

Mini News

News For The Employees of Data General

Special Edition

Data General Completes Restructuring

***Sales And R&D Groups Expanded;
Administrative Jobs Reduced;
Communications Systems Group Formed;
Business Group Becomes Information Systems
Group***

Data General will increase its North American Sales, Systems Engineering and research and development (R&D) organizations from 15 to 20 percent over the next year while reducing administrative and support staffing by about 500 people.

In addition, the company has formed a new business group, the Communications Systems Group, responsible for developing and marketing advanced communications and networking systems, and has completed the industry marketing reorganization of the Business Group, which is now the Information Systems Group.

"These announcements complete a restructuring program that we have been implementing over the last year," says President Ed de Castro. "With our improved operating efficiency from investments in productivity and automation programs, and the consolidation of manufacturing operations, we are a stronger company ready to aggressively pursue and win new systems sales in spite of persistent industry weakness. Our development and business resources are now refocused. We have the most competitive line of products in our history. And we plan to add the field resources we need to improve market share, revenue and profitability."

The increase in Sales and Systems Engineering jobs is expected to stimulate revenues long term, while the reduction in primarily administrative and support jobs will reduce costs and improve profitability in fiscal 1987. Any shorter-term improvements in operating performance will be dependant upon overall industry and order-rate improvements.

The reduction in force was implemented this week. It affects primarily overhead functions at most company locations in the U.S.

The company has included a \$5 million provision in the third quarter which ended June 28 to reflect costs of the reorganization and staffing adjustments. An additional cost of \$6 million for the previously-announced consolidation of operations in Hong Kong and Austin also is provided for in the third quarter.

Consolidation In Customer Services Division

A new group, Software Products and Services, has been formed within the Customer Services Division through the consolidation of the former Systems Division and the Systems Engineering Consulting organization. This group, in conjunction with the Systems Engineering organization, will be responsible for providing software consulting and services, custom software, and specialized software and service to Data General customers in North America. This division reports to Director Ed Connor.

This special edition of *Mini News* takes an in depth look at the restructuring program and how it impacts the company.

Sales And R&D Groups To Be Expanded; Administrative Jobs Reduced

In order to better direct its resources to functions which have a greater impact on sales generation and market penetration, Data General plans to expand its North American Sales, Systems Engineering and research and development (R&D) force from 15 to 20 percent over the next year. In addition, 500 support and administrative positions in the U.S. have been eliminated.

"Cutting back on some administrative functions will allow Data General to add positions in development and sales areas which are so essential to winning business," says President Ed de Castro.

The job reduction included people from support and administrative posts in corporate administration groups, Manufacturing, Field Engineering, Finance, management information systems (MIS) and data

processing, and marketing. Affected employees who may be qualified will be considered for Sales, Systems Engineering and R&D jobs.

About 50 percent of the positions eliminated came from Data General's Massachusetts facilities. Other positions affected were in most U.S. locations.

U.S. employees affected by the reduction will continue to receive their pay for one to five months, depending on length of service with the company. Data General will pay all health- and life-insurance costs, normally shared by the company and employees, through the end of October.

The company has established an outplacement counseling center in Westboro to work with recruitment and occupational search firms, as well as local companies, to help affected employees in Massachusetts locate other job opportunities. The center will be equipped with telephone, typing and administrative services to assist the employees' job search activities.

Job counseling arrangements will be made for affected employees at other locations outside of Massachusetts.

This move is one of a number of steps Data General has taken over the past year to position the company to be successful in today's business environment.

Last month, the company formed a new business unit, the Volume Products Division, to focus on the market for laptop and desktop computers, terminals, printers and other high-volume products (See story on page 4). In addition, Data General integrated its data processing and MIS groups into a new organization in order to increase their effectiveness and efficiency. At the same time, the company consolidated some peripheral equipment manufacturing operations by phasing out functions at Austin and Hong Kong.

Last April, the Sunnyvale Division began focusing its efforts on advanced development and pilot-line manufacture of electronic components and became a technology and business development center. The division has substantially reduced its volume production of proprietary semiconductor parts in favor of outside sources.

New Business Group Targets Large Market

The new Communications Systems Group, reporting to Senior Vice President Colin Crook, is responsible for moving Data General to the forefront of advanced networking, telecommunications, and semiconductor technologies through proprietary development, joint development agreements, business combinations and technology acquisition.

