

# **CORPORATE POLICIES**

**digital**

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85-3	AGREEMENTS TO ACQUIRE SOFTWARE



JUNE, 1985

TO: HOLDERS OF THE DIGITAL CORPORATE POLICIES BOOK

Enclosed are updates to the following Corporate Policies:

- 78-1 DIGITAL BUSINESS ETHICS
- 78-2 LIMITS OF LIABILITY IN SALES AND SERVICE CONTRACTS
- 80-3 "SAME DAY" RESPONSE TO CUSTOMER COMPLAINTS TO  
KEN OLSEN
- 81-5 SELLING AND SERVICING IN DEFINED SPECIAL  
APPLICATIONS MARKETS
- 84-2 INSIDER TRADING

You will find the following new policies enclosed as well:

- 85-1 ANTITRUST COMPLIANCE AND COMMUNICATIONS WITH  
COMPETITORS
- 85-2 SUBSIDIARY BOARD AND DIRECTORS/OFFICERS APPOINTMENT  
PROPOSAL
- 85-3 AGREEMENTS TO ACQUIRE SOFTWARE

Win Hindle



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 74-3  
REVISION 5  
Page 1 of 5  
DATE: June, 1984  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: DIGITAL PHILOSOPHY

The Strategy Committee feels that the following statement of PHILOSOPHY may be helpful for guidance in communicating the kind of company we would like to be to employees and people outside of Digital.

## HONESTY

We want to be not only technically honest, but also to make sure that the implication of what we say and the impressions we leave are correct. When we make a commitment to customers or to employees, we feel the obligation to see that it happens.

## PROFIT

We are a public Corporation. Stockholders invested in our Corporation for profit. Success is measured by profit. With success comes the opportunity to grow, the ability to hire good people and the satisfaction that comes with meeting your goals. We feel that profit is in no way inconsistent with social goals.

## QUALITY

Growth is not our primary goal. Our goal is to be a quality organization and do a quality job which means that we will be proud of our product and our work for years to come. As we achieve quality, growth comes as a result.

The product we are selling includes the engineering, the software, the manufacturing, and the services, which include field service, software support, sales, order processing, training and manuals.

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This Policy was prepared by Win Hindle 223-2338  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

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## RESPONSIBILITY

Plans are proposed by individuals or teams. These plans may be rejected until they fit Corporate goals or until the Strategy Committee feels confidence in the plans. But when they are accepted, they are the responsibility of those who proposed them. The impetus for the plan may come from outside the group making the proposal, but when it is accepted, the implementation of the plan is the responsibility of the one who proposed it. Others who need to participate in plan implementation are expected to support approved plans.

## MANAGEMENT

We particularly want to be sure that management jobs are clear and well defined. Because so many people are dependent on the plans of managers, it is very important that their plans have regular automatic measurements built into them. Meeting financial results is only one measure of a plan; other measures are satisfied customers, development of people, meeting long range needs of the Corporation, development of new products, opening new markets, and meeting the commitments made to others in the company. We believe that our commitment to planning assures our freedom to act.

## SOCIETY

We are committed as a Corporation to taking affirmative action in providing equal opportunity for employment and promotion for all persons regardless of race, color, creed, age or sex. We encourage all employees to take responsibility in community, social and government activities. We are always open for proposals as to what the Corporation or an individual on Corporation time may want to do in these areas. However, activities to be done on Company time or with Company funds should have a formal proposal including ways of regularly measuring success toward goals.



# CORPORATE POLICY MEMORANDUM

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## ENVIRONMENT

As good citizens, we believe we have a responsibility to keep our environment free of pollution and to set an example.

## CUSTOMERS

We must be honest and straightforward with our customers and be sure that they are not only told the facts, but that they also understand the facts.

To the best of our knowledge and ability, we want to be sure that the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations, and to do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products and its services, not a single individual. We must be sure all Digital commitments are met.

## SUPPLIERS

We wish to be viewed by suppliers as a desirable customer. Business transactions with suppliers will be conducted on an honest, fair and open basis. Suppliers and potential suppliers will be treated courteously and given an opportunity to present their goods and services for consideration. Competition is encouraged. Our business ethics require that our employees not accept from suppliers any gifts, gratuities, or entertainment that exceed common courtesy or are of nominal value.

## COMPETITORS

We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.



# CORPORATE POLICY MEMORANDUM

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## SIMPLICITY AND CLARITY

We want all aspects of Digital to be clear and simple and we want simple products, proposals, organization, literature that is easy to read and understand, and advertisements that have a simple, obvious message. We have thousands of employees and many thousands of customers. We have to keep things simple to be sure that we all work together. Our decisions must always consider the impact on the people who will be affected by them.

## STANDARD PRODUCTS

Standard products are the base of our business. At times, in certain areas, we will invest in software and hardware specifically for special markets. But we should never lose sight that the base of our business is our standard products.

## OEMS

Selling to OEMs is very important to us. There are more applications for our products than we could ever develop. When OEMs take risks and are very successful in a market, we should respect the risk they took.

However, we may compete with OEMs in very large markets or where the OEM covers only a small segment of the market. When we decide to enter a market, we make this decision independently on the basis of the facts.

Thereafter, we look to see if we have an OEM who focuses on that market, so that we can openly communicate our future plans to that OEM. If we do compete with an OEM, we do it openly and fairly. Conversely, we will respect the right of our OEM to compete with us. When OEMs are in trouble with their customers, we tell them so they can improve.

## PERSONNEL DEVELOPMENT

We encourage people to develop technical skills, breadth of knowledge, and expertise in a specific area. We also encourage people to develop supervisory and management skills. We believe that individual discipline should be self generated.



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NUMBER 74-3

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## PROMOTION

We promote people according to their performance, not only their technical ability but also their ability to get the job done and to take the responsibility that goes with the job. Ability is measured not only by past results, but also by attitude and desire to succeed. Performance results are also used to decide whether individuals should remain in their current jobs.

## HIRING FROM CUSTOMERS

We should be exceedingly careful when hiring employees from customers. Sometimes this is reasonable and desirable; but we should do it with all caution and by being sure that the employee first tells the customer.

## FIRST RULE

When dealing with a customer, a supplier, or an employee, do what is "right" to do in each situation.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 75-2

REVISION 1

Page 1 of 2

DATE: October, 1979

FROM:

DEPT: Corporate Operations

EXT: 223-2276/2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: CONFIDENTIALITY

The nature of our Company has encouraged the free and open exchange of ideas. However, substantial problems arise when there is a premature disclosure of information to persons outside the Company. Following are some of the problems which can arise from this premature disclosure:

- A. Material confidential information can be used by outsiders to make decisions on the buying or selling of the Company's stock. This can lead to direct liability of the employee who disclosed the information.
- B. Competitors who gain access to confidential information can use it to their own competitive advantage.
- C. Careful plans intended to maximize market impact can be seriously disrupted by premature disclosure.
- D. The Company may be forced to react to leaked information rather than benefiting from initiating well-planned marketing strategies.
- E. Agreements with customers and vendors, which by their terms require that information be retained in confidence, can be threatened by leaks, resulting in loss of confidence and breached agreements.

To avoid these consequences, the following guidelines are recommended to all employees:

- A. Do not discuss Company business with stockbrokers, stock analysts, news reporters or any other person in a position to influence the investing public. Refer inquiries from such people to the Investor Relations or Law Departments.

Corporate Policy Memorandums are prepared at the request and approval of the Operations Committee. This Policy was prepared by Bob Steinbach - Law Department - 223-5523 who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 75-2

REVISION 1

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- B. Avoid loose discussion of Company business at social gatherings.
- C. Do not disclose confidential information, printed or otherwise, to people outside the Company without having them first execute a non-disclosure agreement prepared by the Law Department.
- D. When appropriate, documents should be labeled "Company Confidential" and provisions should be made for their disposal.
- E. Do not leave confidential memos, documents, drawings, accounts or other information in open, public or uncontrollable areas.
- F. Avoid disclosing confidential information to Company employees who do not have a need to know such information.
- G. Do not place confidential information in Company publications (Sales Update, DECWorld, Digital This Week, etc.) which are likely to be disclosed to outsiders.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 75-5  
REVISION 3  
Page 1 of 1  
DATE: June, 1984  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: POLICY ON CONFERENCES, SEMINARS, AND TRADE SHOWS

Each year there are many conferences, seminars, and industry trade shows in which employees wish, or are invited, to participate. Digital generally wishes to encourage employees to participate, however, the employee has an obligation to obtain approval in advance of committing himself, or Digital to such participation.

We have always asked employees considering attending such a conference or show, to obtain their manager's prior consent. In the case of larger shows (NCC, DECUS, DEC Sales Meetings, etc.), where several employees plan participation, we have occasionally appointed a corporate coordinator with responsibility to manage our overall participation. These practices will continue unchanged.

However, when employees are invited to submit, or would like to submit on their own, papers for presentation at a conference, or for publication, the employee is expected to obtain prior clearance from the appropriate Vice President before making a commitment. In addition, all papers must be reviewed by an attorney in the Patent Department to assure that disclosure of information will not jeopardize patent filings, or expose Digital to future legal action.

This Policy was prepared by Win Hindle 223-2338  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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# CORPORATE POLICY MEMORANDUM

NUMBER 75-7  
REVISION 2  
Page 1 of 1  
DATE: September, 1982  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: PARTICIPATION IN INDUSTRY AND STANDARDS COMMITTEES

Digital participates, as an active member, in domestic and international Standards that benefit users of computing equipment and the general public. Participation is keyed to the belief that good Standards benefit both the Company and its customers. It is company policy to adhere to applicable Standards. We encourage domestic international regulatory and legislative groups to adopt standards developed through a voluntary process.

The company should not participate in establishing Standards which restrict competition or prohibit technological innovation. Delegates to Standards Committees should be careful to avoid even the appearance of collusion with other implementors or vendors of computing products toward the end of frustrating competition. Toward this end, all committees in which Digital has representation should include at least one user or government representative.

In Committee discussions, Digital participants should minimize mention of specific Digital products and base arguments on technical grounds. No information should be given out that relates to unannounced products. The Digital participant is responsible for keeping informed of which products are confidential. When in doubt, a delegate should assume that any product is confidential until it has been delivered to the field in volume.

All delegates to Standards Committees should make a reasonable effort to influence the Standard to agree with Digital's position but be ready to compromise to the consensus of the group, if different. Decisions to vote for incompatibility with Digital's products should be made only after discussion with the appropriate standards managers.

Digital also comments on proposed mandatory Federal Information Processing Standards (FIPS). We encourage the U.S. Government to adopt standards developed in the voluntary process.

Corporate Policy Memorandums are prepared at the request and approval of the Operations Committee. This Policy was prepared by Dick Amann 223-9837 or Gary Robinson 223-4094 who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



NUMBER 76-2

REVISION 3

Page 1 of 1

DATE: June, 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

# CORPORATE POLICY MEMORANDUM

TO: DISTRIBUTION

SUBJ: APPROVAL FOR QUOTATION ON VERY LARGE ORDERS

Since a very large order impacts many parts of the company and also represents a significant commitment on the part of the company, it is important that it is thoroughly understood. The Management Committee, therefore, must review very large quotations before they are made.

A very large quotation is defined as any quotation with shipment potential of \$10,000,000 or more in a year. The Area Manager is responsible for bringing the proposal to the Management Committee for a review prior to making a commitment to the customer. The proposal should outline the risks and the potential gains.

This Policy was prepared by Win Hindle 223-2338  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

TO: DISTRIBUTION

SUBJ: CORPORATE APPROVAL

## OBJECTIVE

- o To identify the decision-making powers reserved to Corporate level officers and committees and those delegated to various operating units within Digital.
- o To establish an approval process and framework for specific review and approval policies for each major area of Digital.

SCOPE-Worldwide

## POLICY

It is Digital policy to retain at the Corporate level those decision-making powers which set the general direction of Digital and/or have major affect on Digital's operating units. All other decision-making approval powers are delegated to Corporate level committee members having operational responsibility.

Corporate officers and/or Corporate level committee members may further delegate approval powers to region, district, plant, subsidiary and/or functional staff level. Delegation, however, is limited to individuals having managerial responsibility in the operating units.

With acceptance of delegated approval powers, delegators and their respective management must ensure that approval decisions integrate and are consistent with policies and plans approved at the Corporate level.

Questions regarding any portion of this policy should be referred to the Corporate Controller or Assistant Corporate Controller.

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This Policy was prepared by Dave Spratt - 288-6101

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

REVISION 4

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1. Approval Standards - In designating authorized approvers, care is taken to avoid eroding the effectiveness of approval decisions by overburdening the approver. This can be accomplished by setting dollar limits on transactions which must be referred to a given approver. A guideline of no more than three levels (signatures) of approval for a given item is recommended. Where approval is by committee action, approval signature is given generally by the committee secretary based on documented meeting minutes reflecting consideration and approval of the proposal.
2. Temporary Approvals - Approvers may temporarily delegate their power to others in the event of absence or other special factors. Notification in writing must be provided in advance to all groups involved in processing transactions, specifying the time period of the temporary delegation and the approval authority delegated.
3. Advance Approvals - No commitments financially binding Digital are made in anticipation of obtaining written approvals. Documents with signatures as required by this policy must be in hand. Dollar limits specified for particular programs or transactions are for the entire integral proposal. Splits in transactions or programs designed to circumvent the intent of this policy are not allowed.
4. Review of Proposals - Prior to being approved, proposals should receive adequate critical evaluation via review processes defined in written policies issued by each Group/Subsidiary Controller/F&A Manager. The review policies should parallel this policy, address data integrity and documentation requirements, and identify those persons who are to do the reviews. In principle, reviewers should have technical or operating knowledge concerning the proposal being made and generally will include the supporting finance person, and supporting legal and real estate persons if those disciplines are involved. The number of reviewers is limited to avoid cursory reviews and cumbersome procedures.
5. Signature Standards - Except for process-controlled check signing, all approvals are hand-signed. Rubber stamps and facsimile methods are not allowed. Typed or printed names of approvers along with signatures must appear on all documents authorizing Company funds in excess of \$10,000 to be expended.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

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6. Business and Travel Expenditures - directly related to individuals must be approved by the next higher management level which: 1) has budgetary responsibility, and 2) is not a direct/indirect recipient of the expenditure. For example, business meeting expenditures must be approved by the next higher management level not in attendance at the meeting. Exceptions to this requirement may be made if application is impractical due to the geographic remoteness of the next level of management. The responsible Group/Subsidiary Controller maintains a list of positions excepted from this requirement as delegated by a Corporate level committee member. Expenses of one Corporate level committee member may be approved by another member of a Corporate level committee, the Corporate Controller, or the responsible Group/Subsidiary Controller.
7. Capital Appropriation Overruns - Major programs which overrun originally approved levels must be covered by an approved supplemental Capital Appropriation Request (CAR) based on the revised total of the entire program. The supplemental CAR is submitted as soon as an overrun becomes known and before additional spending commitments are made. Total supplemental CAR amounts up to \$1,000,000 are approved by the appropriate Corporate level committee member and his Group/Subsidiary Controller. However, supplemental CAR's \$1,000,000 and over are reviewed and approved by the original authorizing board/committee. Additional information pertaining to the CAR process, overruns and underruns, is maintained in the Corporate Accounting and Reporting Manual.
8. Purchasing Procedures - Approval authority for outside purchases; i.e., inventory, expense items, capital assets, etc., is limited to authorization to issue a requisition for the Purchasing Department to initiate the purchase. It does not authorize an individual to make the purchase by circumventing purchasing policy. No commitments are to be made to vendors prior to specific approval.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1  
REVISION 4  
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9. Reserves - The existence or nonexistence of reserves does not alter the approval requirements regarding write-off of assets.

## RESPONSIBILITIES

The Corporate Controller, in consultation with appropriate Corporate level committees: 1) determines which approval powers are reserved to the Corporate level (Appendix A) and which are delegated to functional groups (Appendix B), and 2) reviews/approves functional group approval policies.

### Group/Subsidiary Controllers/F&A Managers:

- o Consult with their respective Corporate level committee members in preparing policies which delegate approval powers to individuals or committees within their organizations.
- o Publish, maintain, and distribute these policies to all management levels throughout their organizations.
- o Ensure consistency of their policies with this policy.
- o Delegate items not included in Appendix B only if the impact of approvals relate to their area of responsibility.

Managers of transaction-processing groups ensure that only documents bearing currently authorized signatures are accepted. Unacceptable documents are rejected and referred to the appropriate Group/Subsidiary Controller/F&A Manager for disposition.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

REVISION 4

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## APPENDIX A (Sheet 1 of 4)

Approvals regarding adoption of the following programs, policies, and plans are reserved to Corporate level officers and committees.

ACTION	APPROVAL
Annual Plan	Board of Directors(BOD)
Accounting and Financial Control Policy	Corporate Controller*
Bad Debt Write-off over \$100,000	Corporate Controller
Business Insurance Policy and Purchases	Treasurer*
Capital Appropriations (Equipment)	
- Over \$1,000,000, less than \$5,000,000	Management Committee (MC)
- \$5,000,000 and over	MC and BOD
- Leased equipment over \$100,000 per annum and \$1,000,000 over life of lease	Treasurer
Capital Budget	BOD
Capital Equipment Disposals over \$100,000	Corporate Controller
Claims Against Vendors over \$100,000	Corporate Controller
Contributions (Cash or Equipment)	Contributions Committee*
Corporate Advertising and Promotion Projects	Product Strategy Committee (PSC)
Corporate Policy	MC
Currency Hedge Policy and Contract Purchases	Treasurer
Employee Stock Option Recommendation	MC
Employee Stock Option Grants	BOD
Employee Purchases of DEC Equipment	Contributions Committee
Equipment Lease & Rental Commitments over \$250,000 over the life of lease	Treasurer

\*Primary responsibility is VP-F&A.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

REVISION 4

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## APPENDIX A (Sheet 2 of 4)

ACTION	APPROVAL
F&A Policies	VP-F&A and Staff
Financing - Short Term	Treasurer*
- Long Term	BOD
- Equity	BOD
Financial Guarantees	Treasurer*
Five-Year Long Range Plan	MC
Fringe Benefit Program Proposal	Personnel Committee
" " " Approval	MC
Insurance Claim Settlements	Treasurer*
Interbank Funds and Securities Transfers	Treasurer*
Intercompany Prices, Terms and Conditions	VP-F&A
Inventory Surplus Disposals over \$100,000	Corporate Controller
Land and Buildings	
- Purchase of Land (Up to \$250,000)	VP-F&A
- Purchase of Land (\$250,000 and over)	BOD
- Purchase or Construction of All Buildings	BOD
- Leases over 50,000 gross sq/ft, or over \$500,000 annual rental cost, or over 5-year lease (U.S. and Canada, 10 year lease in all other countries) or not included in approved space plan	F&A Staff
- Financing Strategy Exceptions (Leases)	Treasurer
- Improvements to land, buildings, and leaseholds; including associated furniture and equipment	
o Over \$1,000,000, less than \$5,000,000	F&A Staff
o \$5,000,000 and over	BOD
Legal Claim Settlements	VP-General Counsel*
- Commencement of lawsuits (significant)	MC

\*Primary responsibility is VP-F&A.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1  
REVISION 4  
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## APPENDIX A (Sheet 3 of 4)

ACTION	APPROVAL
Marketing/Sales Plans/Revisions	Marketing/Sales Strategy Committee (MSSC)
Miscellaneous Asset Write-Off (not covered elsewhere) over \$100,000	Corporate Controller
New Bank Accounts/Signature Authorization	Treasurer
New Business Ventures	MC
New Country Decisions	MC
Operating Group Charters and Plans	MC
Personnel Policy	Personnel Committee
Product Announcements (general & specific)	MSSC
Product License Purchases	PSC
Product License Sales	MC
Product Pricing (general & specific)	MSSC
Product Strategy (Annual Review)	PSC
Purchase Agreements, Purchase Contracts, and/or stand-alone Purchase Orders over \$1,000,000 (excluding land and buildings)	Corporate Purchasing Manager
o Mass Buyout over \$1M for New Products	Eng/Mfg Staff & Corp. Purchasing Manager
Purchasing Policy	Corp. Purchasing Mgr.
Real Estate Disposals	
o Over \$500,000 Net Book Value	MC
o \$500,000 Net Book Value or under	F&A Staff
Salary Plans and Structures (Proposals)	Personnel Committee
" " " " (Approvals)	MC
Salary Reviews - Wage Class 4 (per criteria as defined annually)	Salary Review Committee
Space Plans (as part of Long Range Plan)	MC

\*Primary responsibility is VP-F&A.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

REVISION 4

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## APPENDIX A (Sheet 4 of 4)

ACTION	APPROVAL
Standard Customer Discount Agreements - National and Multinational	MSSC
Subsidiaries	
- Changes in Financial Structure	Treasurer*
- Changes in Legal Structure	VP-General Counsel
- Officer Staffing	VP-General Counsel
Tax Audit Liability Settlements	VP-F&A
Tax Payments	Treasurer*
Temporary Cash Investment Policy/Purchases	Treasurer*
Terms and Conditions (special prices and standard selling)	MSSC
Trade Receivables Write-off over \$100K	Corporate Controller
Two-Year Operating Plan	MC

\* Primary Responsibility is VP-F&A.



