of Burlington Industries. In June 1987, the offer was rejected and effectively terminated. As of August 1, 1987, Datapoint's investment in Burlington was \$27,160,000, which included expenses related to the offer. Subsequent to August 1, 1987, Datapoint liquidated its investment at a gain of approximately \$4 million.

United Stockyards Corporation ("United"), of which Mr. French is Chairman of the Board, a director and President, Mr. Edelman is Vice-Chairman and a director, and Messrs. Mandigo, Stevenson and Sutherland are also directors, was retained by Datapoint to provide real estate consulting services for a monthly fee of \$25,000 (reduced to \$10,000 monthly from September 1986). The consulting arrangement was terminated at the end of February 1987. During the fiscal year ended August 1, 1987, Datapoint paid United \$110,000, pursuant to this consulting arrangement.

AAA Jetstar is a corporation of which Mr. Edelman is the sole stockholder. Datapoint has, from time to time, chartered a jet aircraft from AAA Jetstar for use in business travel. During the fiscal year ended August 1, 1987, Datapoint paid AAA Jetstar \$38,278 for charter service attributable to travel on behalf of Datapoint by Mr. Edelman, other directors, Datapoint employees, Datapoint attorneys, investment bankers and support personnel.

Mr. Edelman is Chairman and Messrs. Kail, Mandigo, Stevenson and Sutherland are directors of Intelogic Trace, Inc. ("Intelogic"), Datapoint's former domestic customer service subsidiary, comprising five of Intelogic's eight-person board of directors. Mr. Mandigo is also President and Chief Executive Officer of Intelogic. As such, they receive compensation and/or benefits from Intelogic. Also, these five directors may be deemed to beneficially own approximately 11% of Intelogic's common stock. In addition, they, certain officers of Datapoint, and Mrs. Bencsik, have options to purchase shares of Intelogic common stock equal in the aggregate to approximately 4% of the amount presently outstanding.

Since the spin-off of Intelogic, Datapoint has engaged in, and continues to engage in, various transactions with Intelogic. Certain of these transactions result from the spin-off, such as the need to continue to share certain services (principally telephones) and the sublease of space which could not otherwise be assigned to Intelogic. All such transactions are billed to Intelogic by Datapoint at its cost. All other transactions between Datapoint and Intelogic have been pursuant to a master maintenance agreement entered into at the time of the spin-off and relate to the ordinary business operations of both Datapoint and Intelogic. For the fiscal year ended August 1, 1987, Intelogic paid Datapoint approximately \$8,850,000 for equipment and field support spares, royalties and expenses, and Datapoint paid Intelogic approximately \$2,674,000, primarily for services and sales.

OUTSTANDING VOTING EQUITY SECURITIES

The following table sets forth the ownership of directors and officers of Datapoint Common Stock as of September 23, 1987.¹

<u>Name of Director</u>	<u>Common Shares Beneficially Owned (2)</u>	<u>Percent of Class</u>
Doris D. Bencsik.....	74,154	*
Asher B. Edelman	1,052,720 ⁻³	10.5%
Raymond French	27,248 ⁻⁴	*
Daniel R. Kail	25,000	*
Clark R. Mandigo	27,283	*
Robert J. Potter	25,000	*
Charles P. Stevenson, Jr.	25,000 ⁻⁵	*
Dwight D. Sutherland	29,497	*
Executive Officers and Directors of Datapoint as a Group (15 persons).....	1,311,288	13.1%

(Footnotes on following page)

* Indicates less than 1% ownership

The directors had sole voting and investment power over the shares of Stock listed above except as otherwise noted.

¹ As of September 23, 1987, officers and directors of Datapoint owned beneficially principal amounts of Datapoint's 8% Convertible Subordinated Debentures due June 1, 2006 as follows: Mr. Kail, \$10,000 and officers and directors as a group, \$10,000.

² The information set forth above as to shares of Datapoint Common Stock owned by the nominees and officers and directors as a group is current as of September 23, 1987, 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. Edelman, 75,000 shares; Messrs. French, Kail, Mandigo, Potter, Stevenson and Sutherland, 25,000 shares each; Mrs. Bencsik, 74,154; and officers and directors of Datapoint as a group, 319,165.