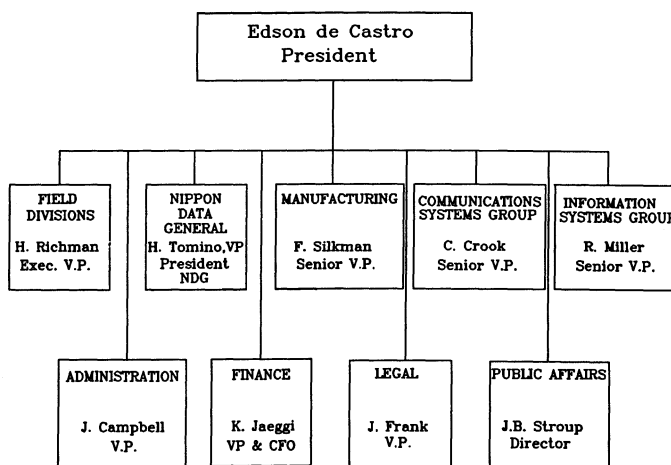
Colin believes the establishment of this organization is "indicative of the increasing importance of

networking and data communications to Data General customers. Managing the complexity of organizing, distributing and using information for large numbers of users will require the most advanced communications technologies available. We already have an edge in this field through our PC connectability, our industry- and IBM-standard links with other systems and in local area networks. We intend to increase our margin of competitive superiority in the area of integrated information management systems in a very short time. If we move quickly in this area to acquire the next generation technology, we have a major opportunity to move to a position of substantial leadership."

The market for communications products is between \$80 billion and \$90 billion, or about \$10 billion larger than the computer marketplace.

Colin joined Data General in 1984 and had been senior vice president for International Development prior to the formation of the new business group. Before coming to Data General, he was managing director of British Telecom Enterprises where he was responsible for all non-regulated businesses, including the mobile communications business, the consumer products business, and the value-added systems business. Colin also was a director on the board of British Telecom PLC. From 1979 to 1983 he was managing director of Rank Precision Industries and group managing director of Zynar B.V., both of the Rank Organization PLC. Prior to Rank he was with Motorola in the U.S.

In addition to the Communications Systems Group, Colin also is responsible for the company's data processing and management information systems areas, and central engineering group. He reports to President Ed de Castro.



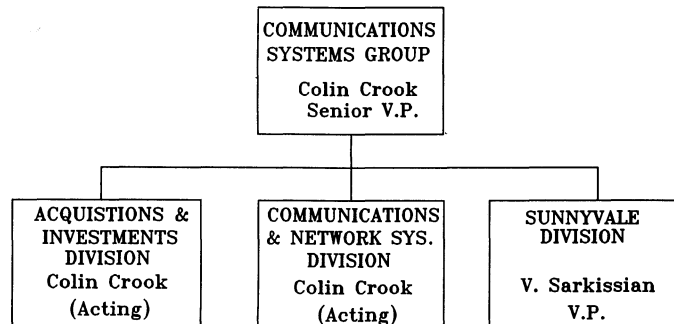
Key Groups

To help meet the company's needs for networking, telecommunications and semiconductor requirements, the Communications Systems Group consists of three primary business divisions: the Communications and Network Systems Division; the Acquisitions and Investments Division; and the Sunnyvale Division.

The **Communications and Network Systems Division** will be responsible for developing and marketing industry-standard networking and communications products. Colin will serve as acting head of this organization.

The role of the **Acquisitions and Investments Division** is to evaluate and develop new business and technology opportunities that further enhance the company's ability to serve the information and data management needs of customers. Data General's acquisition of a minority interest in Dama Telecommunications and the acquisition of the IDN operation (Genioss) from United Technologies are examples. Colin temporarily will direct this division.

The **Sunnyvale Division** is a center for the advanced design, development and pilot-line production of electronic components. Special emphasis will be placed on the assessment of new VLSI concepts, computer-aided design, and the development of silicon sub-systems. An example of the type of work being done by this division is evident through the joint-engineering project Data General recently entered into with Actel. Data General will incorporate the resulting semiconductor technology into its products. This division reports to Vice President Vahe Sarkissian. In addition, Vahe is responsible for the management of integrated voice/data products and systems from Genioss and Dama Telecommunications.



Marketing Group Reorganization Completed

The reorganization of the Business Group, now called the Information Systems Group, centers on the consolidation and addition of some functions that make this group a complete systems marketing and sales support entity serving Data General's wide range of customers.

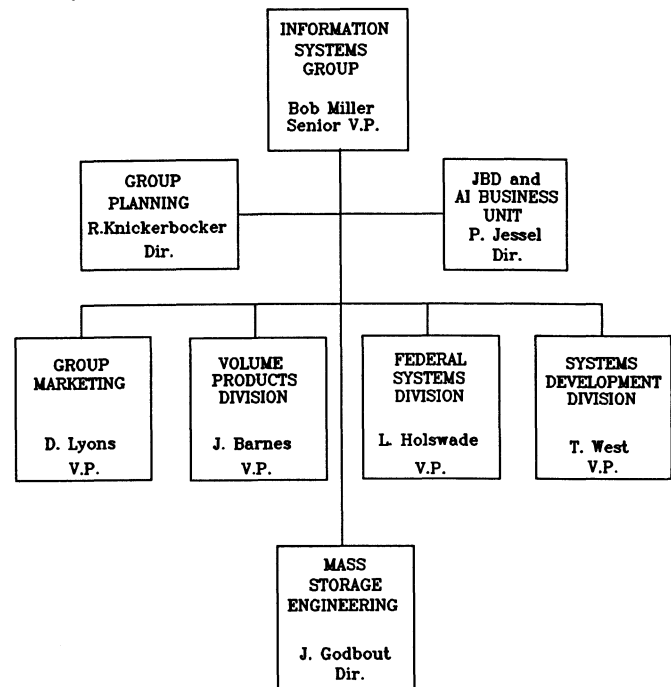
According to President Ed de Castro, "We are giving our Information Systems Group the tools in development and market support it needs to continue a progress we have made in our key target markets."