# CORPORATE POLICY MEMORANDUM

NUMBER 77-1

REVISION 4

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## APPENDIX B (Sheet 1 of 2)

Approval powers are delegated to the responsible Corporate officers for the following categories of actions and decisions.

Applicant Interview Expense

Bad Debt Write-Offs under \$100,000

Capital Appropriations (Equipment) under \$1,000,000

Capital Equipment Disposals via Sale or Scrapping under \$100,000

Check Signing

Claims Against Vendors Write-Offs under \$100,000

Credit Cards - Air and Auto Rental only

Customer Allowance/Return for Credit Authorization (Field only)

Customer Credit Suspension (Field only)

Employee Business Expenses

- Other Payments (not specifically covered elsewhere)
- Receivable Write-Offs
- Relocation Expenses
- Time Cards
- Travel Advance
- Traveler Authorizations
- Tuition Reimbursement

Employment and Staffing Levels

Engineering Projects/Standards (Engineering and Manufacturing only)

Equipment Lease and Rental Commitments under \$250,000 over the life of the lease

Field Sales and Service Policy (Field only)

Internal Maintenance and Repair Projects

Inventory Re-order Points and Stocking Levels

Inventory Surplus Disposals at Net Book Value under \$100,000

- via Sale (Field only)
- via Scrapping (Manufacturing only)

Job Level Changes



# CORPORATE POLICY MEMORANDUM

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## APPENDIX B (Sheet 2 of 2)

! Manufacturing Policy and Projects (Manufacturing only)

! Miscellaneous Asset Write-Offs (not covered elsewhere) under  
! \$100,000

! Personnel Requisitions

! Product Cost Standards and Manufacturing Plans (Manufacturing only)

! Product Pricing - to reflect current changes only (Field only)

! Production Requests (Field only)

! Production Commitments (Manufacturing only)

! Property Removal Passes - Hand carried  
! - All other

! Purchase Requisitions

! - Books and Periodicals

! - Capital Equipment (if covered by a CAR)

! - Consultant Services

! - Contract Labor

! - Inventory

! - Memberships

! - Other Assets (not covered elsewhere) under \$200,000

! - Other Services and Expensed Materials (not covered elsewhere)

! Salary Offers

! Salary Reviews - Wage Class 1, 2, and 3

! Seminar and Conference Fees

! Software Standards (Engineering only)

! Stockroom Withdrawal Authorization

! Trade Receivables Write-Offs under \$100,000 (Field only)



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# CORPORATE POLICY MEMORANDUM

NUMBER 78-1

REVISION 5

Page 1 of 6

DATE: June, 1985

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: DIGITAL BUSINESS ETHICS

## PREAMBLE

Honesty and personal responsibility are the foundation of Digital's operating principles. We will conduct our business, in every country, in a way that instills confidence in our customers, suppliers and employees that Digital will fulfill its commitments. In addition, we will refrain from any action that will raise questions about Digital's business ethics.

Since Digital, an American-based company, conducts business in many countries, we will conduct all worldwide activities well within the standards of U. S. business ethics. We will, of course, comply fully with local laws in all countries.

Each Digital employee represents the company and must conform to the above principles. When any action seems in any way questionable, the employee should consult with his/her supervisor as to the appropriateness of the action. This process should continue upwards in the company until the appropriateness of each action is assured by senior managers. In this process, all decisions should be written down so that there is a clear record of the process.

Digital wants to be proud of every action taken by employees. We want to surface every borderline issue so that decisions are made in an open and conscious way.

## I. LOCAL LAWS

Digital will comply with local law, regardless of custom. We want to be good citizens in every country where we operate, and we expect every employee to do so.

This Policy was prepared by Law Department 223-5500

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 78-1

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Imports/Exports - We will declare the material imported into every country honestly and correctly by executing the required forms and paying the assessed duties. Digital will not import materials without an appropriate license. Of course, we will not make direct or indirect payments or bribes to customs agents, regardless of whether this a local custom that is viewed as normal.

Work Permits and Visas - We will comply with all regulations regarding visa and work residency permits, and will honestly declare the presence of our personnel in any country.

Currency Regulations - Digital will transfer funds in strict accordance with the requirements and restrictions of each country and no employee should become involved in any process to violate these.

Taxes - We believe in minimizing tax expense in conformance with all tax laws, while paying all taxes, duties, and levies for which we are liable. Every employee has a similar responsibility to pay all taxes and duties that are required in each country. That means that the full measure of employee compensation, including pay and allowances, should be reported to the appropriate government authority, and the proper measure of taxes will be withheld and paid. All required tax returns, to an employee's home country as well as the employee's country of residence, must be filed on time and accurately reflect the full amount of taxable compensation.

## II. CONDUCTING BUSINESS

Digital follows local custom except where it is in conflict with U. S. business ethics, U. S. business practices, U. S. law or Digital policies.

Business Inducements - We will make no payoffs, bribes, illegal contributions, or perform any improper acts in any country. Digital insists on refusing orders where such practices are customary or expected. We will not knowingly have a business relationship with any representative who violates this guideline. Digital will not pay a "Finder's Fee" for the same reasons.



# CORPORATE POLICY MEMORANDUM

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Entertainment and Gifts - Modest entertainment of our customers is regarded as one phase of establishing an effective relationship. Entertainment at dinners and sporting events are appropriate and should be conducted tastefully and in a manner to promote good communications between the customer and our company. A small gift (less than \$25) may also be appropriate for the same purpose. Any entertainment that bestows valuable benefits upon the recipient is definitely not allowed.

Digital employees and their family members must not accept any gratuities or gifts that go beyond the common courtesies or which exceed a nominal value from a customer, supplier or anyone else having a business relationship with the company. Anyone receiving such a gift should immediately turn it over to his/her supervisor so that appropriate action can be taken. Our agents and representatives must follow the same practice.

Government Officials & Public Service Officials - In many countries it is important to establish informal, friendly relationships with government and public service officials. The same practices that are appropriate with customers are appropriate with these officials, so long as they are in conformance with local laws.

Company Assets and Bank Accounts - The preservation of Company property is the direct responsibility of the employee who has control of the asset. These assets include intangibles, such as technology, information, and ideas, as well as equipment, facilities and supplies. The age of an asset, its physical condition, or its status on the company books does not change this responsibility. Employees in control of company assets should insure that disposition and conversions follow company procedures. Property received in the sale or disposition of assets must be turned over to the Company and cash must be deposited in a properly authorized Company account.

Accurate Reporting - Employees responsible for reporting data must do so accurately and honestly. Financially oriented data must also comply with the Company's accounting policies and controls. Presentations of data should fairly present all of the facts in a way that does not intentionally mislead or misinform.



# CORPORATE POLICY MEMORANDUM

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Suppliers and Sub-Contractors - As defined in our Purchasing Policies, business transactions with suppliers and sub-contractors should be conducted on a free and open basis. Alternative suppliers should be permitted to compete openly and fairly so that the procurement choice can be objectively established as the one most favorable to Digital. We want suppliers to view Digital as a desirable and fair customer. Any employee who has any personal relationship with a supplier should disqualify himself/herself from the decision-making process with respect to that supplier.

Sales Agents - In some limited circumstances we may pay for legitimate sales services which go beyond the mere introduction of a potential customer. The fee is defined by our sales policy and is determined by the value of the services performed. The contractual terms of such relationships must be in writing and must be approved by the Corporate Law Department.

## Customers

We must be honest and straightforward with our customers and be sure that they are not only told the facts, but that they also understand the facts.

To the best of our knowledge and ability, we want to be sure that the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations, and to do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products and its services, not a single individual. We must be sure all Digital commitments are met.

## Competitors

We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.



# CORPORATE POLICY MEMORANDUM

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Legal Restrictions - These ethical and moral concepts must be the same for our business lives as they are for our personal lives. There is no separate or less restrictive business morality. Additionally, there are a number of legal restrictions on how we may conduct business covering many diverse subjects such as financial reporting, competition, pricing, employee relations, etc. Our Corporate or Area Law Departments are available to assist you in complying with these.

### III. PERSONAL ACTIVITIES

Leadership - Every manager must set an excellent example for the people working in his/her group. In remote locations, the local manager, as the senior Digital representative, has a major responsibility to provide an example for all employees at that location.

Personal Style - We expect Digital employees to be honest, straightforward, helpful and economical. Digital standards call for moderation in travel and entertainment styles, regardless of the employee's personal style.

Personal Business Ventures - Digital employees must not act in any manner inimical to the interests of the Company. We expect all employees to avoid any conflict of interest in their private activities and to avoid activities that demand so much time that they adversely affect an employee's ability to perform effectively for Digital. Personnel Policy 6.06, Conflicts of Interest, states in general terms that employees should not create appearance of "divided loyalty", and that the Company "believes that employees should not have financial interests in competitors."

Specific restrictions apply to officers. Personnel Policy No. 6.06 specifically restricts officers from "having any financial interests in competitors." Officers and members of their households shall not invest, directly or indirectly, in competitors. For example, investments in "venture-capital" or research and development partnerships, etc. which in turn invest in Digital's competitors, are prohibited indirect participations. Investments in "special-situation" (undiversified) mutual funds which invest in Digital's competitors are similarly prohibited.



# CORPORATE POLICY MEMORANDUM

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Outside Boards - An officer must have authorization from the Executive Committee before accepting any position on the governing board of any outside organization. Other employees must have written authorization from his/her Vice President before accepting any position on the governing board of any outside organization if the position poses a possible conflict of interest or may demand so much time that the employee's ability to perform effectively for Digital is adversely affected. If an employee serves or wishes to serve on the governing board of any outside organization, he or she should refer to section III of the Personnel Policy 6.06 which contains guidelines for employees serving in that capacity.

Part-time Employment - Any Vice President or employee reporting to a Vice President must have written approval from the President before accepting any part-time employment outside of Digital. In signing the Employee Agreement upon joining Digital, each employee has agreed not to act on behalf of any other person or organization which is engaged in activities similar to or competitive with Digital.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 78-2  
REVISION 2  
Page 1 of 4  
DATE: May, 1985  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: LIMITS OF LIABILITY IN SALES AND SERVICE CONTRACTS

NOTE: This policy expresses a limitation on the company's accepted levels of liability and it is not intended as a mere guideline for routine negotiation. We should continue in our efforts to sell under our standard terms and conditions.

## PREFACE

Digital's standard Sales and Service terms and conditions disclaim liability for special, indirect or consequential damages, and any damages a customer might suffer which result from the loss of use, data or profits. In addition, these terms and conditions limit the amount for which we may be liable for physical property damages (and other damages in some countries) directly resulting from our negligence. This limit is the specific dollar amount stated in the contract. There are two techniques for amending these provisions.

- (1) by agreeing to indemnify (insure) our customers for a loss other than those for which we accept Liability under our Standard Terms and Conditions, and/or
- (2) by increasing the dollar limit.

While in many cases Digital can contractually disclaim and/or limit its liability to a customer, it cannot prevent suits by third parties who are not party to the contract.

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This Policy was prepared by Tom Siekman 223-4422  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 78-2

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## POLICY

Digital should sell its products and services in accordance with its standard terms and conditions. Except as provided in the "Exception Procedure" below, Digital will not accept liability for consequential damages, nor will it agree to indemnify a customer for any losses which the customer may suffer. In some countries we do indemnify (with proof that the damage was the direct result of our products, or proof of negligence). Digital accommodates customers by specifying in its Standard Terms and Conditions the limitations on liability for direct property damage only (in some countries this limit also applies to personal injury). These Terms and Conditions also limit Digital's liability to damages directly resulting from our negligence (in some countries we accept liability for contributory negligence). These limitations do not exceed the equivalent of U. S. \$1 million. Any modifications of this exclusion does not constitute an agreement to indemnify the customer for such damages. It simply means the customer is not prevented from bringing an action against Digital to recover up to the stated limit.

## EXCEPTION PROCEDURE

In the event that the absence of other viable alternatives forces Digital to consider

- (1) accepting some contractual obligation for consequential damages, or
- (2) providing additional indemnification to a customer, or
- (3) accepting liability for direct property damages in excess of that specified in the applicable Standard Terms and Conditions, or



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then a written request for such deviation must be sent to the responsible person(s), identified below, for approval.

Requests should:

- (1) contain the name of the individual who accepts responsibility for Digital's performance under the contract (i.e., the individual requesting the deviation),
- (2) involve a single sale of at least U. S. \$250,000 of standard products, or a volume purchasing agreement involving the sale of at least U. S. \$1 million (or local currency equivalents),
- (3) include a risk evaluation by an appropriate contract negotiator,
- (4) include a business evaluation and recommendation by the appropriate sales, service and/or Area Manager.

The following approvals are required if a proposed deviation could result in Digital accepting the risk of liability up to the following amounts:

## Approval Required

Deletion of property damage cap for national, state or local government agency

Regional Sales and/or Service Manager, Subsidiary Sales and/or Service Manager

\$2 million  
(or local currency equivalent)

The Area Manager may delegate up to this level of approval to a Regional Sales or Service Manager, Subsidiary Sales and/or Service Manager, or Manager of a Group of Subsidiaries (i.e., Regional or District Manager)



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\$5 million  
(or local currency equivalent)

Area Sales and/or  
Service Manager

\$10 million  
(or local currency equivalent)

Vice President, Sales  
& Service, or  
delegate thereof

over \$10 million  
(or local currency equivalent)

Marketing & Sales  
Strategy Committee

The authorized individual may approve or disapprove the proposed deviation and/or seek additional guidance from such functions as Legal, Contracts, Insurance, Engineering, Marketing, Sales, Customer Services, etc. The appropriate contract negotiator should review any contract in which a deviation is to be made.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 79-1  
REVISION 2  
Page 1 of 2  
DATE: June, 1984  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION  
SUBJ: POLICY RELATING TO THE PHASE REVIEW PROCESS

## Background

The Phase Review Process is the method by which the company's various Engineering and other functional groups manage a specific product through its life cycle. The process structures the phases, establishes phase exit criteria, identifies a minimum set of milestones for each phase, and establishes visible, open phase transition meetings (reviews). The process also outlines the communications required with the various Digital functions necessary for the product's successful introduction.

The Phase Review Process is integral to the company's commitment to quality and customer satisfaction, by producing excellent products, delivered on time and on budget.

## Policy

The Phase Review Process applies to all products developed by the company, including Central Engineering, Product Line Engineering, Field Engineering, and CSS. Refer to Decstandard 028:Phase Review Process.

In brief, the Phase Review Policy has the following provisions:

- a) Six distinct phases
  - 0- Strategy and Requirements
  - 1- Planning
  - 2- Implementation
  - 3- Qualification
  - 4a-Engineering to Manufacturing transition
  - 4b-Manufacturing volume production
  - 5- Retirement

This Policy was prepared by Dick Clinton 223-1932  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

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- b) Phase transition meetings of an open, publicized nature at which all groups impacted by the product may constructively participate.
- c) Specific written plans, including:
  - Product Business Plan
  - Project plan
  - MFG, MKTG, SALES, SERVICE plans
  - Test plan
  - Documentation plan

Major projects (those with lifetime revenue exceeding \$500 million are also reviewed by the Product Strategy Committee at the Phase I exit.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 79-2

REVISION 1

Page 1 of 2

DATE: May 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: PRICING APPROVAL & COMMUNICATION PROCEDURE

1. The U.S. Price List will be published on the first day of each quarter.
2. Addenda to each U.S. Price List will be published each month before the next published U.S. Price List. The addenda will be attachment pages to the U.S. Price List, in exactly the same format.
3. The above two documents are Digital's only official price documents from which all quotations are made. No other price information should go to the field until prices have appeared in the official price documents or as part of the announcement process in Sales Update.
4. Additions or changes to the U.S. Price List must be approved by the Pricing and Announcement Committee (PAC). Major decisions may also be reviewed and approved by the Marketing Sales Strategy Committee. The process is as follows:
  - a. Product Manager (PM) or other product representative writes a proposal according to PAC guidelines. PM then submits copies of the proposal with the completed U.S. Price List Maintenance Form (MLP form) attached to the PAC by noon Wednesday for inclusion on the PAC agenda. Meetings are held every other week with approval lead time about three weeks. During the intervening time, the proposal will be reviewed by a wide spectrum of people (currently 65 managers plus their staffs) with the goal of resolving all issues before PAC approval. If no issues, then no PAC presentation is required. If discussion is required, then the proposer makes a short presentation to the PAC at the scheduled time, issues are discussed, and decisions are made.

This Policy was prepared by Ed Sullivan 223-2082  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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- b. One element of the price proposal is the effective date. Two effective dates are possible:
- A quarterly addition or change, in which case the new or changed price will appear in the next regular quarter issue of the U.S. Price List.
  - An interim addition in which case the new price will appear as part of a price list addendum.
  - The MLP Form should clearly state the effective date (Quarterly or Interim).
  - No announcement of new or changed prices can be announced in any vehicle until the information is published in the formal price documents (U.S. Price List or Addenda). The exception is in Sales Update as part of the announcement process. If the Sales Update edition with the new price is published before the next U.S. Price List or addendum, then the exact effective date for bookings must be stated. In addition, all approvals and paperwork must be completed.
- c. All price and description changes will be Quarterly, unless specifically approved for an interim update. Thus, addenda will normally contain only prices on new products.
- d. All price and description changes will be Quarterly, unless specifically approved for an interim update. Thus, addendums will normally contain only prices on new products.
- e. Reference Services is responsible for updating the DEC Standard Price File (on the computer). Quarterly changes are held for inclusion in the next quarterly book. For Interim changes, Reference Services updates the file, and publishes the Addendum at the beginning of each interim month.
5. Description changes in the U.S. Price List are made by submitting the MLP form to Reference Services. These will be included in the quarterly changes to the U.S. Price List, unless they are urgent.
6. Advance notice in the form of lists and computer tapes are sent to Europe and Canada in order to allow time for updating country price lists.



digital

# CORPORATE POLICY MEMORANDUM

NUMBER 79-3

REVISION 1

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DATE: May 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO:

DISTRIBUTION

SUBJ:

CORPORATE CONTRIBUTIONS POLICY

## 1. Corporate Philosophy & Objectives

Digital Equipment Corporation accepts responsibility to become involved in the world in which it functions. This involvement is designed to achieve both business goals and social goals. We believe that these goals are not only compatible, they are inseparable. Simply stated, being a responsible corporate citizen is good business.

Our involvement is motivated not so much by our sense of obligation as by a desire to take advantage of opportunities to advance the interest of our employees, our shareholders, our customers, those communities in which our employees live and work, and the general public. We also seek to encourage appropriate levels of public involvement on the part of our individual employees.

At Digital, we view corporate giving as more than philanthropy or social responsibility. We see corporate giving as an investment in the future of both the company and the community. We believe the continued well-being of one is linked inseparately to the continued well-being of the other.

We recognize that we cannot solve all the problems in the world, cannot meet every challenge or pursue every opportunity. Thus, we have designed a thoughtful program of public involvement which focuses company resources in those areas of opportunity in which we feel we can make meaningful impact on behalf of the company and the community.