³ As the controlling general partner of each of Plaza Securities Company ("Plaza") and Helix Partners and as sole stockholder of AAA Jetstar Inc. and of Aile Blanche, Inc., Mr. Edelman may be deemed to own beneficially the 352,240, 239, 10,000, and 10,000 shares of Datapoint Common Stock held, respectively, by each of such entities for purposes of Rule 13d-3 under the Securities Exchange Act of 1934. Mr. Edelman owns directly 335,693 shares of Datapoint Common Stock. Also included are 71,763 shares of Datapoint Common Stock owned by United and 197,785 shares of Datapoint Common Stock owned by Intelogic, in which companies Mr. Edelman and various persons and entities with which he is affiliated own interests. Messrs. Edelman, French, Mandigo, Stevenson and Sutherland are directors of United and Messrs. Edelman, Kail, Mandigo, Stevenson and Sutherland are directors of Intelogic. By virtue of investment management agreements between Arbitrage and each of United and Intelogic. Arbitrage has the authority to purchase, sell and trade in securities on behalf of United and Intelogic. Arbitrage may be deemed, therefore, to be the beneficial owner of the 71,763 shares of Datapoint Common Stock owned by United and the 197,785 shares of Datapoint Common Stock owned by Intelogic. Arbitrage has as its sole general partner Asco Partners, of which Mr. Edelman is the controlling general partner. As a trustee of the United Retirement Plan, the Datapoint Retirement Income Plan and the Intelogic Retirement Income Plan, Mr. Edelman may be deemed to own beneficially, and share voting and investment power over, the respective 7,655, 49,469 and 3,588 shares of Datapoint Common Stock owned by such plans, which shares are excluded. Also excludes 24,000 shares of Datapoint Common Stock owned by Mr. Edelman's spouse, Maria Regina M. Edelman, 4,675 shares beneficially owned by Mr. Edelman's daughters in accounts for which their mother, Penelope C. Edelman, is the custodian and 26,016 shares owned directly by Penelope C. Edelman. Mr. Edelman disclaims beneficial ownership of these shares.

⁴ Mr. French is Chairman of the Board of United, which owned 71,763 shares of Datapoint Common Stock as of September 23, 1987. Mr. French is also a limited partner in Arbitrage, which may be deemed to own beneficially 269,548 shares of Datapoint Common Stock, respectively, as of such date, and is a trustee of the United Retirement Plan and the Datapoint Retirement Income Plan which own 7,655 and 49,469 shares, respectively. Mr. French may be deemed to own beneficially, and share voting and investment power over, the shares of such Plans, but such shares are excluded.

⁵ Excludes 3,588 shares of Datapoint Common Stock owned by Bard College, of which Mr. Stevenson is a Trustee and a member of its investment committee. Mr. Stevenson is a trustee of the United Retirement Plan and the Datapoint and Intelogic Retirement Income Plans which own 7,655, 49,469 and 3,588 shares, respectively. Mr. Stevenson may be deemed to own beneficially, and share voting and investment power over, the shares of such Plans, but such shares are excluded.

CERTAIN LEGAL PROCEEDINGS

Arbitrage, Plaza and another limited partnership of which Asher B. Edelman was the sole general partner were the defendants in an action commenced on February 28, 1983 by the Securities and Exchange Commission (the "Commission") in United States District Court for the District of Delaware (Civil Action No. 83-113) in which the Commission alleged that such partnerships failed to amend their Schedule 13D filing with respect to Canal-Randolph Corporation to disclose certain information which was required to be disclosed therein.

Concurrently with the filing of the Commission's complaint, solely for the purpose of settlement and without trial of any issue of fact or law and without admitting or denying the allegations of the Commission, the three partnerships consented to the entry of a final order, dated March 1, 1983, directing that the partnerships, their general partners, agents, servants and employees, and persons acting in concert or participation with them, not fail promptly to file or cause to be filed with the Commission, nor fail promptly to send or cause to be sent to the issuer and to any national securities exchange on which the issuer's securities are traded, any statement of information required by Schedule 13D, which is complete and accurate in all respects and contains all of the information required by the Commission's rules and regulations, and any amendments disclosing any material change having occurred in the facts set forth or required to be set forth in any statement of information required by Schedule 13D.

As part of a proxy contest initiated in connection with the 1983 Annual Meeting of Stockholders of Canal-Randolph, the then parent of United Stockyards Corporation, Mr. Edelman commenced an action against Canal-Randolph and certain of its directors, alleging, inter alia, violations of the Securities Exchange Act of 1934 (the "Exchange Act") principally involving failure of certain defendants to file a Schedule 13D and the publication by Canal-Randolph of misleading proxy statements. Included among the named defendants was Dwight D. Sutherland, a director of Canal-Randolph. On March 16, 1983, the United States District Court for the District of Delaware issued an opinion in which it found that the proxy statements violated Section 14(a) of the Exchange Act and issued a preliminary injunction postponing Canal-Randolph's annual meeting and requiring that curative proxy materials be circulated. Subsequently, pursuant to a settlement agreement among the parties, Mr. Edelman discontinued the litigation and Mr. Edelman and two of his designees were elected to the Board of Directors of Canal-Randolph.