Information Systems Group Senior Vice President Bob Miller says, "We see our customers moving

rapidly away from discrete computing systems and toward totally-integrated systems capable of access between people, departments and locations worldwide. We have organized to ensure that a complete, integrated systems strategy is maintained and delivered to customers in the most efficient, cost-effective manner possible."

The Information Systems Group is comprised of: Group Marketing, formerly Business Group Marketing; the Systems Development Division; the recently-formed Volume Products Division; the Federal Systems Division; Group Planning; Mass Storage Engineering; Japanese Business Development; and the Artificial Intelligence Business Unit.

The major change in the Information Systems Group revolves around the Group Marketing area.



Group Marketing

Headed by Vice President Dave Lyons, Group Marketing determines the industry strategies, product-line strategies, business planning and product requirements, forecasting, pricing, and life-cycle management for the Information Systems Group.

Within Group Marketing are: a consolidated industry marketing area, the Product Marketing Division, the Distribution Division, an expanded Marketing Support Division, and the Marketing Communications area.

Data General's two industry marketing organizations, the Technical Systems Division, which focused on growth industries in the industrial automation marketplace, and the Information Systems Division, which was geared to industries within the Fortune 1000 commercial market, have been consolidated into the **Industry Marketing Division**. This area, led by Vice President Don McDougall, will provide Data General with more effective and timely market-

ing programs and strategies. Don will remain based in the company's Denver office managing operations in Denver and Westboro.

Reporting to Don are Alan Law, director of Commercial Industries; Terry Bennett, director of Technical Industries; Sherman Rutherford, director of Technical Electronic Office - Industry Business Unit, and Joe Hassing, manager of Industry Plans and Controls.

The **Product Marketing Division**, led by Director John Scanlon, is responsible for product management, product requirements, product business plans, systems marketing and competitive analysis.

Reporting to John are Barbara Babcock, director of Systems and Software; Skip Duggan, director of Peripherals and Workstations; Dave Ellenberger, director of Technical Products; Agnes Imregh, director of Product Programs, and William Plant, manager of Pricing Plans and Controls.

The **Marketing Support Division** will provide a focused approach to implementing marketing programs among Sales groups worldwide. For instance, it will supply Sales representatives with information on new products, provide Sales groups with support needed to effectively do business within specific industries, and coordinate product demonstrations for customers visiting Westboro or Denver. This group is led by Director Frank Pinto.

Reporting to Frank are Bob Johnson, director of Marketing, and Michael Acheson, director of International Marketing. Other functions reporting to Frank include National Accounts and Major Opportunities.

Marketing Data General computers to value-added resellers, dealers, distributors and other third-party channels of distribution is the responsibility of the **Distribution Division**. It is headed by Vice President Cliff Bream.

Reporting to Cliff are John McGlone, director of Market Development; Jim Hourihan, director of Market Planning; Anne Peter, manager of Marketing Support, and Prafulla Sudame, manager of Business Planning.

Data General's **Marketing Communications** area designs and develops sales literature and customer communications material. In addition, it is responsible for trade shows and advertising. This group is headed by Director Dennis Byron.

Reporting to Dennis are Nick Leoutsakos, manager of Marketing Communications Projects; Cynthia Mollus, manager of Advertising, and Howie Steiner, manager of Public Relations. The Marketing Communications Programs area also reports to Dennis.

Also reporting to Dave Lyons are Stefan Casemyr, manager of Business Plans, and Ed Donie, Group Marketing Controller.

Assignments Made In Volume Products Division

Ed Burke and John Caruso have been named to head up two organizations within the recently-formed Volume Products Division (VPD). The new division, reporting to Vice President Jim Barnes, was established last month to develop, market and manufacture laptop and desktop computers, terminals, printers and other high-volume products. The division will be based in Durham, New Hampshire.

Ed has been named director of Research and Development. Initially, Ed will be responsible for directing the transfer of product teams and project activities for terminals, printers and workstations from Austin and Research Triangle Park (RTP) to Durham.

Prior to joining VPD, Ed had been director of the RTP laboratory since joining the company in 1981. He came to Data General after 11 years at Mitre Corporation. Ed holds a master's degree in electrical engineering from the University of Pennsylvania and a bachelor's degree in the same subject from the MIT.

John has been appointed director of Manufacturing for VPD. John will oversee manufacturing activities within VPD, and provide for all general materials and facilities management and manufacturing engineering support for the division.

Before joining VPD, John had been Disk and File Operations manager at Westbrook since 1982. He joined Data General in 1978 as a Human Resources manager. Prior to coming to the company, he held several human resources positions during eight years at RCA. John holds a master's degree in business administration from Fairleigh Dickinson University and a bachelor's degree in the same subject from Oklahoma City University.

Ed and John report to Jim Barnes.

Directors for the Product Marketing and Finance areas will be named within the next several weeks.