To achieve our contributions goals, Digital supports a range of selected programs and institutions with direct money grants, equipment grants and human resources.

This Policy was prepared by Nancy Dube 223-2221  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

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We concentrate our support in the following broad program areas:

Education  
The Arts & Cultural Activities  
Health Care and Handicapped  
Civic/Social Programs

Within each broad program area we have identified priorities and objectives. We prefer to support specific programs and projects that meet those objectives; we will, however, consider unrestricted operating support.

We also reserve a portion of our resources for support of innovative approaches to critical issues of importance to both the corporation and the community.

We recognize the importance of involving our employees in the giving process through our Matching Gifts and United Way matching programs.

In addition to the broad program areas outlined above, local community relations/contributions committees assess local community needs and make contributions to a variety of local community organizations and activities.

## 2. Responsibility

The Corporate Contributions Committee is responsible for proposing contributions policies to the Management Committee for approval, for considering all legitimate cash requests not within the province of local facilities, for consideration of all equipment contributions requests, and for distributing approved contributions.

Requests for corporate contributions must be forwarded in writing Corporate Contributions Administrator, Digital Equipment Corporation, 111 Powdermill Road, Maynard, MA 01754.

The interpretation of eligibility, and application and administration of the Corporate Contributions program shall be determined by the Corporate Contributions Committee.

The requesting organization may be asked to submit any or all of the following where necessary to clarify its eligibility for a contribution.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 79-4

REVISION 1

Page 1 of 1

DATE: May 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION  
SUBJ: PRODUCT ANNOUNCEMENT POLICY

The Strategy Committee feels that our reputation for ethical practices and living up to our commitments is one of the most important assets of our Company. A commitment is defined as simply the formal or informal agreement to deliver, at a price, hardware and/or software products by some date. This commitment constitutes the formal announcement of a product.

All product announcements must be approved by the Pricing and Announcement Committee (PAC). Major announcement decisions are also reviewed and approved by the Marketing/Sales Strategy Committee.

Criteria for announcement have been defined by PAC. The criteria are divided into hardware and software categories based upon the corporate significance of the product. Information on these criteria is available from the PAC Secretary. The appropriate criteria must be met or a waiver obtained from PAC before a product or system can be announced.

First announcement of products is made via Sales Update. This announcement includes pricing, availability, support provisions, as well as descriptive information.

In certain situations it is necessary to disclose information on unannounced products to customers. Guidelines for pre-announcement are available from the Product Management Group in Central Engineering.

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This Policy was prepared by Ed Sullivan 223-2082  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 80-1

REVISION 2

Page 1 of 3

DATE: June, 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: DISCLOSURE OF UNANNOUNCED PRODUCTS

## INTRODUCTION

Our reputation for ethical practices and living up to our customer commitments is one of the most important assets of our company. A customer commitment is defined as the formal or informal agreement to deliver, at a price, hardware and/or software products by some date. This commitment constitutes the announcement of a product.

However, in certain situations it is necessary to disclose information on unannounced products to customers to facilitate their long-range planning. It is the goal of this proposal to ensure that such disclosures are consistent across the company.

There will be two (2) varieties of non-disclosure presentations:

1. A direction, program or architecture presentation for long-range planning to be shared with many of our large accounts.
2. Specific product presentations which could be given far less frequently.

There would also be a third (3rd) type of presentation that would not be of the non-disclosure variety. Specifically, this presentation would outline general corporate directions and goals and could be used to solve many non-disclosure requests.

## GENERAL ADMINISTRATION RESPONSIBILITIES

1. As part of the product announcement process, sales programs will ensure that non-disclosure presentations are prepared and updated on all major products and programs, as necessary.
2. Sales programs will ensure that approval and availability information is published on all major non-disclosures.

This Policy was prepared by Dave DiGirolamo - 276-8267

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

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3. Current revision information will be published in Announcement Update, together with the names of non-disclosure originators and authorized presenters.

Announcement Update is a monthly publication distributed to Sales, Country, GIA, SMU and AMC managements.

## APPROVAL PROCESS AND RESPONSIBILITIES

- \* Sales people will initiate non-disclosures by completing the Non-Disclosure Application form (attached). AMC/Country Management and the field will complete the approval process.
- \* For strategic reasons, Marketing Groups have the option to initiate non-disclosure requests with the Account Manager, who would then complete the application and start the non-disclosure approval process.
- \* If the non-disclosure is for a major or national account, then the salesperson must send a copy of the application to the account manager for information purposes.
- \* The Sales Unit Manager, the District Sales Manager and the AMC/Country Manager (or designate), must approve all non-disclosure requests.
- \* The Area Management Centers/Country Managers have the final approval authority and complete responsibility associated with any non-disclosure presentation.
- \* The Corporate Sales Manager (or designate) has the final approval authority and responsibility whenever a Corporate Account Manager requests a non-disclosure.
- \* The field will ensure that the customer always signs the Digital Standard Non-Disclosure Agreement form prior to a non-disclosure presentation. That form must be signed by a person with executive authority for the customer's company.

For administrative purposes -- the AMC/Country Management will keep a file of Non-Disclosure Agreement forms, and Non-Disclosure Application forms, for each presentation approved.



# CORPORATE POLICY MEMORANDUM

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- \* Care must be exercised in treating similarly situated OEMs/DISTRIBUTORS essentially on an equal basis in disclosing information.
- \* Digital does not sign customer Non-Disclosure Agreements. Any exceptions must only be executed by a vice president.

## GUIDELINES FOR APPROVAL

- \* Presentations should be given to customers to help them facilitate their own long-range planning.
- \* Presentations should be given to customers in Digital's own interest of continuing long-term relationships with them.
- \* Digital should be the established vendor with customers, and DEC should feel secure the information will not be passed by them to competitors.
- \* Presentations should be used when a customer is making major commitments to Digital over extended periods of time.
- \* Presentations should not be used as an opener in the sales cycle.
- \* Salespersons should not need to disclose futures in most sales situations.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 80-2

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DATE: 25 April 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML010-2/A53

TO: DISTRIBUTION

SUBJ: POLICY FOR DIRECT SURVEYING OF DIGITAL CUSTOMERS

From time to time, it is useful for Digital to directly poll or query its customer base. The Field Operations Management Committee (FOMC) is responsible, on a worldwide basis, for the review and approval of all surveys, polls, and questionnaires sent to Digital customers.

Regarding the recurring functional polls conducted annually by Sales and Customer Services, it is the policy of the company that these polls reflect a coordinated, one-company image of Digital. Toward this end, these polls should not put an unnecessary burden on customers' organizations, and will represent the company through a consistent image, and will be focused to meet specific objectives and eliminate cross-functional redundancy.

This Policy was prepared by Jerry Paxton  
Cliff Clarke ~~276-9891~~  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 80-3

REVISION 2

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DATE: May, 1985

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: "SAME DAY" RESPONSE TO CUSTOMER COMPLAINTS TO KEN OLSEN

## POLICY STATEMENT:

A formal acknowledgement message will be sent out under Ken Olsen's name the same day the complaint is registered with his office. The procedure applies for both letters and calls. This message will be sent out by Corporate Customer Assistance via MCI and is guaranteed to arrive at the customer's site within 24 hours.

The acknowledgement telegram:

- Provides the customer with a personal message from the person he/she wrote to directly.
- Ensures action will be taken by identifying a responsible manager and guaranteeing contact will be made within an allotted timeframe.
- Establishes a contact on a Corporate level who is fully aware of the customer's concerns thus buffering the President from further contact.

Corporate Customer Assistance will determine who the appropriate Response Manager is and will make immediate contact with that person.

The Response Manager is the person who has responsibility for the organization directly answerable for the customer's concerns. In most instances, Sales is responsible for handling customer issues of a complaint nature. However, there are certain circumstances that warrant involvement by other key organizations. Please refer to the Guidelines Section.

This Policy was prepared by Elaine Navedonsky 276-8092

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

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Since sales is ultimately responsible for the customer and his needs, Sales Management will be made aware of all customers that are handled through this process, and provide a follow up letter two weeks after problem resolution has been attained.

The responsible manager will be accountable for contacting the customer within 48 hours to discuss the issues at hand and take action to ensure resolution is made within a timely fashion and in the best interest of the customer as well as Digital.

## RESPONSIBILITIES:

### A. CORPORATE CUSTOMER ASSISTANCE WILL BE RESPONSIBLE FOR ALL PROCESSING ASPECTS AS FOLLOWS:

1. Research customer background and investigate nature of complaint.
2. Determine responsible Response Manager.
3. Calling the Response Manager as soon as the complaint is received and making him/her aware of the situation.
4. Sending the acknowledgement message to the customer under Ken Olsen's name via MCI.
5. Sending a copy of the customer's letter or call details and the MCI message sent to the Response Manager (copies to DSM and DCAD via EMS or FAX, on day of receipt).
6. Monitoring the response process to ensure contact was made.
7. Keeping Ken Olsen's office aware of status.
8. Remain involved throughout should any special action be required.



# CORPORATE POLICY MEMORANDUM

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9. Escalate issue to next management level should any procedures not happen in allotted timeframe.
10. Conduct a follow up audit with customer to ensure satisfaction was attained.
11. Provide a monthly statistical summary to appropriate field and in-house management.
12. Ensure that all customers that are handled by the "Same Day" process are included in the Annual Customer Satisfaction Survey.

## B. THE RESPONSE MANAGER IS RESPONSIBLE FOR:

1. Contacting the customer within 48 hours to discuss issues. The customer must be contacted by telephone. In many instances, the issues at hand can be discussed via the telephone. However, critical issues involving Corporate, Major and other large accounts should be followed up with a meeting.

If the designated Response Manager is away, a substitute must be appointed to represent him/her. The substitute should be in a management capacity.

The Response Manager should always be at least one level above the person the customer last contacted prior to contacting Corporate.

2. Keeping Corporate Customer Assistance updated as to

- If and when the customer was contacted.
- Arrangements made with customer.
- Action taken.

This feedback should be sent to Corporate Customer Assistance in a timely manner.



# CORPORATE POLICY MEMORANDUM

NUMBER 80-3  
REVISION 2  
Page 4 of 5

## GUIDELINES:

### A. Sales:

1. Corporate, National and Major Accounts will be handled by the District Sales Manager or a Sales Group Manager.
2. All other accounts will be handled by a Sales Unit Manager or an Executive Sales Rep. level individual.
3. In any case, the Sales Response Manager will be one level higher than the last person contacted by the customer prior to contacting Corporate.
4. Each District Sales Manager will personally send a follow up letter to all customers responded to through this process within his district after the action plan has been put in place. This procedure will take place in all cases even when the District Sales Manager is not the Response Manager.

### B. Field Service:

Customer issues falling under the organizational responsibility of Field Service will be handled through the Manager, U.S. Area Field Service Customer Relations.

He/She will coordinate resources on a Branch and/or District level to ensure customer satisfaction is attained and is ultimately responsible for keeping Corporate Customer Assistance apprised of the customer status in conjunction with the policies and procedures contained within this policy.

### C. Software Services:

Same as Field Service (Section B) except process will be handled through the Manager, U.S. Area Software Service Customer Relations.



# CORPORATE POLICY MEMORANDUM

NUMBER 80-3  
REVISION 2  
Page 5 of 5

## D. Law:

Occasionally, a customer complaint letter will be sent by the customer's lawyer(s). In this case, the same process should be used except that the Regional Law Department (where the customer is located) should be contacted. All responses to the customer's lawyer should be made by the Regional Law Department. They will obtain the appropriate assistance from the various groups and copy Customer Assistance, etc. as required.

If the customers themselves write a complaint letter and threaten Digital with litigation, the Regional Law Department (where the customer is located) should be copied. All responses to the customer should be reviewed by the Regional Law Department beforehand.

## E. Product Groups:

In some instances, the resolution of customer complaint issues falls outside the responsibility of the Sales Organization. In these cases, Product Group Management will act in the Response Manager capacity.

Corporate Customer Assistance is responsible for determining when the Response Manager responsibility falls outside of the Sales organization and is responsible for negotiating and coordinating all efforts.

Sales Management will be copied on all correspondence including issues handled by other organizations.

## F. Other:

All senior executives may use these services and are encouraged to do so.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 80-4

REVISION 1

Page 1 of 1

DATE: June, 1984

FROM:

DEPT: Corporate Operations  
EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: CASE STUDIES OF DIGITAL

1. As a general policy, Digital will not participate in case studies or any other similar research or teaching-type projects about the company. The risks of releasing competitively valuable information in any project of this nature does not warrant our participation in most instances.
2. If anyone believes we should allow such a project to be undertaken, the Management Committee must approve the proposal before it is committed to on behalf of the company. A proposal to allow participation should (a) show how management time necessary to prepare the project is valuable in some direct way to Digital and to managers who participate, (b) include information supporting the professionalism and reliability of the project leader, and (c) assure that Digital will give final approval of the project material before it is released for use outside of the company.
3. Outside of the United States, the appropriate Country Manager must approve the proposal before it is submitted.

This Policy was prepared by Ed Schwartz 223-5500

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 81-5  
REVISION 1  
Page 1 of 3  
DATE: May, 1985  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: SELLING AND SERVICING IN DEFINED SPECIAL APPLICATIONS MARKETS

## PREFACE

Digital has taken action to reduce the risk of liability when participating in certain "Special" Applications.

## POLICY

We have been evaluating the evolving risk of doing business in certain markets which require fault tolerant or fail safe operation and in which the potential financial exposure to Digital in the event of a catastrophic event is large. This financial burden may result from the loss of people, the loss of property or the discontinuation of normal business operations. The reason for establishing this policy is to maintain Digital's financial liability when participating in these markets at an acceptable level that is comparable to that associated with our other markets.

Therefore, any application in the defined "Special" applications markets, where Digital may be exposed to excessive financial risk is covered by this policy, must be reviewed and decided upon at the AREA Management level and may require additional contractual protection.

## SCOPE

The following three market areas have been specifically identified as "Special Applications":

- Commercial Nuclear Power Generation, Nuclear Fuel Enrichment, Nuclear Waste Disposal, Nuclear Waste Handling, and Nuclear Decontamination Facilities.

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This Policy was prepared by Joe Arayas 278-4265  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 81-5

REVISION 1

Page 2 of 3

- Aviation
- Rail Transportation Systems

While "Special" applications exist in other markets, at this time, the policy specifically addresses only this defined group.

## RESPONSIBILITIES

Local Sales and Service Management has the primary responsibility for the identification of "Special" applications in the defined markets, and the ongoing role of identifying other market areas that may expose Digital to substantial financial risk.

The Area Management Centers and Field Management are responsible for the implementation of this Policy in their geographies.

A Corporate Special Applications Committee, chaired by a member of Digital's Strategy Committee, is responsible for setting policy, recommending changes to policy, and consulting on interpretation of issues.

## RESPONSIBILITIES OF CORPORATE SPECIAL APPLICATIONS COMMITTEE

1. Set corporate policy, recommend changes to existing policy relative to intent and markets covered.
2. Ensure proper administrative procedures are in place.
3. Work with internal audit to develop appropriate audit procedures.
4. Ensure availability of appropriate documentation and training, outlines of areas where we want protections, guidance on how to obtain appropriate levels of financial protection.
5. Act as consultants on matters related to risk management, legal issues, technology.
6. Hire outside consultants, where necessary, to complement available skills.



# CORPORATE POLICY MEMORANDUM

NUMBER 81-5

REVISION 1

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7. Meets at least quarterly to review action items, progress, etc. on a worldwide basis.
8. Keep a central data base of customer applications & information to guarantee consistent use of policy worldwide and sends minutes to secretary of each area committee.

## RESPONSIBILITIES OF FIELD SUBCOMMITTEES

1. Implement policy in respective geography, including the structure of a subcommittee and reviewing the proposed implementation plan with the Corporate Special Applications Committee.
2. Review all applications in defined market areas.
3. Negotiate contract with customers.
4. Develop procedures for review/audit.
5. Send representative to quarterly meeting.
6. Keep local geographic data base updated and supply information to central corporate data base.
  - Including all minutes of meeting
  - Concise customer input forms



**digital**

# CORPORATE POLICY MEMORANDUM

NUMBER 81-6  
REVISION 1  
Page 1 of 1  
DATE: June, 1984  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION  
SUBJ: GOVERNMENT INQUIRIES

Increasing government regulation, on a worldwide basis, has had its impact on Digital. In certain instances, the impact of regulation has not been favorable to the business interests of the Corporation. This has heightened our sensitivity and caused a level of concern in the way we, as a Corporation, respond to official governmental (municipal, state, province, federal and international groupings such as the European Community) inquiries of a factual or statistical nature.

It is this concern which has caused the Management Committee to believe that the best interests of the Corporation would be served by establishing a central "clearing house" to review compliance before any official government inquiry is completed and returned, and at the same time maintain the spirit of cooperation which the Corporation has shown in the past.

This review is in addition to the review which should be conducted by the appropriate operations or functional manager.

The Law Department has been asked to serve as the "clearing house". Please be sure that immediately upon receipt of any inquiry from a government agency, a copy is forwarded to the Law Department and that no response is made to the inquiry without communication with the Law Department on the contents of the intended response.

We leave to the Law Department the responsibility to exclude from this policy those government inquiries which are routine in nature and can be responded to without Department review.

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This Policy was prepared by Ed Schwartz 223-5500  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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# CORPORATE POLICY MEMORANDUM

NUMBER 82-1

REVISION 1

Page 1 of 2

DATE: June, 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: CONSULTANT AND CONTRACT WORKER AGREEMENTS

THE POLICY: Digital hires Consultants (experts with specialized knowledge in a field) and Contract Workers (clerical, secretarial, or technical workers) to perform various services for the corporation. The acquisition of this external labor is subject to the same guidelines for competitive bidding and source and need justification as other purchases of services.

The administration of the Consultant/Contract Worker program is shared jointly by the Purchasing and Personnel Departments. The Personnel Policies Manual contains further information on the specific hiring and management procedures followed by the corporation.

The presence of these individuals in our facilities creates certain business and legal risks. As a result, no services should be provided by Consultants or Contract Workers until an appropriate agreement has been signed which addresses these risks.

In order to ensure that the business and legal interests of Digital are adequately protected, only Corporate officers and Purchasing personnel are authorized to execute Consultant or Contract Worker Agreements. These types of agreements should be executed only after they have been reviewed by the Purchasing Department and approved by the Law Department.

Some of the more important risks that must be addressed in these types of agreements are as follows:

1. Use of Facilities - Depending on the nature of their work, certain Consultants and Contract Workers may need unsupervised use of our facilities and equipment, creating the risk of loss from such use and also increasing the risk that confidential information may be misappropriated. Digital's

This Policy was prepared by Ida Estep 3-3264

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 82-1

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policy is to require that Consultants and Contract Workers indemnify Digital against any and all losses from their contract performance or their use of our facilities and equipment. In the case of a corporate vendor, Digital requires that minimum levels of insurance be maintained to cover such losses. In addition, unsupervised access by Consultants and Contract Workers is carefully limited to only those facilities and, where necessary and appropriate, to specific areas within those facilities where their work is performed.

2. Confidential Information - Digital needs to ensure that its confidential information, patents and copyrights are adequately protected against disclosure or misappropriation by outside parties who have access to our facilities. Therefore, in addition to limiting the areas of such access, Digital requires that Consultants and Contract Workers agree to maintain in confidence any proprietary information or knowledge they gain while performing their services including Digital's marketing and customer support strategies; financial information such as sales, costs, profits and pricing methods; internal organization, employee lists and customer lists; technology including discoveries, inventions, research and development efforts, manufacturing processes, hardware/software design and maintenance tools, and hardware/software product know-how and show-how; and all derivatives, improvements and enhancements to any of the above which are created or developed by the Consultant or Contract Worker.
3. Rights in Data - Since Consultants or Contract Workers may be involved in developing products or services which are marketed to Digital's customers or used internally for commercial purposes, Digital must clearly and specifically define in its agreements its ownership and other rights in any inventions, developments and copyrights which result from the work of the Consultant or Contract Worker.



# CORPORATE POLICY MEMORANDUM

TO: DISTRIBUTION  
SUBJ: PURCHASE OF COMPETITIVE EQUIPMENT

The nature of Digital's business encourages many of our groups to acquire computer equipment from competitors for various reasons.