On June 5, 1987, in an action arising out of a tender offer for the stock of Burlington Industries, Inc., Asher B. Edelman, Dominion Textiles, Inc., Samjens Partners I (of which Datapoint was an indirect general partner and Plaza, Intelogic and United were indirect limited partners), and James J. Ammeen, and their agents, servants, controlled affiliates and employees, were preliminarily enjoined by the United States District Court for the Middle District of North Carolina from acquiring securities of Burlington Industries, Inc. ("Burlington") by tender offer or otherwise and from disclosing confidential information concerning Burlington. The action was based on the claim by Burlington that the defendants violated federal securities laws and other Federal and state laws in connection with their tender offer. On June 22, 1987, the United States Court of Appeals for the Fourth Circuit affirmed the grant of the preliminary injunction after an expedited appeal.

RATIFICATION OF APPOINTMENT OF AUDITORS

Subject to stockholder ratification, the Board of Directors has appointed the firm of Arthur Young & Company as auditors for the fiscal year ending July 30, 1988, and until their successors are selected. The appointment was made upon recommendation of the Audit Committee. A representative of Arthur Young & Company will be present at the Annual Meeting with the opportunity to make a statement if he desires to do so and it is expected that such representative will be available to respond to appropriate questions.

The affirmative vote of the holders of a majority of the outstanding shares of Datapoint Common Stock present in person or represented by proxy at the Annual Meeting of Stockholders and voting upon such ratification is required for ratification of the appointment of Arthur Young & Company as auditors.

A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF ARTHUR YOUNG & COMPANY AS AUDITORS IS RECOMMENDED BY THE BOARD OF DIRECTORS.

SIGNIFICANT STOCKHOLDERS

In addition to the percentage of Datapoint Common Stock which may be deemed to be beneficially owned by Mr. Edelman, the following table sets forth other entities which, based on filings with the Commission or information provided to Datapoint, are the beneficial owners of more than 5% of Datapoint's Common Stock.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common Stock, \$0.25 par value	Mutual Shares Corporation 26 Broadway New York, NY 10004	515,400(1)	5.2%
Common Stock, \$0.25 par value	Salomon, Inc. 1221 Avenue of the Americas New York, NY 10020	657,563(2)	6.6%
Common Stock, \$0.25 par value	Shufro, Rose & Ehrman 63 Wall Street New York, NY 10005	574,989(3)	5.7%

- (1) As reported in Amendment 1 to a Schedule 13D, dated 9/22/87, filed with the Commission on 10/14/87. Mutual Shares Corporation is registered under the Investment Company Act of 1940.
- (2) As reported in a Schedule 13G, dated 3/3/87, filed with the Commission on 3/5/87. Salomon Inc. has shared voting and dispositive power over such shares held by its wholly-owned subsidiary, Salomon Brothers Inc., a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended, and direct owner of such shares.
- (3) As reported in a Schedule 13G, dated 1/19/87, filed with the Commission on 1/28/87. Shufro, Rose & Ehrman, a New York partnership, which has sole voting and dispositive power of such shares, is a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended, and Section 203 of the Investment Advisers Act of 1940.

STOCKHOLDER PROPOSALS

Proposals by stockholders intended to be presented at the next Annual Meeting of Stockholders, which is expected to be held in November 1988, must be received by Datapoint at its principal executive office for inclusion in Datapoint's proxy statement and form of proxy relating to that meeting on or before June 30, 1988. Stockholders submitting such proposals are requested to address them to the Secretary of Datapoint at the address set forth on the first page hereof. It is suggested that such proposals be sent by Certified Mail, Return Receipt Requested.

LIST OF STOCKHOLDERS

Between November 1, 1987, and the Annual Meeting of Stockholders, a complete list of stockholders entitled to vote at such meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open for examination during ordinary business hours by any stockholder, for any purpose germane to the meeting, at Datapoint's offices at 9725 Datapoint Drive, San Antonio, Texas 78284.

PROXY SOLICITATION

Proxies are being solicited by and on behalf of the Board. All expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement, will be borne by Datapoint. In addition to solicitation by use of the mails, proxies may be solicited by directors, officers and employees of Datapoint in person or by telephone, telegram or other means of communication. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with such solicitation. Arrangements will also be made with custodians, nominees and fiduciaries for forwarding of proxy solicitation material to beneficial owners of Datapoint Common Stock held of record by such persons, and Datapoint may reimburse such custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith. In addition, The Kissel-Blake Organization, Inc., 26 Broadway, New York, New York 10004, has been engaged to solicit proxies on behalf of Datapoint for a fee, including expenses, of \$11,500.

OTHER BUSINESS

The Board of Directors does not intend to bring any other matters before the Annual Meeting and does not know of any matters to be brought before the Annual Meeting by others. If any other matter should come before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy on behalf of the stockholders they represent in accordance with their best judgment.

By Order of the Board Directors,

ROSS LAUGHEAD
General Counsel and Secretary

Dated: October 28, 1987

PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT PROMPTLY. NO POSTAGE STAMP IS NECESSARY IF MAILED IN THE UNITED STATES.