Competitive equipment is defined as the full range of computer equipment from CPU through Add-on Memory to software and options such as printers and terminals.

Groups which need access to competitive equipment should investigate the following alternatives:

1. free use at a customer site,
2. timesharing service,
3. rent or lease.

Acquisition of such equipment should be for one of the following purposes:

1. technological assessment (architecture),
2. performance testing for marketing positioning and pricing of Digital products, and
3. coexistence with competitive systems.

Groups should adequately justify the need to acquire competitive equipment to their Management Committee Member and control the physical existence of the equipment once acquired.

The Management Committee Member responsible for the group proposing the acquisition of competitive equipment must approve of the purchase in writing in advance.

In dealing with competitors, the Law Department should review any terms and conditions other than Digital's standard terms and conditions (particularly to avoid confidentiality agreements).

This Policy was prepared by Dick Stewart - 288-6061 Devy Larson 288-6251  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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# CORPORATE POLICY MEMORANDUM

NUMBER 84-2  
REVISION 1  
Page 1 of 2  
DATE: May, 1985  
FROM:  
DEPT: Corporate Operations  
EXT: 223-2338  
LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: INSIDER TRADING

It is essential, in the interests of all concerned including potential investors in DEC stock, potential sellers of DEC stock, current investors, as well as DEC vendors, customers and employees, that material information relating to DEC business and financial matters be maintained in the strictest confidence until a full and coordinated disclosure is made to the business and investment community. Not only is this a good and fair business practice, but failure to adhere to this practice may lead to both company and personal liability.

Two areas of concern that DEC shares with all major companies are: (1) timely disclosure of material company information, and (2) insider trading. The following guidelines are applicable to all company employees:

- o No employee shall disclose "material information" relating to company matters (information to which an investor would attach importance in deciding whether to purchase or sell the company's stock) to either employees or non-employees who have no need to know the information, until the information has been effectively disclosed in a manner sufficient to ensure its availability to the investing community as a whole.

The U.S. Supreme Court has defined material information as information which a "...reasonable investor would have considered... important in making his or her (investment) decision". This would obviously include such items as a significant event or changes concerning markets or products; information concerning corporate budgets or forecasts; earning or dividend determinations; significant contracts, changes in management, litigation, financial plans, etc.

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This Policy was prepared by Ed Schwartz 223-5500  
who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 84-2

REVISION 1

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- o A director, officer or employee possessing material information (insider) must abstain from trading securities while material information of which he or she has knowledge remains undisclosed to the investment community. It is important that insiders make no favorable or unfavorable recommendations relative to DEC common stock to outsiders.
- o The Legal Department in conjunction with the Investor Relations Department shall issue written guidelines to officers giving examples of various types of material inside information and if required, give a presentation explaining these areas in more detail.
- o Each DEC officer shall identify subordinates whom he or she considers to have access to material information. On a regular basis these employees shall receive a reminder of their responsibility to avoid disclosing or trading on the basis of material confidential information.
- o The group identified above shall be informed in advance of all periods during which they should abstain from buying or selling DEC stock, i.e., periods immediately preceding the publication of quarterly and annual earnings.
- o Periodically the Legal Department will issue reminders to the group of their responsibilities.
- o Transfer of shares will be monitored to assure compliance with this policy.



digital

# CORPORATE POLICY MEMORANDUM

NUMBER 84-3

REVISION

Page 1 of 3

DATE: May 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: PROPRIETARY INFORMATION PROTECTION POLICIES

## OBJECTIVE

- A. To protect Digital's competitive position by safeguarding valuable and confidential business plans, new product data, and personnel information.

## POLICY

- A. Proprietary Information means any plans, ideas, or data Digital would not want a competitor or the general public to know. This could be technical data or business data, or employee data. For example, new technology, new product plans, service strategies, customer lists, vendor lists, budget information, personnel files can all be considered the proprietary information of Digital. Some of this data, of course, becomes public knowledge when Digital announces new products or publishes earnings.

However, aside from legal reporting requirements and our own announcement decisions, Digital need not tell this kind of information to anyone. In fact, the laws permit us to keep a competitive edge and protect employee privacy by protecting this highly valuable or confidential data.

- B. The best way to protect proprietary information is by classifying and labeling it so Digital employees will know its relative importance and guard it properly. The group in Digital that creates or maintains a particular set of proprietary information should classify it as one of these three types:

1. Restricted Distribution: Information so confidential and important it should only be distributed to people inside Digital who need to know it. Proprie-

This Policy was prepared by Ed Schwartz - 223-5500

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 84-3

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tary information our customers or vendors give us must be put in this class. Information in this class cannot be disclosed to anyone else without talking to the group that created, received or maintains it.

2. For Internal Use Only: Information which can be distributed to Digital employees but should not be given to customers, competitors, vendors or consultants.
  3. Personnel Confidential: This is personal information about a Digital employee, such as his or her salary, performance evaluation, medical problems and so on. It should not be distributed outside Digital at all, without authorization and internally it should be treated with at least the same sensitivity as you want for your own most personal records.
- C. Corporate Security issues guidelines you must follow in handling these kinds of information. These guidelines may need to be modified locally to make sure local country law and procedures are followed.
  - D. If you work with consultants, contractors or vendors who need to know some of our proprietary information, you are responsible for insuring they have and use adequate procedures to protect it. Consult Corporate Security or your manager if you need advice.
  - E. In any case, make sure you are authorized to reveal Proprietary Information to anyone before you do it, and then limit your disclosure to people who truly need to know.
  - F. Revealing proprietary information without proper authorization is a most serious offense. An employee who violates this rule may be discharged for improper use of company property and may also be subject to criminal prosecution.



# CORPORATE POLICY MEMORANDUM

NUMBER 84-3

REVISION 1

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## RESPONSIBILITIES

### A. Officers

Create and monitor proprietary information security procedures appropriate for his or her organization.

### B. Corporate Security

1. Creates and distributes corporate-wide proprietary information security policies and procedures.
2. Provides help in learning about and interpreting these policies.
3. Uses suitable internal procedures and follow-up to make sure the policies are followed.

### C. All Employees

1. Should make sure proprietary information they create (or have developed by consultants or contractors) is properly classified and marked.
2. Should follow the proper procedures for handling proprietary information others created.
3. Should report violations of this policy to their managers and the local or Corporate Security Department.



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# CORPORATE POLICY MEMORANDUM

NUMBER 84-4

REVISION

Page 1 of 2

DATE: May 1984

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: COPYRIGHT COMPLIANCE POLICY FOR PRINTED MATERIAL

## OBJECTIVE

To insure Digital Employees do not violate the copyrights of other companies or individuals.

## BACKGROUND

Many individuals and companies (including Digital) use copyright law to protect their publications from unauthorized reproduction. They do this by placing a copyright notice (the c in circle or the word copyright) on the document. For example:

c Digital Equipment Corporation, 1983

Copyright protection usually extends at least fifty years or more from the date on the notice.

Copyright law protects the way the ideas are expressed in a document, but not the ideas themselves. The ideas or underlying concepts in a copyrighted document can be discussed freely; however, the expression, the exact form and wording of the document usually cannot be reproduced without the copyright owner's permission.

Generally, the copyright owner, whoever is named in the notice, can sue anyone making unauthorized copies. The law, however, provides some limited exceptions for "fair use" copying.

## POLICY

In general, Digital employees should not reproduce or copy the copyrighted documents of others without obtaining the copyright owner's written permission. In some cases, limited copying may be permissible without this permission under the fair use exception but only if both the amount copied and the number of copies made are very limited.

This Policy was prepared by Ed Schwartz - 223-5500

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 84-4

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Page 2 of 2

The following guidelines should be used in determining whether the fair use exception applies to a proposed use of others' copyrighted material:

1. Copying or quoting a few short excerpts or a few bits and pieces of a document is normally considered fair use.
2. Copying an entire document is normally not fair use.
3. The scope of the fair use exception varies with the nature of the documents and how the copies are used:
  - a) Several excerpts reproduced from a scholarly research work for internal, reference use are more likely to be considered fair use.
  - b) Several excerpts reproduced from a periodical or commercially sold magazine or book are less likely to be considered fair use, especially if the copying is done primarily to avoid buying another subscription or copy.
  - c) If excerpts are copied for use in a publication Digital uses for the sale and promotion of its products, the copying may not be fair use.
4. Reproducing books, magazines or newsletters in their entirety, in large quantities, on a systematic basis, without the owner's permission may not be fair use and may be considered infringement, subjecting Digital to the risk of lawsuit.

As this indicates, fair use is a fairly complex issue in copyright law. Furthermore, this policy and these guidelines on the fair use exception only apply to printed, typed or written material copyrighted by others.

Special rules, with different exceptions apply to software programs, videotapes or sound recording, certain copies made by Digital libraries, copies made by non-profit educational institutions, and copies or quotes included in Digital publications.

If you are not sure what applies to your particular situation, ask your manager if specific guidelines exist for your group, or consult the Law Department.



# CORPORATE POLICY MEMORANDUM

TO: DISTRIBUTION

SUBJ: ANTITRUST COMPLIANCE AND COMMUNICATIONS WITH COMPETITORS

## ANTITRUST COMPLIANCE

Digital employees must comply with the antitrust (competition) laws of the countries where we do business. These laws allow us to compete vigorously in free and open markets, and compliance is consistent with the ethical business practices that Digital seeks to maintain.

## COMMUNICATIONS WITH COMPETITORS

In as much as many of the most serious antitrust violations involve agreements between competitors that restrain competition, Digital employees must take great care in all their dealings and communications with competitors. Communications with competitors or potential competitors are often necessary because they are also our customers, vendors, fellow members of trade associations, licensees, licensors or joint venture partners. Communications directly related to these specific relationships do not normally raise significant antitrust concerns. However, any contact with a competitor provides an opportunity for improper communications that might result or appear to result in a serious antitrust violation. For this reason, Digital employees should not discuss the following topics with a competitor:

1. pricing policies, terms and conditions, or the prices at which products are resold to third parties;
2. the amount of a bid or an intention to submit a bid;
3. profits, profit projections, profit margins or costs;
4. unannounced products or an intention to enter or exit a particular market;

This Policy was prepared by Cary Armistead 223-3980

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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# CORPORATE POLICY MEMORANDUM

NUMBER 85-2

REVISION \_\_\_\_\_

Page 1 of 3

DATE: May, 1985

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

TO: DISTRIBUTION

SUBJ: SUBSIDIARY BOARD AND DIRECTORS/OFFICERS APPOINTMENT PROPOSAL

## POLICY STATEMENT

Digital has a need, from time to time, to establish new legal entities both within and outside of the United States in order to efficiently transact its business. These entities, be they subsidiaries or joint ventures, may serve one or many functions depending upon the country in which they are established. By law, each of these entities requires individuals to serve in some capacity as officers or directors responsible for the affairs of that entity. Digital has always followed the policy of complying with all of the relevant laws applicable to each new entity by the appointment of individuals with the appropriate responsibility and signature authority.

Many of these entities function for years without the need for any change in the individuals serving in these capacities; however, as certain of these entities, such as Sales/Service subsidiaries, mature the appointment of senior country managers to serve as members of local subsidiary boards and/or appointment of lesser subsidiary officerships, such as vice presidents or the equivalent, may also be necessary to be competitive with our major competitors in that local market. In many Sales/Service subsidiaries that have substantial government business, these types of appointments may be necessary in order to be viewed and treated as a major computer supplier in that country. These appointments may also be necessary in order to attract and maintain the caliber of management necessary to maintain and grow the respective country business.

This policy statement is intended to establish a philosophy and a procedure to be followed in the appointment of directors and officers for all legal entities formed by Digital or in which Digital is a partner.

This Policy was prepared by Ed Schwartz 223-5500

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



# CORPORATE POLICY MEMORANDUM

NUMBER 85-2

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## PROCEDURE

Prior to the establishment of a new legal entity by Digital or in which Digital is a partner, or if a change in an officership(s) is desired, a written proposal shall be submitted of the names of the individuals, the positions in which these individuals will serve and the relevant information referenced in the next section to the Compensation & Development Committee for approval. It is not intended by this procedure to eliminate the need for a written proposal to be submitted to the appropriate committee of Digital for approval of the business justification of the establishment of this new entity when the individuals will be serving in a new entity.

## ELIGIBILITY CRITERIA

In those cases where the new entity is being established for technical, tax, legal or similar such reasons, the senior area manager functionally responsible for that entity shall submit the proposal with the names of the individuals, the positions in which these individuals will serve and the business reasons why these are the most appropriate individuals in the matter presented.

In those cases where the proposal is submitted for other operational reasons, (whether it be for a new or existing entity), the senior area manager responsible for that entity shall submit the proposal with additional information, such as competitive data demonstrating the need for the particular appointments, which data shall include specifics relevant to those companies whom that manager normally views as Digital's competitors within the locality of that proposed or existing entity. In addition, there shall be included information on the management structure of the entity and the impact on the working relationship of the management team of that entity.

In all of the above cases the proposal shall have been reviewed, with comment where appropriate, by the Law Department serving the area manager making the proposal.



# CORPORATE POLICY MEMORANDUM

NUMBER 85-2

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## IMPLEMENTATION

If it is demonstrated that local board or senior management title appointment is warranted, it is critical to ensure that the performance of the individual incumbents warrant such action.

Individuals must have:

- o Sustained excellent performance in a key position(s)
- o Made major contributions to Digital
- o A high degree of personal and business integrity
- o Demonstrated strong character and shown respect for fellow workers

When the appointment is of a perfunctory nature, then some of the above data may be deemed unnecessary by the Committee. Any such appointment applies to the particular position. Should an individual so named leave the position, any title and/or board membership ceases and it is the responsibility of the senior area manager to submit a new proposal, if and when it is appropriate.

## APPROVAL PROCESS

Any proposal under this policy shall be submitted in accordance with the stated procedure to the Compensation & Development Committee for its final approval.

Before each of the individuals named in the approved proposal assumes the responsibilities of the position in which he or she is named, the Law Department which reviewed the proposal shall fully apprise that individual of all the legal responsibilities and liabilities of that position under the laws of the applicable jurisdiction, as well as of the fact that the appointment is tied to the position of the individual and not to the individual personally.





NUMBER 85-3

REVISION

Page 1 of 1

DATE: May, 1985

FROM:

DEPT: Corporate Operations

EXT: 223-2338

LOC/MAIL STOP: ML10-2/A53

# CORPORATE POLICY MEMORANDUM

TO: DISTRIBUTION

SUBJ: AGREEMENTS TO ACQUIRE SOFTWARE

The importance of software to Digital is increasing and we frequently must acquire the rights to use, distribute or sell software which is owned by others. These rights are granted and documented in a software license agreement. The agreements are complex and may place the Corporation in a position of serious operational, financial and/or legal risk.

To maintain proper control in this area, the organization desiring a license agreement must specify the technical requirements. Software Purchasing will negotiate and acquire the software rights. Exceptions to this policy must be approved by Corporate Purchasing.

Software Purchasing and the Law Department must approve each agreement. All software agreements require the signature of a corporate officer.

This Policy was prepared by Peter Koch 223-2154

who can answer questions concerning the contents. Managers receiving the Policies should communicate them within their group.



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+-----+

INTEROFFICE MEMORANDUM

TO: Distribution

DATE: November, 1989  
FROM: Win Hindle  
DEPT: Corporate Operations  
EXT : 223-2338  
LOC : ML012-1/A53

SUBJECT: CORPORATE POLICIES MANUAL

\*\*\*\*\*  
PLEASE CONSIDER THESE POLICIES DIGITAL INTERNAL USE ONLY  
\*\*\*\*\*

Enclosed are three policy revisions. Please replace the outdated versions in your policy manual with these revised policies. Any questions regarding a policy should be directed to the person who prepared it.

Managers receiving these policies should communicate them within their groups.

ps

Attachments: Table of Contents

Policy 80-3--Executive "Same Day" Response to  
Customer Complaints to Ken Olsen

Policy 85-3--Agreements to Acquire Software

Policy 88-1--Sales to Competitors



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INTEROFFICE MEMORANDUM

TO: Distribution

DATE: February, 1989  
FROM: Win Hindle  
DEPT: Corporate Operations  
EXT : 223-2338  
LOC : MLO12-1/A53

SUBJECT: CORPORATE POLICIES MANUAL

\*\*\*\*\*  
PLEASE CONSIDER THESE POLICIES DIGITAL INTERNAL USE ONLY.  
\*\*\*\*\*

Enclosed is a complete copy of the Corporate Policies. All of these policies were reviewed in 1988, and many were revised. This volume supersedes any past versions.

Any questions regarding a policy should be directed to the person who prepared it as indicated on each policy. Managers receiving these policies should communicate them within their groups.

ps



## CORPORATE POLICIES

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88-1	Sales to Competitors



# CORPORATE POLICY

Number 74-3

Page 1 of 5

Date February, 1989

Prepared by Win Hindle

DTN 223-2338

## DIGITAL PHILOSOPHY

The Executive Committee feels that the following statement of PHILOSOPHY may be helpful for guidance in communicating the kind of company we would like to be to employees and people outside of Digital.

### HONESTY

We want to be not only technically honest, but also to make sure that the implication of what we say and the impressions we leave are correct. When we make a commitment to customers or to employees, we feel the obligation to see that it happens.

### PROFIT

We are a public Corporation. Stockholders invested in our Corporation for profit. Success is measured by profit. With success comes the opportunity to grow, the ability to hire good people and the satisfaction that comes with meeting your goals. We feel that profit is in no way inconsistent with social goals.

### QUALITY

Growth is not our primary goal. Our goal is to be a quality organization and do a quality job which means that we will be proud of our product and our work for years to come. As we achieve quality, growth comes as a result.

The product we are selling includes the engineering, the software, the manufacturing, and the services, which include field service, software support, sales, order processing, training and manuals.

### RESPONSIBILITY

Plans are proposed by individuals or teams. These plans may be rejected until they fit Corporate goals or until the Executive



# CORPORATE POLICY

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Date	February, 1989
Prepared by	Win Hindle
DTN	223-2338

## SIMPLICITY AND CLARITY

We want all aspects of Digital to be clear and simple and we want simple products, proposals, organization, literature that is easy to read and understand, and advertisements that have a simple, obvious message. We have thousands of employees and many thousands of customers. We have to keep things simple to be sure that we all work together. Our decisions must always consider the impact on the people who will be affected by them.

## STANDARD PRODUCTS

Standard products are the base of our business. At times, in certain areas, we will invest in software and hardware specifically for special markets. However, we should never lose sight that the base of our business is our standard products.

## COMPLEMENTARY SOLUTIONS ORGANIZATIONS

Selling with and through Complementary Solution Organizations (CSOs) is an integral part of our strategy. CSOs are important to us because our customers' demand for application products, expertise and services is broader than we can develop. With CSOs, we provide an extensive portfolio of complete solutions to address customers' needs. The investment that CSOs make in their own products also makes CSOs important to us. We respect CSOs who make significant investments, manage risks, and are successful in the marketplace.

The decision to sell directly or to support the CSO's offering is made independently by Digital. Our objectives are to identify the best solution that is available to solve our customer's business problem, independent of its source and ownership, and to market the product in an efficient manner. We also recognize the importance of the CSO's effort, and we reward our sales people for introducing and selling their products as well as Digital products.

We share the effort with our CSOs to better understand what the customer needs and how the customer wants to buy. We recognize a mutual responsibility to understand and improve customer



# CORPORATE POLICY

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Committee feels confident in the plans. However, when they are accepted, they are the responsibility of those who proposed them. The impetus for the plan may come from outside the group making the proposal, but when it is accepted, the implementation of the plan is the responsibility of the one who proposed it. Others who need to participate in plan implementation are expected to support approved plans.

## MANAGEMENT

We particularly want to be sure that management jobs are clear and well defined. Because so many people are dependent upon the plans of managers, it is very important that their plans have standard automatic measurements built into them. Meeting financial results is only one measure of a plan; other measures are satisfied customers, development of people, meeting long-range needs of the Corporation, development of new products, opening new markets, and meeting the commitments made to others in the company. We believe that our commitment to planning assures our freedom to act.

## SOCIETY

We are committed as a Corporation to taking affirmative action in providing equal opportunity for employment and promotion for all persons regardless of race, color, creed, age or sex. We encourage all employees to take responsibility in community, social and government activities. We are always open for proposals as to what the Corporation or an individual on Corporation time may want to do in these areas. However, activities to be done on Company time or with Company funds should have a formal proposal including ways of regularly measuring success toward goals.

## ENVIRONMENT

As good citizens, we believe we have a responsibility to keep our environment free of pollution and to set an example.



# CORPORATE POLICY

Number 74-3

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DTN 223-2338

## CUSTOMERS

We must be honest and straightforward with our customers and be sure that they are not only told the facts, but that they also understand the facts.

To the best of our knowledge and ability, we want to be sure that the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations, and to do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products and its services, not a single individual. We must be sure all Digital commitments are met.

## SUPPLIERS

We wish to be viewed by suppliers as a desirable customer. Business transactions with suppliers will be conducted on an honest, fair and open basis. Suppliers and potential suppliers will be treated courteously and given an opportunity to present their goods and services for consideration. Competition is encouraged. Our business ethics require that our employees not accept from suppliers any gifts, gratuities, or entertainment that exceed common courtesy or are of nominal value.

## COMPETITORS

We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.



# CORPORATE POLICY

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satisfaction and anticipate and plan for changes in the marketplace. The relationship with our CSOs is based on the value contributed by each party and is strengthened by mutual planning and open communication. When we do compete with our CSOs, we do so openly and fairly and the strength of our relationship allows us to understand each other and overcome occasional conflicts.

## PERSONNEL DEVELOPMENT

We encourage people to develop technical skills, breadth of knowledge, and expertise in a specific area. We also encourage people to develop supervisory and management skills. We believe that individual discipline should be self generated.

## PROMOTION

We promote people according to their performance, not only their technical ability but also their ability to get the job done and to take the responsibility that goes with the job. Ability is measured not only by past results, but also by attitude and desire to succeed. Performance results are also used to decide whether individuals should remain in their current jobs.

## HIRING FROM CUSTOMERS

We should be exceedingly careful when hiring from customers. Sometimes this is reasonable and desirable; but we should do it with all caution and by being sure that the applicant first tells the customer.

## FIRST RULE

When dealing with a customer, a supplier, or an employee, do what is "right" to do in each situation.



# CORPORATE POLICY

Number 75-2

Page 1 of 2

Date February, 1989

Prepared by Gail Mann

DTN 223-2206

## CONFIDENTIALITY

The nature of our Company has encouraged the free and open exchange of ideas. However, substantial problems arise when there is a premature disclosure of information to persons outside the Company. Following are some of the problems which can arise from this premature disclosure:

- A. Material confidential information can be used by outsiders to make decisions on the buying or selling of the Company's stock. This can lead to direct liability of the employee who disclosed the information.
- B. Competitors who gain access to confidential information can use it to their own competitive advantage.
- C. Careful plans intended to maximize market impact can be seriously disrupted by premature disclosure.
- D. The Company may be forced to react to leaked information rather than benefiting from initiating well-planned marketing strategies.
- E. Agreements with customers and vendors, which by their terms require that information be retained in confidence, can be threatened by leaks, resulting in loss of confidence and breached agreements.

To avoid these consequences, the following guidelines are recommended to all employees:

- A. Do not discuss Company business with stockbrokers, stock analysts, news reporters or any other person in a position to influence the investing public. Refer inquiries from such people to the Investor Relations Department.
- B. Avoid discussion of Company business at social gatherings.
- C. Do not disclose confidential information, printed or otherwise, to people outside the Company without having them first execute a non-disclosure agreement prepared by the Law Department.



# CORPORATE POLICY

Number 75-2

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Date February, 1989

Prepared by Gail Mann

DTN 223-2206

- D. When appropriate, documents should be labeled "Company Confidential" and provisions should be made for their disposal.
- E. Do not leave confidential memos, documents, drawings, accounts or other information in open, public or unsecured areas.
- F. Avoid disclosing confidential information to Company employees who do not have a need to know such information.
- G. Do not place confidential information in Company publications (Sales update, DECWORLD, Digital This Week, etc.) which are likely to be disclosed to outsiders.



# CORPORATE POLICY

Number	75-5
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Prepared by	Win Hindle
DTN	223-2338

## POLICY ON CONFERENCES, SEMINARS, AND TRADE SHOWS

Each year there are many conferences, seminars, and industry trade shows in which employees wish, or are invited, to participate. Digital generally wishes to encourage employees to participate. However, the employee has an obligation to obtain approval in advance of committing himself/herself, or Digital to such participation.

We have always asked employees considering attending such a conference or show, to obtain their manager's prior consent. In the case of larger shows (NCC, DECUS, DEC Sales Meetings, etc.), where several employees plan participation, we have occasionally appointed a corporate coordinator with responsibility to manage our overall participation. These practices will continue unchanged.

However, when employees are invited to submit, or would like to submit on their own, papers for presentation at a conference, or for publication, the employee is expected to obtain prior clearance from the appropriate vice president before making a commitment. In addition, all papers must be reviewed by an attorney in the Engineering Law Section of the Law Department to assure that disclosure of information will not jeopardize patent filings, or expose Digital to future legal action.



# CORPORATE POLICY

Number	75-7
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Date	April, 1988
Prepared by	Gary Robinson
DTN	223-4094

## PARTICIPATION IN INDUSTRY AND STANDARDS COMMITTEES

Digital participates, as an active member, in accredited domestic and international voluntary standards committees that benefit users of computing equipment in the general public. Participation is keyed to the belief that good standards benefit both the company and its customers. It is company policy to adhere to applicable standards. We encourage domestic, international, regulatory, and legislative groups to adopt standards developed through a voluntary process.

The company should not participate in establishing standards which restrict competition or prohibit technological innovation. Delegates to standards committees should be careful to avoid even the appearance of collusion with other implementors or vendors of computing products. Toward this end, all committees in which Digital has representation should include at least one user or government representative.

In committee discussions, Digital participants should minimize mention of specific Digital products and base arguments on technical grounds. No information should be given out that relates to unannounced products. The Digital participant is responsible for keeping informed of which products are confidential. When in doubt, a delegate should assume that any product is confidential until it has been delivered to the field in volume.

All delegates to standards committees should make a reasonable effort to influence the standard to agree with Digital's position but be ready to compromise to the consensus of the group, if different. Decisions to vote for incompatibility with Digital's products should be made only after discussion with the Manager of Corporate Standards.



# CORPORATE POLICY

Number 76-2

Page 1 of 1

Date April, 1988

Prepared by Jon Caputo

DTN 297-3873

## REVIEW OF LARGE PROGRAMS BY SSMI AND THE EXECUTIVE COMMITTEE

All significant large opportunities will be reviewed by the Sales, Services, Marketing and International Committee (SSMI) to ensure proper utilization of the Company's resources.

SSMI is to be made aware of all significant opportunities PRIOR to commitment of substantial Digital resources in pursuit of the opportunity.

A significant large opportunity is defined as:

1. Expected lifetime NOR greater than \$25M in which \$10M will ship over the first 12 months.

OR

2. Expected lifetime NOR greater than \$5M and when significant non-standard items are involved. For example,

- Uncertified third party products
- Commitments to unannounced products
- Extraordinary product/service commitments
- Unusual performance guarantees
- High risk application
- Non-standard terms and conditions

The Executive Committee will also review several of the above programs if the opportunities require, in addition to the above,

1. Modifications of the 12+ plan.

OR

2. Significant Central Engineering Resources.

OR

3. Significant non-standard exposure of corporate assets.



# CORPORATE POLICY

Number 77-1

Page 1 of 15

Date February, 1989

Prepared by Harry McKnight

DTN 223-6113

## CORPORATE APPROVAL

### OBJECTIVE

To identify the approval authorities restricted to Corporate level officers or Corporate Committees, and those which may be delegated to operating managers within the Company.

To establish a framework for specific review and approval policies for each major area of Digital.

SCOPE: Worldwide

### POLICY

Approval authority empowers an individual or committee with the ability to approve a transaction or activity. The transaction may only have an internal impact or it may contractually commit the Corporation externally. Approval authorities for transactions are broadly categorized as follows:

- o Transactions requiring Board of Directors approval;
- o Transactions requiring the approval of the full Executive Committee, an Executive Committee member, or a Corporate Officer;
- o Transactions delegated by an Executive Committee member to operating managers of the Corporation.

Approval authorities which set the general direction of the Company or have a major effect on Digital's operating units are retained at the Corporate level. All other approval authorities may be delegated to Corporate-level committee members having operational responsibility.

Corporate officers or Corporate-level committee members may further delegate approval powers set forth in this policy to region, district, plant, subsidiary or functional staff level. Delegation is limited to managers in the operating units, must be documented, and must be consistent with the terms of this policy.



# CORPORATE POLICY

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Date	February, 1989
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Questions regarding this policy should be referred to the Corporate Controller or Assistant Corporate Controller.

1. Approval Standards - Delegation of authority should utilize the most effective approval flow for the transaction in question. Setting dollar limits on transactions which must be referred to an approver is one means to control the volume of transactions. The number of signatures required for approval should be kept to a minimum in order to prevent unnecessary bureaucracy and delays in processing. Where approval is by committee action, approval signature is generally given by the committee secretary supported by the minutes of the meeting where the proposal was approved. The minutes should document the vote of each member.
2. Temporary Approvals - Approvers may temporarily delegate their power to others in the event of absence or other special circumstances. Advance written notification must be provided to all groups processing the affected transactions, stating the time period of the temporary delegation and the approval authority delegated.
3. Advance Approvals - No financially binding commitments are made before written approvals are obtained. Documents complete with the signatures required by this policy must be in hand. Dollar limits specified for particular programs or transactions are for the entire proposal. Splits in transactions or programs designed to circumvent the intent of this policy are not allowed.
4. Review of Proposals - Prior to being approved, proposals should be evaluated through a formally defined review process. A policy documenting the process should be issued by each Group/Subsidiary Controller/F&A Manager. The review policies must conform to this policy, address data integrity and documentation requirements, and identify the individuals responsible for the review. Reviewers should have appropriate technical or operating knowledge concerning the proposal, and generally should include the supporting finance person, and supporting legal and real estate personnel as appropriate. The number of reviewers should be limited to minimize delays in the approval process.



# CORPORATE POLICY

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DTN	223-6113

5. Signature Standards - Except for process-controlled check signing, all approvals are hand-signed. Rubber stamps and facsimile methods are not allowed. Typed or printed names of approvers along with signatures and badge numbers must appear on all documents authorizing the expenditure of Company funds.
6. Business and Travel Expenditures - All expenditures must be approved prior to reimbursement by the next higher management level who: (1) has budgetary responsibility, and (2) is not a direct/indirect beneficiary of the expenditure. For example, business meeting expenditures must be approved by the next higher management level who has signatory authority for the cost center, and who was not in attendance at the meeting.

Approval prior to reimbursement is not necessary if impractical due to the geographic remoteness of the next level of management. Such exceptions must be approved following reimbursement if the expense voucher exceeds \$500. The responsible Group Controller maintains a list of positions excepted from this requirement as approved by a Corporate-level committee member.

Expenses of one Corporate-level committee member may be approved by another member of a Corporate-level committee, the Corporate Controller, or the responsible Area Controller.

7. Purchasing Procedures - Approval authority for outside purchases; i.e., inventory, expense items, capital assets, etc., is limited to authorization to issue a requisition for the Purchasing Department to initiate the purchase. It does not authorize an individual to circumvent purchasing policy and make the purchase directly from an outside party. No commitments are to be made to vendors prior to specific approval.
8. Capital Appropriation Overruns - Program which overrun originally approved levels by the lesser of \$100,000 or 10% of the original project amount must be covered by an approved supplemental Capital Appropriation Request (CAR). The supplemental CAR is submitted as soon as an overrun becomes apparent and before additional spending commitments



# CORPORATE POLICY

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are made. The approval level for the supplemental CAR is determined by the program's revised total expenditure. For example, a \$3M overrun on an \$8M equipment acquisition must be approved by the Board of Directors since the revised total is \$11M. For additional information pertaining to the CAR process and overruns, refer to the "Capital Appropriations Process" policy, No. 301-03, in the Corporate Accounting and Reporting manual.

9. Reserves - The existence of reserves does not alter the approval requirements for the write-off of inventory or other assets excluding property, plant and equipment. Approval requirements for capital equipment write-offs are based on Net Book Value. Land and Building approvals are based on the greater of the market value or net book value.
10. Inventory Write-Offs - The individual per part cost, and the aggregate amount of the write-off determine the level of approval. Inventory write-off limits are for standard cost value.
11. Local Currency Equivalents - All limits presented in this policy are stated in dollars; the functional currency of Digital. Conversions to local currencies should be computed at the budget exchange rate for the fiscal year.

## RESPONSIBILITIES

The Corporate Controller, in consultation with appropriate Corporate level committees: (1) determines which approval powers are reserved to the Corporate level (Appendix A) and which are delegated to functional groups (Appendix B), and (2) reviews/approves functional group approval policies.

### Group/Subsidiary Controllers/F&A Managers:

- o Consult with their respective Corporate-level committee members in preparing policies which delegate approval powers to individuals or committees within their organizations;
- o Publish, maintain, and distribute these policies to all management levels throughout their organizations;



# CORPORATE POLICY

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- o Ensure consistency of their policies with this policy;
- o Delegate items not included in Appendix B only if the impact of approvals relate to their area of responsibility.

## Managers of Transaction-Processing Groups

- o Ensure that only documents bearing currently authorized signatures are accepted. Unacceptable documents are rejected and referred to the appropriate Group/Subsidiary Controller or F&A Manager for disposition.



# CORPORATE POLICY

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## APPENDIX A (Sheet 1 of 7)

Approvals for the following programs, policies, and plans are restricted to Corporate level officers and committees and may not be delegated:

ACTION	APPROVAL
Annual Plan	Board of Directors
Accounting and Financial Control Policy	Corporate Controller*
Bad Debt Write-off over \$250,000 (\$500,000 for European subsidiaries) per customer	Corporate Controller
Business Insurance Policy and Purchases	Treasurer*
Business Proposals	
- \$50M investment (Capital and Spending) or \$10M Capital**	Board of Directors
- Other top 100 Programs (See Engineering Phase Review Policy)	Phase Review Committee
Capital Acquisition/Disposal:	
Land Purchase/Disposal	
- Greater than \$1M	Board of Directors
- \$250K to \$1M	Executive Committee
- Less than \$250K	Executive Committee
Facility Ownership/Disposal (Higher of cost or Fair Market Value)	
- Greater than \$10M	Board of Directors
- \$250K to \$10M	Executive Committee
- Less than \$250K	Exec. Comm. Member

\* Primary responsibility is Vice President, Finance.

\*\* Proposals to be reviewed at Phase 1 Exit.



# CORPORATE POLICY

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## APPENDIX A (Sheet 2 of 7)

ACTION	APPROVAL
<p>Facility Lease</p> <ul style="list-style-type: none"> <li>- Total lease commitment greater than \$10M or \$1.25M annually</li> <li>- New leases above 5-5-5 rule***</li> <li>- Renewal leases above 5-5-5 rule***</li> </ul> <p>- Leases below 5-5-5 rule*** that are not included on the latest approved Real Estate Action Plan (REAP)</p> <p>- Leases below 5-5-5 rule*** of facilities in Mass. or southern New Hampshire, except for Sales and services facilities</p>	<p>Board of Directors</p> <p>Executive Committee</p> <p>Joint approval of Executive Committee Member, Corp. Admin. Manager, and Corp. Controller</p> <p>Joint approval of Executive Committee Member, Corp. Admin. Manager, and Corp. Controller</p> <p>Joint approval of Executive Committee Member, Corp. Admin. Manager, and Corp. Controller</p>
<p>Improvements to Existing Facilities</p> <ul style="list-style-type: none"> <li>- Greater than \$10M</li> <li>- \$5M to \$10M</li> <li>- \$1M to \$5M</li> </ul>	<p>Board of Directors</p> <p>Executive Committee</p> <p>Joint approval of Executive Committee Member, Corp. Admin. Manager, and Corp. Controller</p>
<p><u>Note:</u> Improvements above \$5M also require Corporate Controller approval.</p>	
<p>Investments in Other Companies</p> <ul style="list-style-type: none"> <li>- Maximum and Minimum parameters of the Investment for negotiating purposes</li> <li>- Financial Structure of the Investment</li> </ul>	<p>Board of Directors</p> <p>Executive Committee</p> <p>VP Finance</p>

\*\*\* Leases exceeding 50K sq. ft., \$500K annual rent, or 5-year term (U.S. and Canada, 10-year elsewhere)



# CORPORATE POLICY

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 Prepared by Harry McKnight  
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## APPENDIX A (Sheet 3 of 7)

ACTION	APPROVAL
Equipment Purchase <ul style="list-style-type: none"> <li>- Greater than \$10M*</li> <li>- \$5M to \$10M</li> <li>- \$1M to \$5M</li> </ul> <p><u>Note:</u> Purchases above \$5M also require Corporate Controller approval.</p>	Board of Directors Executive Committee Joint approval of Executive Committee Member and Corporate Controller
Equipment Disposals (at Net Book Value) <ul style="list-style-type: none"> <li>- Greater than \$10M</li> <li>- \$5M to \$10M</li> <li>- \$1M to \$5M</li> <li>- \$250K to \$1M</li> </ul>	Board of Directors Executive Committee Executive Committee Member and Corporate Controller Corporate Controller
Equipment Lease** <ul style="list-style-type: none"> <li>- Greater than \$10M</li> <li>- \$5M to \$10M</li> <li>- \$1M to \$5M</li> </ul>	Board of Directors Executive Committee Joint approval of Executive Committee Member and Corporate Controller
Capital Budget	Board of Directors
Claims Against Vendors over \$250,000	Corporate Controller

\* The Executive Committee may approve CARs above \$10M that are part of a Business Proposal previously approved by the Board of Directors that is on budget and on schedule. This does not apply to Capital Requests for facilities.

\*\* Dollar limits apply to the lifetime commitment or the equipment's purchase value (whichever is less).



# CORPORATE POLICY

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Prepared by Harry McKnight

DTN 223-6113

## APPENDIX A (Sheet 4 of 7)

ACTION	APPROVAL
Contributions (Cash or Equipment) - European Subsidiaries	Contributions Comm.*** Area Contributions Comm
Corporate Advertising and Promotion Projects	Product Strategy Comm. (PSC)
Corporate Policy	Executive Committee
Currency Hedge Policy & Contract Purchases	Treasurer
Employee Stock Option Grants	Board of Directors
Employee Purchases of DEC Equipment	Contributions Committee
F&A Policies	Finance Staff
Financing - Short Term - Long Term - Equity	Treasurer*** Board of Directors Board of Directors
Financial Guarantees	Treasurer*
Five-Year Long Range Plan	Treasurer*
Fringe Benefit Program Proposal	Personnel Committee

\* The Executive Committee may approve CARs above \$10M that are part of a Business Proposal previously approved by the Board of Directors that is on budget and on schedule. This does not apply to Capital Requests for facilities.

\*\*\* Primary responsibility is V.P. Finance.



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## APPENDIX A (Sheet 5 of 7)

ACTION	APPROVAL
Fringe Benefit Program Approval	Executive Committee
Insurance Claim Settlements	Treasurer*
Interbank Funds and Securities Transfers	Treasurer*
Intercompany Prices, Terms and Conditions	VP-Finance
Inventory Surplus Disposals/Write-offs with an individual per part cost in excess of \$250,000 or \$2M per write-off package	Corporate Controller
Legal Claim Settlements <ul style="list-style-type: none"> <li>- Commencement of lawsuits (significant)</li> <li>- Non-litigious customer settlements</li> </ul>	VP-General Counsel* and Executive Committee Executive Committee Appropriate Executive Committee Member
Marketing/Sales Plans/Revisions	Marketing/Sales Strategy Committee (MSSC)
Miscellaneous Asset Write-Off (not covered elsewhere) over \$250,000	Corporate Controller
New Bank Accounts/Signature Authorization	Treasurer
New Business Ventures	Executive Committee
New Country Decisions	Executive Committee
Operating Group Charters and Plans	Executive Committee
Personnel Policy	Personnel Committee

\* The Executive Committee may approve CARs above \$10M that are part of a Business Proposal previously approved by the Board of Directors that is on budget and on schedule. This does not apply to Capital Requests for facilities.



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## APPENDIX A (Sheet 6 of 7)

ACTION	APPROVAL
Product Announcements (general & specific)	MSSC
Product License Purchases	PSC
Product License Sales	Executive Committee
Product Pricing (general & specific)	MSSC
Product Strategy (Annual Review)	PSC
Purchase Agreements, Purchase Contracts, and/or stand-alone Purchase Orders over \$1,000,000(excluding land and buildings)	Corporate Purchasing Manager
Mass Buyout over \$1M for New Products	Eng/Mfg Staff & Corp. Purchasing Manager
Purchasing Policy	Corp. Purchasing Mgr.
Salary Plans and Structures (Proposals)	Personnel Committee
Salary Plans and Structures (Approvals)	Executive Committee
Salary Reviews - Wage Class 4 (per criteria as defined annually)	Salary Review Committee
Space Plans (as part of Long Range Plan)	Executive Committee
Standard Customer Discount Agreements (National and Multinational)	MSSC
Subsidiaries	
- Changes in Financial Structure	Treasurer*
- Changes in Legal Structure	VP-General Counsel
- Officer Staffing	VP-General Counsel



# CORPORATE POLICY

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Date	February, 1989
Prepared by	Harry McKnight
DTN	223-6113

## APPENDIX A (Sheet 7 of 7)

ACTION	APPROVAL
Tax Audit Liability Settlements	VP-Finance
Tax Payments	Treasurer*
Temporary Cash Investment Policy/Purchases	Treasurer
Terms and Conditions (special prices and standard selling)	MSSC
Trade Receivables Write-off over \$100K	Corporate Controller
Two-Year Operating Plan	Executive Committee

\* Primary Responsibility is Vice President, Finance.



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## APPENDIX B (Sheet 1 of 3)

Approval powers are delegated to the responsible Corporate officers for the following categories of actions and decisions.

### Applicant Interview Expense

Bad Debt Write-Offs under \$250,000

Business Proposals requiring less than \$50M total investment (Capital and Spending) and less than \$10M capital will be approved as determined by the Phase Review Committee.

Capital (all require co-signature of Group F&A Manager):

- Improvements to existing facilities less than \$1M
- Equipment purchase less than \$1M
- Equipment disposal less than \$250K (net book value)
- Equipment lease\* less than \$1M
- Facility leases below 5-5-5 rule\*\* that are on the latest approved Real Estate Action Plan (REAP), and
  - Outside Massachusetts/Southern New Hampshire; or
  - For a Sales or Service facility in Massachusetts/Southern NH

### Check Signing

Claims Against Vendors - Write-Offs under \$250,000

Credit Cards - Air and Auto Rental only

Customer Allowance/Return for Credit Authorization (Field only)

Customer Credit Suspension (Field only)

\* Dollar limits apply to the lifetime lease commitment or the equipment purchase value (whichever is less).

\*\* Leases exceeding 50K sq. ft., \$500K annual rent, or 5-year term (U.S. and Canada, 10-year elsewhere).



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## APPENDIX B (Sheet 2 of 3)

### Employee Business Expenses

- Other Payments (not specifically covered elsewhere)
- Receivable Write-Offs
- Relocation Expenses
- Time Cards
- Travel Advance
- Traveler Authorizations
- Tuition Reimbursement

### Employment and Staffing Levels

Engineering Projects/Standards (Engineering and Manufacturing only)

Field Sales and Service Policy (Field only)

Internal Maintenance and Repair Projects

Inventory Re-order Points and Stocking Levels

Inventory Surplus Disposals having an individual-per-part cost less than \$250,000 or less than \$3,000,000 per total write-off package

- via Sale (Field only)
- via Scrapping (Manufacturing only)

### Job Level Changes

Manufacturing Policy and Projects (Manufacturing only)

Miscellaneous Asset Write-Offs (not covered elsewhere) under \$250,000

### Personnel Requisitions

Product Cost Standards and Manufacturing Plans (Manufacturing only)

Product Pricing - to reflect current changes only (Field only)

Production Requests (Field only)

Production Commitments (Manufacturing only)



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## APPENDIX B (Sheet 3 of 3)

Property Removal Passes - Hand carried and all other

Purchase Requisitions

- Books and Periodicals
- Consultant Services
- Contract Labor
- Inventory
- Memberships
- Other Assets (not covered elsewhere) under \$250,000
- Other Services and Expensed Materials (not covered elsewhere)

Salary Offers

Salary Reviews - Wage Class 1, 2, and 3

Seminar and Conference Fees

Software Standards (Engineering only)

Stockroom Withdrawal Authorization

Trade Receivables Write-Offs under \$250,000 per customer  
(Field only)



# CORPORATE POLICY

Number 78-1

Page 1 of 6

Date February, 1989

Prepared by ~~John Doherty~~ *Ron Glover*

DTN 251-1318

## DIGITAL BUSINESS ETHICS

### PREAMBLE

Honesty and personal responsibility are the foundation of Digital's operating principles. We will conduct our business, in every country, in a way that instills confidence in our customers, suppliers and employees that Digital will fulfill its commitments. In addition, we will refrain from any action that will raise questions about Digital's business ethics.

Since Digital, an American-based company, conducts business in many countries, we will conduct all worldwide activities well within the standards of U.S. business ethics. We will, of course, comply fully with local laws in all countries.

Each Digital employee represents the company and must conform to the above principles. When any action seems in any way questionable, the employee should consult with his/her supervisor as to the appropriateness of the action. This process should continue upwards in the company until the appropriateness of each action is assured by senior managers. In this process, all decisions should be written down so that there is a clear record of the process.

Digital wants to be proud of every action taken by employees. We want to surface every borderline issue so that decisions are made in an open and conscious way.

### LOCAL LAWS

Digital will comply with local law, regardless of custom. We want to be good citizens in every country where we operate, and we expect every employee to do so.

Imports/Exports - We will declare the material imported into every country honestly and correctly by executing the required forms and paying the assessed duties. Digital will not import or export materials without an appropriate license. Of course, we will not make direct or indirect payments or bribes to customs agents, regardless of whether this is a local custom that is viewed as normal.



# CORPORATE POLICY

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Work Permits and Visas - We will comply with all regulations regarding visa and work residency permits, and will honestly declare the presence of our personnel in any country.

Currency Regulations - Digital will transfer funds in strict accordance with the requirements and restrictions of each country and no employee should become involved in any process to violate these.

## CONDUCTING BUSINESS

Digital follows local custom except where it is in conflict with U.S. business ethics, U.S. business practices, U.S. law or Digital policies.

Business Inducements - We will make no payoffs, bribes, illegal contributions, or perform any improper acts in any country. Digital insists on refusing orders where such practices are customary or expected. We will not knowingly have a business relationship with any representative who violates this guideline. Digital will not pay a "Finder's Fee" for the same reasons.

Entertainment and Gifts - Modest entertainment of our customers is regarded as one phase of establishing an effective relationship. Entertainment at dinners and sporting events are appropriate and should be conducted tastefully and in a manner to promote good communications between the customer and our company. A small gift (less than \$25) may also be appropriate for the same purpose. Any entertainment that bestows valuable benefits upon the recipient is definitely not allowed.

Digital employees and their family members must not accept any gratuities or gifts that go beyond the common courtesies or which exceed a nominal value from a customer, supplier or anyone else having a business relationship with the company. Anyone receiving such a gift should immediately turn it over to his/her supervisor so that appropriate action can be taken. Our agents and representatives must follow the same practice.



# CORPORATE POLICY

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Prepared by ~~John Doherty~~ *Ron Glauer*

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Government Officials & Public Service Officials - In many countries it is important to establish informal, friendly relationships with government and public service officials. The same practices that are appropriate with customers are appropriate with these officials, so long as they are in conformance with local laws.

Company Assets and Bank Accounts - The preservation of Company property is the direct responsibility of the employee who has control of the asset. These assets include intangibles, such as technology, information, and ideas, as well as equipment, facilities and supplies. The age of an asset, its physical condition, or its status on the company books does not change this responsibility. Employees in control of company assets should insure that disposition and conversions follow company procedures. Property received in the sale or disposition of assets must be turned over to the Company and cash must be deposited in a properly authorized Company account.

Accurate Reporting - Employees responsible for reporting data must do so accurately and honestly. Financially oriented data must also comply with the Company's accounting policies and controls. Presentations of data should fairly present all of the facts in a way that does not intentionally mislead or misinform.

Suppliers and Sub-Contractors - As defined in our Purchasing Policies, business transactions with suppliers and sub-contractors should be conducted on a free and open basis. Alternative suppliers should be permitted to compete openly and fairly so that the procurement choice can be objectively established as the one most favorable to Digital. We want suppliers to view Digital as a desirable and fair customer. Any employee who has any personal relationship with a supplier should disqualify himself/herself from the decision-making process with respect to that supplier.

Sales Agents - In some limited circumstances we may pay for legitimate sales services which go beyond the mere introduction of a potential customer. The fee is defined by our sales policy and is determined by the value of the services performed. The contractual terms of such relationships must be in writing and must be approved by the Corporate Law Department.



# CORPORATE POLICY

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Customers - We must be honest and straightforward with our customers and be sure that they are not only told the facts, but that they also understand the facts.

To the best of our knowledge and ability, we want to be sure that the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations, and to do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products and its services, not a single individual. We must be sure all Digital commitments are met.

Competitors - We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.

Legal Restrictions - Our ethical and moral concepts must be the same for our business lives as they are for our personal lives. There is no separate or less restrictive business morality. Additionally, there are a number of legal restrictions on how we may conduct business covering many diverse subjects such as financial reporting, competition, pricing, employee relations, etc. Our Corporate or Area Law Departments are available to assist you in complying with these.

## PERSONAL ACTIVITIES

Leadership - Every manager must set an excellent example for the people working in his/her group. In remote locations, the local manager, as the senior Digital representative, has a major responsibility to provide an example for all employees at that location.



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Prepared by ~~John Doherty~~ *Ken Glavin*

DTN 251-1318

Personal Style - We expect Digital employees to be honest, straightforward, helpful and economical. Digital standards call for moderation in travel and entertainment styles, regardless of the employee's personal style.

Personal Business Ventures - Digital employees must not act in any manner inimical to the interests of the Company. We expect all employees to avoid any conflict of interest in their private activities and to avoid activities that demand so much time that they adversely affect an employee's ability to perform effectively for they adversely affect an employee's ability to perform effectively for Digital. Personnel Policy 6.06, Conflicts of Interest, states in general terms that employees should not create appearance of "divided loyalty", and that the Company "believes that employees should not have financial interests in competitors."

Specific restrictions apply to officers. Personnel Policy No. 6.06 specifically restricts officers from "having any financial interests in competitors." Officers and members of their households shall not invest, directly or indirectly, in competitors. For example, investments in "venture-Capital" or research and development partnerships, etc. which in turn invest in Digital's competitors, are prohibited indirect participations. Investments in "special-situation" (undiversified) mutual funds which invest in Digital's competitors are similarly prohibited.

Outside Boards - An officer must have authorization from the Executive Committee before accepting any position on the governing board of any outside organization. Other employees must have written authorization from his/her Vice President before accepting any position on the governing board of any outside organization if the position poses a possible conflict of interest or may demand so much time that the employee's ability to perform effectively for Digital is adversely affected. If an employee serves or wishes to serve on the governing board of any outside organization, he or she should refer to Section III of Personnel Policy 6.06 which contains guidelines for employees serving in that capacity.



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Part-time Employment - Any vice-president or employee reporting directly to a vice-president must have written approval from the president before accepting any part-time employment outside of Digital. In signing the Employee Agreement upon joining Digital, each employee has agreed not to act on behalf of any other person or organization which is engaged in activities similar to or competitive with Digital.



# CORPORATE POLICY

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Date	April, 1988
Prepared by	John Buckley
DTN	297-6309

## LIMITS OF LIABILITY IN SALES AND SERVICE CONTRACTS

NOTE: This policy expresses a limitation on the company's accepted levels of liability, and it is not intended as a mere guideline for routine negotiation. We should continue in our efforts to sell under our standard terms and conditions.

### PREFACE

Digital's standard Sales and Service terms and conditions disclaim liability for special, indirect or consequential damages, and any damages a customer might suffer which result from the loss of use, data, or profits. In addition, these terms and conditions limit the amount for which we may be liable for direct damages (and other damages in some countries) directly resulting from our negligence. This limit is the specific dollar amount stated in the contract. There are two techniques for amending these provisions.

1. by agreeing to indemnify (insure) our customers for a loss other than those for which we accept Liability under our Standard Terms and Conditions, and/or
2. by increasing the dollar limit.

While in many cases Digital can contractually disclaim and/or limit its liability to a customer, it cannot prevent suits by third parties who are not party to the contract.

### POLICY

Digital should sell its products and services in accordance with its standard terms and conditions. Except as provided in the "Exception Procedure" below, Digital will not accept liability for consequential damages, nor will it agree to indemnify a customer for any losses which the customer may suffer. In some countries, we do indemnify (with proof that the damage was the direct result of our products, or proof of negligence). Digital



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accommodates customers by specifying in its Standard Terms and Conditions the limitations on liability for direct damage only (in some countries, this limit also applies to personal injury). These Terms and Conditions also limit Digital's liability to damages directly resulting from our negligence (in some countries, we accept liability for contributory negligence). These limitations do not exceed the equivalent of U.S. \$1 million or the purchase price of the products that were the subject of the claim. Any modification of this exclusion does not constitute an agreement to indemnify the customer for such damages. It simply means the customer is not prevented from bringing an action against Digital to recover up to the stated limit.

## EXCEPTION PROCEDURE

### A. Direct Damages

In the event that the absence of other viable alternatives forces Digital to consider

1. providing additional indemnification to a customer, or
2. accepting liability for direct damages in excess of that specified in the applicable Standard Terms and Conditions,

then a written request for such deviation must be sent to the responsible person(s), identified below, for approval.

Requests should:

1. contain the name of the individual who accepts responsibility for Digital's performance under the contract (i.e., the individual requesting the deviation),
2. involve a single sale of at least U.S. \$250,000 of standard products, or a Digital Business Agreement involving the sale of at least U.S. \$1 million (or local currency equivalents),



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3. include a business evaluation and recommendation by an appropriate sales, services and/or Area Manager.

The following approvals are required if a proposed deviation could result in Digital accepting the risk of liability up to the following amounts:

## Approval Required

Deletion of direct damage cap for national, state or local government agency

In U.S. - Area Sales and/or Service Manager.  
Outside U.S. - Subsidiary Sales and/or Service Manager.

Up to the greater of \$5 million (or local currency equivalent), or the purchase price

In U.S. - U.S. Sales, Sales Operations or Service Manager may delegate up to this level of approval to an Area Sales or Service Manager. Outside U.S. - the Area Manager may delegate up to this level of approval to a Subsidiary Sales and/or Service Manager or manager of a group of subsidiaries (i.e., Regional or District Manager).

Up to the greater of \$20 million (or local currency equivalent), or the purchase price

In U.S. - U.S. Sales, Sales Operations, or Service Manager. Outside U.S. - Area Sales and/or Service Manager.

Over the greater of \$20 million (or local currency equivalent), or the purchase price

Vice President, Field Operations or delegate thereof.



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## B. Consequential Damages

In the event that the absence of other viable alternatives forces Digital to consider accepting some contractual obligation for incidental or consequential damages, then a written request for such deviation must be sent to the Vice President, Field Operations or delegate thereof for approval. Requests must also comply with the provisions of Section A above.

The authorized individual may approve or disapprove the proposed deviation and/or seek additional guidance from such functions as Legal, Operations, Insurance, Engineering, Marketing, Sales, Customer Service, etc.



# CORPORATE POLICY

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Date	April, 1988
Prepared by	Claudette Hunt
DTN	223-5867

## POLICY RELATING TO THE PHASE REVIEW PROCESS

### BACKGROUND

The Phase Review Process is the method by which the company's various Engineering and other functional groups manage a specific product through its life cycle. The process structures the phases, establishes phase exit criteria, identifies a minimum set of milestones for each phase, and establishes visible, open phase transition meetings (reviews). The process also outlines the communications required with the various Digital functions necessary for the product's successful introduction.

The Phase Review Process is integral to the company's commitment to quality and customer satisfaction, by producing excellent products, delivered on time and on budget.

### POLICY

The Phase Review Process applies to all products developed by the company, including Central Engineering, Product Line Engineering, Field Engineering, and CSS. Refer to Decstandard 028:Phase Review Process.

In brief, the Phase Review Policy has the following provisions:

a) Six distinct phases

- 0 - Strategy and Requirements
- 1 - Planning
- 2 - Implementation
- 3 - Qualification
- 4a- Engineering to Manufacturing transition
- 4b- Manufacturing volume production
- 5 - Retirement



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b) Phase transition meetings of an open, publicized nature at which all groups impacted by the product may constructively participate.

c) Specific written plans, including:

- Product Business Plan
- Project plan
- MFG, MKTG, SALES, SERVICE plans
- Test plan
- Documentation plan

Major projects (those with lifetime revenue exceeding \$500 million are also reviewed by the Product Strategy Committee at the Phase I review.



# CORPORATE POLICY

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Date April, 1988

Prepared by Ed Sullivan

DTN 223-2082

## PRICING APPROVAL & COMMUNICATION PROCEDURE

1. The U.S. Price List will be published on the first day of each quarter.
2. Addenda to each U.S. Price List will be published each month before the next published U.S. Price List. The addenda will be attachment pages to the U.S. Price List, in exactly the same format.
3. The above two documents are Digital's only official price documents from which all quotations are made. No other price information should go to the field until prices have appeared in the official price documents or as part of the announcement process in Sales Update.
4. Additions or changes to the U.S. Price List must be approved by the Pricing and Announcement Committee (PAC). Major decisions may also be reviewed and approved by the Marketing Sales Strategy Committee. The process is as follows:
  - a. Product Manager (PM) or other product representative writes a proposal according to PAC guidelines. PM then submits copies of the proposal [with the completed U.S. Price List Maintenance Form (MLP form) attached] to the PAC by noon Wednesday for inclusion on the PAC agenda. Meetings are held every other week with approval lead time about three weeks. During the intervening time, the proposal will be reviewed by a wide spectrum of people (currently 65 managers plus their staffs) with the goal of resolving all issues before PAC approval. If no issues, then no PAC presentation is required. If discussion is required, then the proposer makes a short presentation to the PAC at the scheduled time, issues are discussed, and decisions are made.



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- b. One element of the price proposal is the effective date. Two effective dates are possible:
- A quarterly addition or change, in which case the new or changed price will appear in the next regular quarter issue of the U.S. Price List.
  - An interim addition in which case the new price will appear as part of a price list addendum.
  - The MLP Form should clearly state the effective date (Quarterly or Interim).
  - No announcement of new or changed prices can be announced in any vehicle until the information is published in the formal price documents (U.S. Price List or Addenda). The exception is in Sales Update as part of the announcement process. If the Sales Update edition with the new price is published before the next U.S. Price List or addendum, then the exact effective date for bookings must be stated. In addition, all approvals and paperwork must be completed.
- c. All price and description changes will be Quarterly, unless specifically approved for an interim update. Thus, addenda will normally contain only prices on new products.
- d. All price and description changes will be Quarterly, unless specifically approved for an interim update. Thus, addendums will normally contain only prices on new products.



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- e. Reference Services is responsible for updating the DEC Standard Price File (on the computer). Quarterly changes are held for inclusion in the next quarterly book. For Interim changes, Reference Services updates the file, and publishes the Addendum at the beginning of each interim month.
5. Description changes in the U.S. Price List are made by submitting the MLP form to Reference Services. These will be included in the quarterly changes to the U.S. Price List, unless they are urgent.
6. Advance notice in the form of lists and computer tapes are sent to Europe and Canada in order to allow time for updating country price lists.



# CORPORATE POLICY

Number 79-3

Page 1 of 2

Date February, 1989

Prepared by Nancy Dube

DTN 223-2221

## CORPORATE CONTRIBUTIONS POLICY

### PHILOSOPHY & OBJECTIVES

Digital Equipment Corporation accepts responsibility to become involved in the world in which it functions. This involvement is designed to achieve both business goals and social goals. We believe that these goals are not only compatible, they are inseparable. Simply stated, being a responsible corporate citizen is good business.

Our involvement is motivated not so much by our sense of obligation as by a desire to take advantage of opportunities to advance the interest of our employees, our shareholders, our customers, those communities in which our employees live and work, and the general public. We also seek to encourage appropriate levels of public involvement on the part of our individual employees.

At Digital, we view corporate giving as more than philanthropy or social responsibility. We see corporate giving as an investment in the future of both the company and the community. We believe the continued well-being of one is linked inseparably to the continued well-being of the other.

We recognize that we cannot solve all the problems in the world, cannot meet every challenge or pursue every opportunity. Thus, we have designed a thoughtful program of public involvement which focuses company resources in those areas of opportunity in which we feel we can make meaningful impact on behalf of the company and community.

To achieve our contributions goals, Digital supports a range of selected programs and institutions with direct money grants, equipment grants and human resources.

We concentrate our support in the following broad program areas:

- Education
- The Arts & Cultural Activities
- Health Care and Handicapped
- Civic/Environmental Programs

**digital™**



# CORPORATE POLICY

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DTN	223-2221

Within each broad program area we have identified priorities and objectives. We prefer to support specific programs and projects that meet those objectives; we will, however, consider unrestricted operating support.

We also reserve a portion of our resources for support of innovative approaches to critical issues of importance to both the corporation and the community.

We recognize the importance of involving our employees in the giving process through our Matching Gifts and United Way matching programs.

In addition to the broad program areas outlined above, local community relations/contributions committees assess local community needs and make contributions to a variety of local community organizations and activities.

## RESPONSIBILITY

The Corporate Contributions Committee is responsible for proposing contributions policies to the Executive Committee for approval, for considering all legitimate cash requests not within the province of local facilities, for consideration of all equipment contributions requests, and for distributing approved contributions.

Requests for corporate contributions must be forwarded in writing Corporate Contributions Program Manager, Digital Equipment Corporation, 111 Powdermill Road, Maynard, MA 01754.

The interpretation of eligibility, and application and administration of the Corporate Contributions program shall be determined by the Corporate Contributions Committee.

The requesting organization may be asked to submit additional information where necessary to clarify its eligibility for a contribution.



# CORPORATE POLICY

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DTN 223-2082

## PRODUCT ANNOUNCEMENT POLICY

The Marketing/Sales/Strategy Committee (MSSC) feels that our reputation for ethical practices and living up to our commitments is one of the most important assets of our Company. One such commitment is the formal or informal agreement to deliver, at a price, hardware and/or software products by some date. This commitment constitutes the formal announcement of a product.

All product announcements must be approved by the Pricing and Announcement Committee (PAC). Major announcement decisions are also reviewed and approved by the Marketing/Sales Strategy Committee.

Criteria for announcement have been defined by PAC. The criteria are divided into hardware and software categories based upon the corporate significance of the product. Information on these criteria is available from the PAC Secretary. The appropriate criteria must be met or a waiver obtained from PAC before a product or system can be announced.

First announcement of products is made via Sales Update. This announcement includes pricing, availability, support provisions, as well as descriptive information.

In certain situations it is necessary to disclose information on unannounced products to customers. Guidelines for pre-announcement are available from the Product Management Group in Central Engineering.



# CORPORATE POLICY

Number 80-1

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Date April, 1988

Prepared by John Riedl

DTN 276-9752

## CORPORATE NON-DISCLOSURE POLICY - SUMMARY

### INTRODUCTION

Digital Equipment Corporation's Proprietary Information Disclosure policy is designed to preserve Digital's competitive advantage in the marketplace which otherwise might be compromised by unauthorized disclosure of proprietary information. In certain situations, it is necessary to disclose information on unannounced products to customers to facilitate their long-range planning in the interest of our long-term relationship with them. It is the goal of this policy to ensure that such disclosures are consistent across the company.

Nothing in this policy should be construed as encouraging a Proprietary Information Disclosure Agreement wherein Digital is obligated to maintain in confidence data transmitted from other parties. Exceptions to this policy are made only in unusual circumstances under specific guidelines. All such Proprietary Information Disclosure Agreements must be negotiated in conjunction with the Legal Department, and if an agreement is to be signed, it should be executed by a Digital vice president.

MSSC is the approval body for the Proprietary Information Disclosure Policy. For detailed information on the Proprietary Information Disclosure Policy or its administration, consult the Proprietary Information Disclosure Policy manual. It may be ordered through Printing and Circulation Services in Northboro.

### APPLICABILITY

This policy applies to, and will be adhered to by Sales, Marketing, Engineering, Manufacturing, and Corporate Accounts.

### PATENT APPLICATION

The patent system provides one of the primary ways in which Digital can ensure that the vast amounts of money which we invest in R&D actually produces a return. In particular,



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patents can help protect our investment by preventing others from copying our products. Patents can also help protect our investment by helping us in the negotiation of licenses which we need from others in order to carry on our business when there are patents which might be used against us.

Sales activity (activity which has commercial intent) which occurs before the patent application is filed, may have a negative impact on the validity of the future patent. What the specific impact will be depends on the nature of the activity and what is said or disclosed, when it occurs and the particular country where the patent is sought. Confidentiality of the disclosure may not be enough to avoid a problem. Therefore, "DISCLOSURE PRESENTATIONS" MUST BE CAREFULLY HANDLED TO AVOID INADVERTENTLY DESTROYING CRITICAL PATENTS RIGHTS.

## POLICY ENFORCEMENT

Violators of this Policy will be brought to the attention of their Group Vice President.

## APPROVED RECIPIENTS

Disclosure Presentations may be given to verified pre-approved customers without further authorization. It is the responsibility of the Area Operations Manager (U.S., Europe, GIA) to authorize exceptions to the pre-approved customers. The procedures that support this policy contain detail on pre-approved customers.

## APPROVED PRESENTATIONS

Only approved Disclosure Presentations are to be given to non-Digital personnel. The procedures that support this policy detail the approval process for Disclosure Presentations.



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## APPROVED PRESENTERS

Disclosure Presentations will be delivered by "Approved Presenters" only. The procedures that support this policy contain detail on approved presenters.

For more detail on these topics, see the Proprietary Information Disclosure manual.

## PRESENTATION TYPES

There are four (4) types of Disclosure Presentations available to approved customers:

### 1. "Type A" - Multi-Year Corporate Technology Outlook

Timing: 24 Months

A single comprehensive presentation that consists of Digital's two-year outlook regarding:

- a. Technology Changes Planned
- b. Key System Design Centers
- c. Operating Environments
- d. Solutions and Development Environments

### 2. "Type B" - Family Review

Timing: 12 Months

Several presentations that give a general overview of future products in a given product family. The content of these presentations should include information on some R&D projects which relate to products in which the customer is interested. Examples include:

- a. Work Stations
- b. Low End Systems
- c. Mid-Range Systems
- d. High End Systems
- e. Desk Top
- f. Operating System Environments
- g. Networking



# CORPORATE POLICY

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Date	April, 1988
Prepared by	John Riedl
DTN	276-9752

## 3. "Type C" - Product Specific Presentation

Timing: 9 Months to 4 Months Before Introduction

The intent of this presentation is:

- a. From 9 months to 4 Months FCS - Field Test Site Solicitation and Selection.
- b. 3-4 Months FCS - Proactive Review with Preapproved Accounts

This presentation covers product details including:

- General Functional Information
- Footprints
- Approximate Performance Goals
- Price Ranges
- Performance Targets
- Availability

## 4. "Type D" - Presentations Not Requiring Strong Control

This presentation type has been created for products that do not require strong control by Digital.  
Examples are:

- a. Next Software Releases
- b. New Minor Hardware Options

### PROPRIETARY INFORMATION DISCLOSURE AGREEMENT

A Proprietary Information Disclosure Agreement will be executed prior to any Disclosure Presentations. If the Agreement is not signed in the field, the authorized customer should plan on signing it upon arriving at Digital.

### ADMINISTRATION OF POLICY

Administration of the Corporate Proprietary Information Disclosure Policy will be managed by the Manager of Corporate Product Operations.

**digital**<sup>TM</sup>



# CORPORATE POLICY

Number 80-2

Page 1 of 1

Date April, 1988

Prepared by Joe Ford

DTN 264-3698

## POLICY FOR DIRECT SURVEYING OF DIGITAL CUSTOMERS

From time to time, it is useful for Digital to directly poll or query its customer base. The Sales Service Marketing and International Committee (SSMI) is responsible, on a worldwide basis, for the review and approval of all surveys, polls, and questionnaires sent to Digital customers.

Regarding the recurring functional polls conducted annually by Sales and Customer Services, it is the policy of the company that these polls reflect a coordinated, one-company image of Digital. Toward this end, these polls should not put an unnecessary burden on customers' organizations, and will represent the company through a consistent image, and will be focused to meet specific objectives and eliminate cross-functional redundancy.



# CORPORATE POLICY

Number 80-3

Page 1 of 5

Date September, 1989

Prepared by Elaine Navedonsky

DTN 276-8092

EXECUTIVE "SAME DAY" RESPONSE TO CUSTOMER COMPLAINTS TO KEN OLSEN

## POLICY STATEMENT

Digital must acknowledge receipt of all customer issues that escalate to Ken Olsen and or Vice Presidents within 24 hours.

A formal acknowledgment message will be sent under Ken Olsen's and/or Vice President's name the same day the complaint is registered with his office. This procedure applies for both calls and letters.

The functional responsibility for sending the message is owned by Corporate Customer Assistance. The message is sent via MCI and is guaranteed to arrive at the Customer's site within 24 hours.

Corporate Customer Assistance manages the issue resolution process and is responsible for ensuring that issue resolution occurs in a timely manner and is in the best interest of Digital and the Customer.

The acknowledgment telegram:

- Provides the customer with a personal message from the person he/she wrote to directly.
- Ensures action will be taken by identifying a responsible manager and guaranteeing contact will be made within an allotted time frame.
- Establishes a contact on a Corporate level who is fully aware of the customer's concerns thus buffering the President from further contact.

The Response Manager is the person who has responsibility for the organization directly answerable for the customer's concerns. In most instances, Sales is responsible for handling customer issues of a complaint nature. However, there are certain circumstances that warrant involvement by other key organizations. Please refer to the Guidelines Section.



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	276-8092
DTN	

Since Sales is ultimately responsible for the customer and his needs, Sales Management will be made aware of all customers that are handled through this process.

The responsible manager will be accountable for contacting the customer within 48 hours to discuss the issues at hand and take action to ensure resolution is made within a timely fashion and in the best interest of the customer as well as Digital.

## RESPONSIBILITIES

### A. CORPORATE CUSTOMER ASSISTANCE:

1. Research customer background and nature of issue.
2. Identify appropriate Response Manager.
3. Send acknowledgment message to Customer under Ken Olsen's name via MCI.
4. Manage problem resolution process.
5. Ensures involvement of cross-functional management when appropriate.
6. Initiates request for corrective action plan when deemed necessary.
7. Reports status and action plan to Ken Olsen's office.
8. Escalates issue to upper level management as necessary.
9. Conduct a follow-up audit with the customer to ensure satisfaction was attained.
10. Provide a monthly statistical summary to appropriate field and in-house management.
11. Ensure that all customers that are handled by the "Same Day" process are included in the Annual Customer Satisfaction Survey.



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## B. RESPONSE MANAGER IS RESPONSIBLE FOR:

1. Contacting the customer within 48 hours to discuss issues. The customer must be contacted by telephone. In many instances, the issues at hand can be discussed via the telephone. However, critical issues involving Corporate, Major and other large accounts should be followed up with a meeting.

If the designated Response Manager is away, a substitute must be appointed to represent him/her. The substitute should be in a management capacity.

The Response Manager should always be at least one level above the person the customer last contacted prior to contacting Corporate.

2. Keeping Corporate Customer Assistance updated as to:
  - If and when the customer was contacted.
  - Arrangements made with customer.
  - Action taken.

This feedback should be sent to Corporate Customer Assistance in a timely manner.



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## GUIDELINES

### A. SALES:

1. Corporate, DNA, and NIA Accounts will be handled by the District Sales Manager and/or CAM, DNA Manager, NIA Manager respectively.
2. All other accounts will be handled by a Sales Unit Manager or an Executive Sales Representative level individual.
3. In any case, the Sales Response Manager will personally send a follow-up letter to all customers responded to through this process within his/her district after the action plan has been put in place. This procedure will take place in all cases even when the District Sales Manager is not the Response Manager.

### B. CUSTOMER SERVICE:

Customer issues falling under the organizational responsibility of Customer Service will be handled through the Manager, U.S., Area Customer Service Customer Relations.

He/She will coordinate resources on a Branch and/or District level to ensure customer satisfaction is attained and is ultimately responsible for keeping Corporate Customer Assistance apprised of the customer status in conjunction with the policies and procedures contained within this policy.

### C. ENTERPRISE INTEGRATION SERVICES:

Same as Customer Service (Section B) except process will be handled through the Manager, U.S. Enterprise Integration Services Customer Relations.



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## D. LAW:

Occasionally a customer complaint letter will be sent by the customer's lawyer(s). In this case, the same process should be used except that the Area Law Department (where the customer is located), should be contacted. All responses to the customer's lawyer should be made by the Area Law Department. They will obtain the appropriate assistance from the various groups and copy Customer Assistance, etc., as required.

If the customer themselves write a complaint letter and threaten Digital with litigation, the Area Law Department (where the customer is located), should be copied. All responses to the customer should be reviewed by the Area Law Department beforehand.

## E. CORPORATE GROUPS:

In some instances, the resolution of customer complaint issues falls outside the responsibility of the Sales Organization. In these cases, the appropriate Corporate Group Management will act in the Response Manager capacity.

Corporate Customer Assistance is responsible for determining when the Response Manager responsibility falls outside of the Sales Organization and is responsible for negotiating and driving all efforts.

In many situations Corporate Customer Assistance will act in the capacity of response manager.

Sales Management will be copied on all correspondence including issues handled by other organizations.

## F. OTHER:

All senior executives may use these services and are encouraged to do so.



# CORPORATE POLICY

Number	80-4
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Date	April, 1988
Prepared by	Ron Myrick
DTN	223-2132

## CASE STUDIES OF DIGITAL

1. As a general policy, Digital will not participate in case studies or any other similar research or teaching-type projects about the company. The risks of releasing competitively valuable information in any project of this nature does not warrant our participation in most instances.
2. If anyone <sup>do</sup> believes we should allow such a project to be undertaken, the Executive Committee must approve the proposal before it is committed to on behalf of the company. A proposal to allow participation should (a) show how management time necessary to prepare the project is valuable in some direct way to Digital and to managers who participate, (b) include information supporting the professionalism and reliability of the project leader, and (c) assure that Digital will give final approval of the project material before it is released for use outside of the company.
3. Outside of the United States, the appropriate Country Manager must approve the proposal before it is submitted.



# CORPORATE POLICY

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Date	April, 1988
Prepared by	Dick Fishburn
DTN	276-9895

## HOST MANAGEMENT FOR U.S. FACILITIES

Many Digital locations have more than one corporate-level function operating within the local facility or cluster of facilities. Often the primary reporting line for these groups is to functional management outside of the location. Based upon past experiences, we believe that in such circumstances there are clear benefits from having a designated "Host Manager" with responsibility to:

1. Provide a clear, management focal point for the total location. This includes making sure that the combined operations are conducted according to Digital policies, local laws, and sound business practices, so that we can be proud of the way the total location represents Digital to customers, employees, government and the surrounding community.
2. Insure that there is a positive environment of teamwork at the location so that support services are shared rather than duplicated by the functions operating at the location, and that each group receives its fair share of support.

Common sense should be applied in determining what degree of sharing should take place. However, examples of services which typically should be shared are:

- o Facilities Management
- o Space Planning
- o Office Services
- o Administration
- o Telecommunications
- o Personnel
- o Accounting
- o Information Services
- o Purchasing
- o Community and Government Relations



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The Host Manager must make sure that the above support groups have long-range plans that fit the needs of the functions residing at the location. The Host Manager should also make sure that the support groups are integrated into the local management structure so that they are in the position to be responsive to both local needs and Corporate functional policies.

A cluster or facility council made up of Host Manager, other Tenant Managers, Site Personnel Manager and Facility Manager should meet regularly to raise issues and concerns and resolve problems relating to services in the facility.

The role of Host Manager should be seen as a part of the general management responsibilities of the location's functional management team, and not as a new layer of management. The designated Host Manager has broad general responsibility to "wear the corporate hat" and to question and "push back" at any aspect of the location's operations which seems inappropriate. Additionally, the Host Manager should be a strong influence on the groups having direct spending responsibilities for the location so that their expenditures produce maximum benefit in terms of both work environment and business efficiency for the total company.

Some multiple facility locations may require a Host Manager for each facility and/or an overall Host for the cluster. The Corporate F&A Organization will make recommendations as to the requirements for host management at individual locations, and will maintain a listing of designated Host Managers for each of Digital's locations.



# CORPORATE POLICY

Number 81-2

Page 1 of 5

Date April, 1988

Prepared by Dave Spratt

DTN 244-6101

## BUSINESS CONTROLS

### OBJECTIVE

To ensure that internal controls are adequate to safeguard all assets, promote operational efficiency, measure adherence to company policy and philosophy, and result in accurate and reliable operating and financial reporting.

To establish the minimum criteria required in the design, testing and maintenance of an adequate system of internal controls.

To define the responsibility associated with maintaining, evaluating, and reporting that an adequate system of internal controls is operating properly and is integrated throughout the operations of the company.

SCOPE: WORLDWIDE

### POLICY

The Foreign Corrupt Practices Act of 1977 requires that all companies listed with the Securities Exchange Commission have in place a system of internal accounting controls. These controls must reasonably ensure accurate financial information and are the direct responsibility of senior management.

It is Digital policy that operating management within each business unit will establish and maintain a process of internal controls which goes beyond the required accounting controls and provides reasonable assurance that:

- o Operational efficiency is promoted which encourages efficient use of assets, and reduces duplication of effort, waste, and mistakes.
- o Measures adherence to company policy and philosophy.
- o Access to assets is permitted only in accordance with management's general or specific authorization.



# CORPORATE POLICY

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DTN	244-6101

- o Transactions are executed in accordance with management's general or specific authorization.
- o Transactions are recorded as necessary to:
  1. permit preparation of external financial statements conforming to generally accepted accounting principles,
  2. prepare internal reports in accordance with generally accepted accounting principles and other appropriate established criteria,
  3. maintain accountability for assets.
- o The recorded accountability of assets is compared with the physical existence of the assets at reasonable intervals, and appropriate action is taken with respect to any differences.

## INTERNAL PROCESS

The focus of the internal control process is at the operating or business unit level because it is at the business unit level that controls are implemented. Each business unit is required to document its operations and identify its internal controls. Documentation should be clear and meaningful, and revised and updated as reorganization or other changes take place. The documentation must be evaluated and the control strengths and weaknesses identified. Based upon the evaluation, corrective action is to be taken to ensure proper controls are in place. Significant controls should be tested (compliance testing) periodically to ensure the controls are working as intended.

Internal controls should be an integral part of the day-to-day operations of the business, functioning reliably and efficiently. It is the responsibility of all operating managers to ensure that an environment conducive to a good system of internal controls is in place within their business units. Operational management is to be supported by Finance and Administrative staffs in the establishing, testing, and ongoing evaluation of their controls.



# CORPORATE POLICY

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Date April, 1988

Prepared by Dave Spratt

DTN 244-6101

The senior management team of each business unit is required to:

- o have in place a system of good internal controls,
- o submit quarterly to Group/Area Management
  1. the status of compliance testing;
  2. a corrective action plan which addresses significant audit findings.

The Group/Area Operations Manager and Controller/Finance Manager is required to:

- o monitor the status of internal controls within their organization,
- o ensure there is a process of quality internal controls within their Group/Area,
- o report quarterly to the Function Headquarters,
  1. a Compliance Statement on the adequacy of internal controls,
  2. a status of compliance testing and corrective action plans for appropriate business units.

At the Corporate level, Internal/External Audit and the Balance Sheet Review process are used to ensure a quality process of internal controls is in place across the Corporation.

In ensuring that the internal control process continues to meet the demands of a growing environment, the Corporate Accounting Manager may meet periodically with representatives of each function to discuss cross-functional concerns such as education/training techniques or improved reporting.



# CORPORATE POLICY

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## RESPONSIBILITIES

Board of Directors - determines that management acknowledges its responsibilities regarding the Company's financial statements and system of internal control.

Audit Committee - meets with internal/external audit, and legal counsel periodically to review audits, financial reporting, internal controls, and other related matters.

Functional Vice Presidents of Operation - ensure that internal controls are adequate and operating effectively within their function. Issue year-end compliance statements regarding the implementation, evaluation and reporting of internal controls and reasonably assures the fairness of resulting financial and operational reports.

Corporate Controller - reports to the Audit Committee on the adequacy of internal controls on a Corporate-wide basis and reasonably assures the fairness of the Corporate financial statements. Ensures that the Financial and Administrative staffs throughout the Corporation support operational management in the implementation, evaluation, maintenance, and reporting of internal controls.

Functional Senior Finance Manager/Appropriate ASC Member - supports the Operational Vice President in ensuring internal controls are adequate and operating effectively within their function. The ASC member may be required to present their function's quarterly report at scheduled ASC meetings as directed by the ASC chairperson.

Group/Area/Subsidiary Operating/Finance Managers - ensure that the operating units under their direct responsibility adhere to this policy. Submit a status of compliance testing and corrective action as outlined within this policy.

Business Unit Operating/Finance Managers - ensure that an environment conducive to the implementation of internal controls is in place within their business unit. Implement this policy regarding the evaluation, documentation, maintenance, and reporting of internal controls.



# CORPORATE POLICY

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Date April, 1988

Prepared by Dave Spratt

DTN 244-6101

## REFERENCES

Corporate Policy Memorandum (CPM) No. 81-2

Corporate Accounting and Report Manual

Internal Controls Manual

"Balance Sheet Reviews" No. 306-09

"Digital Business Ethics" CPM No. 78-1

"Internal Control" CPM No. 81-2



# CORPORATE POLICY

Number	81-5
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Date	February, 1989
Prepared by	Joe Arayas
DTN	296-4265

## SELLING AND SERVICING IN DEFINED SPECIAL APPLICATIONS

### PREFACE

Digital has taken action to reduce the risk of liability when participating in certain Special Applications.

### POLICY

Digital continuously evaluates the evolving risk of doing business in certain markets which require specialized computing and in which the potential financial exposure to Digital in the event of a catastrophic event is large. This financial burden may result from the loss of life, the loss of property or the discontinuation of normal business operations.

The reason for establishing this policy is to maintain Digital's financial liability when participating in these markets at an acceptable level and one that is comparable to that associated with other markets.

Therefore, any application in the defined "Special" Applications markets, where Digital may be exposed to excessive financial risk, is covered by this Policy, must be reviewed and decided upon at the appropriate AREA or Country Management level and may require additional contractual protection.

### SCOPE

The following three market areas have been specifically identified to date as "Special Applications":

#### - NUCLEAR

Commercial Nuclear Power Generation, Nuclear Fuel Enrichment, Nuclear Waste Disposal, Nuclear Waste Handling, and Nuclear Decontamination Facilities.



# CORPORATE POLICY

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Date	February, 1989
Prepared by	Joe Arayas
DTN	296-4265

## - AVIATION

Air Traffic Control (ATC) and systems utilized by ATC, including:

Computer Controlled Radar Systems, Meteorological Data Systems, Aircraft Onboard Avionics, Flight Information Systems, ATC Training and Communication Systems.

## - TRANSPORTATION

Rail Transportation Systems.

## RESPONSIBILITIES

Local Sales and Service Management has the primary responsibility for the identification of "Special" applications in the defined markets, and the ongoing role of identifying other market areas that may expose Digital to substantial financial risk.

U.S. Operations, European Area Management and GIA Area Management are responsible for the implementation of this Policy in their geographies.

A Corporate Special Applications Committee is responsible for setting Policy, recommending changes to Policy and consulting on interpretation of issues.

## RESPONSIBILITIES OF CORPORATE SPECIAL APPLICATIONS COMMITTEE

1. Set corporate policy, recommend changes to existing policy relative to intent and markets covered.
2. Ensure proper administrative procedures are in place.
3. Work with internal audit to develop appropriate audit procedures.
4. Monitor and evaluate evolving legislative trends and legal theories.



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Date February, 1989

Prepared by Joe Arayas

DTN 296-4265

5. Ensure availability of appropriate documentation and training, outlines of areas where we want protections, and guidance on how to obtain appropriate levels of financial protection.
6. Act as consultants on matters related to risk management, legal issues, and technology.
7. Hire outside consultants, where necessary, to complement available skills.
8. Meet at least quarterly to review action items, progress, etc. on a worldwide basis.
9. Keep a central data base of customer applications and information to guarantee consistent use of the policy worldwide and send minutes to secretary of each area committee.

## RESPONSIBILITIES OF FIELD SUBCOMMITTEES

1. Implement Policy in respective geography, including the structure of a subcommittee and review the proposed implementation plan with the Corporate Special Applications Committee.
2. Review all application forms in defined market areas.
3. Negotiate contracts with customers.
4. Develop procedures for review and audit.
5. Send a representative to the quarterly meeting.
6. Keep local geographic data base updated and supply information to the central Corporate data base:
  - including all minutes of meeting.
  - concise customer input forms.



# CORPORATE POLICY

Number	81-6
Page	1 of 2
Date	February, 1989
Prepared by	Marietta Ethier
DTN	223-4288

## GOVERNMENT INQUIRIES

Governments are increasingly involved, on a worldwide basis and at all levels, in all aspects of Digital's business. Multiple, and at times inconsistent, regulations and reporting requirements add to the difficulty of responding to various governmental inquiries in a prompt, coherent and consistent fashion.

Inquiries from government agencies requiring information about our business enter into the Company at many different points. Often, for example, a business manager who is known to government regulators will be the recipient of an information request.

The Executive Committee has determined that the Law Department shall serve as a "clearing house" to coordinate Digital's response to all government inquiries consistent with our objectives of maintaining the correct legal posture and abiding by the spirit of voluntary cooperation which characterizes our relationships with all levels of government.

The Law Department's "clearing house" review supplements the review conducted by the appropriate operations or functional manager. Response to the government inquiry should not be made until Law Department clearance has been received.

Accordingly, any Digital employee receiving a written or oral inquiry from a government agency should, in addition to following other appropriate notification procedures, notify the Law Department as follows:

Within the U.S.	--	General Counsel
Within Europe	--	Subsidiary Legal Counsel (or Area Headquarters Counsel, as appropriate)
Within GIA	--	Subsidiary Legal Counsel (or Regional Counsel, as appropriate)



# CORPORATE POLICY

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Prepared by	Marietta Ethier
DTN	223-4288

Exception - All inquiries from government security/intelligence agencies should be immediately directed to Corporate, European, or GIA Security, as appropriate.

The Law Department is responsible for excluding from this policy categories of government inquiries which are routine in nature and for which Law Department review is not needed (e.g. U.S. Bureau of Census Reports).



# CORPORATE POLICY

Number	82-1
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Date	February, 1989
Prepared by	Ron Payne
DTN	223-3238

## CONSULTANT AND CONTRACT WORKER AGREEMENTS

### THE POLICY

Digital hires Consultants (experts with specialized knowledge in a field) and Contract Workers (clerical, secretarial, or technical workers) to perform various services for the corporation. The acquisition of this external labor is subject to the same guidelines for competitive bidding and source and need justification as other purchases of services.

The administration of the Contract Worker program is shared jointly by the Purchasing and Personnel Departments. Consultant acquisition is managed solely through the Purchasing Department. The Personnel Policies Manual and the Purchasing Policies Manual, respectively, contain further information on the specific hiring and management procedures followed by the corporation in each of these areas.

The presence of these individuals in our facilities creates certain business and legal risks. As a result services must not be provided by Consultants or Contract Workers until an appropriate agreement has been signed which addresses these risks.

In order to ensure that the business and legal interests of Digital are adequately protected, only Corporate Officers and authorized Purchasing or Personnel representatives are empowered to execute Consultant and Contract Worker Agreements in accordance with the referenced Policy Manuals. These types of agreements will be executed only after they have been reviewed by the Purchasing Department or the Personnel Department, as appropriate, and approved by the Law Department.

Some of the more important risks that must be addressed in these types of agreements are as follows:

1. Use of Facilities - Depending on the nature of their work, certain Consultants and Contract Workers may need unsupervised use of our facilities and equipment, creating the risk of loss from such use and also increasing the risk that confidential information may be misappropriated. Digital's policy is to require that Consultants and Contract



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DTN	223-3238

Workers indemnify Digital against any and all losses from their contract performance or their use of our facilities and equipment. In the case of a corporate vendor, Digital requires that minimum levels of insurance be maintained to cover such losses. In addition, unsupervised access by Consultants and Contract Workers is carefully limited to only those facilities and, where necessary and appropriate, to specific areas within those facilities where their work is performed. These individuals should not be signed in by Digital personnel as "visitors" for the purpose of performing services, in an effort to avoid vendor access restrictions.

2. Confidential Information - Digital needs to ensure that its confidential information, patents and copyrights are adequately protected against disclosure or misappropriation by outside parties who have access to our facilities. Therefore, in addition to limiting the areas of such access, Digital requires that Consultants and Contract Workers agree to maintain in confidence any proprietary information or knowledge they gain while performing their services including Digital's marketing and customer support strategies; financial information such as sales, costs, profits and pricing methods; internal organization, employee lists and customer lists; technology including discoveries, inventions, research and development efforts, manufacturing processes, hardware/software design and maintenance tools, and hardware/software product know-how and show-how; and all derivatives, improvements and enhancements to any of the above which are created or developed by the Consultant or Contract Worker.
3. Rights in Data - Since Consultants or Contract Workers may be involved in developing products or services which are marketed to Digital's customers or used internally for commercial purposes, Digital must clearly and specifically define in its agreements its ownership and other rights in any inventions, developments and copyrights which result from the work of the Consultant or Contract Worker.



# CORPORATE POLICY

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4. Loan of Equipment - When Digital-owned material/equipment is to be loaned to a Supplier for any length of time, it must be done through Purchasing. It is Purchasing's responsibility to insure that Digital's rights to such material/equipment are adequately protected. Such a loan is called a bailment.

A Bailment Agreement must be accepted and signed by the Supplier who is contractually committed to Digital (not merely the individual Consultant or Contract Worker performing the work) prior to loan of material or equipment. If the material/equipment being loaned is for a Consultant or Contract Worker to perform his or her work offsite, Purchasing must be notified prior to issuance of the Purchase Order.



# CORPORATE POLICY

Number	84-1
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Date	April, 1988
Prepared by	Woody Lapham
DTN	244-6137

## PURCHASE OF COMPETITIVE EQUIPMENT

The nature of Digital's business encourages many of our groups to acquire computer equipment from competitors for various reasons.

Competitive equipment is defined as the full range of computer equipment from CPU through Add-on Memory to software and options such as printers and terminals.

Groups which need access to competitive equipment should investigate the following alternatives:

1. Free use at a customer site;
2. Timesharing service;
3. Rent or lease.

Acquisition of such equipment should be for one of the following purposes:

1. Technological assessment (architecture);
2. Performance testing for marketing positioning and pricing of Digital products; and
3. Coexistence with competitive systems.

Groups should adequately justify the need to acquire competitive equipment to their Executive Committee Member and control the physical existence of the equipment once acquired.

The Executive Committee Member responsible for the group proposing the acquisition of competitive equipment must approve of the purchase in writing in advance.

In dealing with competitors, the Law Department should review any terms and conditions other than Digital's standard terms and conditions (particularly to avoid confidentiality agreements).



# CORPORATE POLICY

Number	84-2
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Date	February, 1989
Prepared by	Gail Mann
DTN	223-2206

## INSIDER TRADING

It is essential, in the interests of all concerned including potential investors in DEC stock, potential sellers of DEC stock, current investors, as well as DEC vendors, customers and employees, that material information relating to DEC business and financial matters be maintained in the strictest confidence until a full and coordinated disclosure is made to the business and investment community. Not only is this a good and fair business practice, but failure to adhere to this practice may lead to both company and personal liability.

Two areas of concern that DEC shares with all major companies are: (1) timely disclosure of material company information, and (2) insider trading. The following guidelines are applicable to all company employees:

1. No employee shall disclose "material information" relating to company matters (information to which an investor would attach importance in deciding whether to purchase or sell the company's stock) to either employees or non-employees who have no need to know the information, until the information has been effectively disclosed in a manner sufficient to ensure its availability to the investing community as a whole.

The U.S. Supreme Court has defined material information as information which a "...reasonable investor would have considered... important in making his or her (investment) decision". This might include such items as information concerning corporate budgets or forecasts; earnings or dividend information; significant contracts, a significant event or changes concerning markets or products; changes in senior management, litigation or financial plans.

2. A director, officer or employee possessing material, non-public information ("insider") must abstain from trading securities while material information of which he or she has knowledge remains undisclosed to the investment community. It is important that insiders make no favorable or unfavorable recommendations relative to DEC common stock to outsiders.



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3. The Law Department in conjunction with the Investor Relations Department issues written guidelines from time to time to Corporate officers and others giving examples of various types of material inside information and if appropriate, may give a presentation explaining these areas in more detail.
4. The Company shall identify groups of employees considered to have access to material financial and other information. On a regular basis these employees shall receive a reminder of their responsibility to avoid disclosing or trading on the basis of material confidential information.
5. The group identified above shall be informed in advance of all periods during which they should abstain from buying or selling DEC stock, i.e., periods immediately preceding the publication of quarterly and annual earnings.
6. Periodically the Law Department will issue reminders to the group of their responsibilities.
7. Transfer of shares may be monitored to assure compliance with this policy.



# CORPORATE POLICY

Number 84-3

Page 1 of 3

Date April, 1988

Prepared by Tom Siekman

DTN 223-4422

## PROPRIETARY INFORMATION PROTECTION POLICIES

### OBJECTIVE

To protect Digital's competitive position by safeguarding valuable and confidential business plans, new product data, and personnel information.

### POLICY

Proprietary Information means any plans, ideas, or data Digital would not want a competitor or the general public to know. This could be technical data or business data, or employee data. For example, new technology, new product plans, service strategies, customer lists, vendor lists, budget information, personnel files can all be considered the proprietary information of Digital. Some of this data, of course, becomes public knowledge when Digital announces new products or publishes earnings.

However, aside from legal reporting requirements and our own announcement decisions, Digital need not tell this kind of information to anyone. In fact, the laws permit us to keep a competitive edge and protect employee privacy by protecting this highly valuable or confidential data.

The best way to protect proprietary information is by classifying and labeling it so Digital employees will know its relative importance and guard it properly. The group in Digital that creates or maintains a particular set of proprietary information should classify it as one of these three types:

1. Restricted Distribution: Information so confidential and important it should only be distributed to people inside Digital who need to know it. Proprietary information our customers or vendors give us must be put in this class. Information in this class cannot be disclosed to anyone else without talking to the group that created, received or maintains it.
2. For Internal Use Only: Information which can be distributed to Digital employees but should not be given to customers, competitors, vendors or consultants.



# CORPORATE POLICY

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Date	April, 1988
Prepared by	Tom Siekman
DTN	223-4422

3. Personnel Confidential: This is personal information about a Digital employee, such as his or her salary, performance evaluation, medical problems and so on. It should not be distributed outside Digital at all, without authorization and internally it should be treated with at least the same sensitivity as you want for your own most personal records.

Corporate Security issues guidelines you must follow in handling these kinds of information. These guidelines may need to be modified locally to make sure local country law and procedures are followed.

If you work with consultants, contractors or vendors who need to know some of our proprietary information, you are responsible for insuring they have and use adequate procedures to protect it. Consult Corporate Security or your manager if you need advice.

In any case, make sure you are authorized to reveal Proprietary Information to anyone before you do it, and then limit your disclosure to people who truly need to know.

Revealing proprietary information without proper authorization is a most serious offense. An employee who violates this rule may be discharged for improper use of company property and may also be subject to criminal prosecution.

## RESPONSIBILITIES

Officers - Create and monitor proprietary information security procedures appropriate for his or her organization.

Corporate Security -

1. Creates and distributes corporate-wide proprietary information security policies and procedures.
2. Provides help in learning about and interpreting these policies.
3. Uses suitable internal procedures and follow-up to make sure the policies are followed.



# CORPORATE POLICY

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## All Employees -

1. Should make sure proprietary information they create (or have developed by consultants or contractors) is properly classified and marked.
2. Should follow the proper procedures for handling proprietary information others created.
3. Should report violations of this policy to their managers and the local or Corporate Security Department.



# CORPORATE POLICY

Number	84-4
Page	1 of 3
Date	February, 1989
Prepared by	Tom Siekman
DTN	223-4422

## COPYRIGHT COMPLIANCE POLICY FOR PRINTED MATERIAL

### OBJECTIVE

To insure Digital Employees do not violate the copyrights of other companies or individuals.

### BACKGROUND

Many individuals and companies (including Digital) use copyright law to protect their publications from unauthorized reproduction. They do this by placing a copyright notice (the "c" encircled or the word "copyright") on the document. For example:

c Digital Equipment Corporation, 1988

Copyright protection usually extends at least fifty years or more from the date on the notice.

Copyright law protects the way the ideas are expressed in a document, but not the ideas themselves. The ideas or underlying concepts in a copyrighted document can be discussed freely; however, the expression, the exact form and wording of the document usually cannot be reproduced without the copyright owner's permission.

Generally, the copyright owner, whoever is named in the notice, can sue anyone making unauthorized copies. The law, however, provides some limited exceptions for "fair use" copying.

### POLICY

In general, Digital employees should not reproduce or copy the copyrighted documents of others without obtaining the copyright owner's written permission. In some cases, limited copying may be permissible without this permission under the fair use exception but only if both the amount copied and the number of copies made are very limited.



# CORPORATE POLICY

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The following guidelines should be used in determining whether the fair use exception applies to a proposed use of others' copyrighted material:

1. Copying or quoting a few short excerpts or a few bits and pieces of a document is normally considered fair use.
2. Copying an entire document is normally not fair use.
3. The scope of the fair use exception varies with the nature of the documents and how the copies are used:
  - a. Several excerpts reproduced from a scholarly research work for internal, reference use are more likely to be considered fair use.
  - b. Several excerpts reproduced from a periodical or commercially sold magazine or book are less likely to be considered fair use, especially if the copying is done primarily to avoid buying another subscription or copy.
  - c. If excerpts are copied for use in a publication Digital uses for the sale and promotion of its products, the copying may not be fair use.
4. Reproducing books, magazines or newsletters in their entirety, in large quantities, on a systematic basis, without the owner's permission may not be fair use and may be considered infringement, subjecting Digital to the risk of lawsuit.

As this indicates, fair use is a fairly complex issue in copyright law. Furthermore, this policy and these guidelines on the fair use exception only apply to printed, typed or written material copyrighted by others.

Special rules, with different exceptions apply to software programs, videotapes or sound recording, certain copies made by Digital libraries, copies made by non-profit educational institutions, and copies or quotes included in Digital publications.



# CORPORATE POLICY

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If you are not sure what applies to your particular situation, ask your manager if specific guidelines exist for your group, or consult the Law Department.



# CORPORATE POLICY

Number 85-1

Page 1 of 2

Date February, 1989

Prepared by Cary Armistead

DTN 223-3980

## ANTITRUST COMPLIANCE AND COMMUNICATIONS WITH COMPETITORS

### ANTITRUST COMPLIANCE

Digital employees must comply with the antitrust (competition) laws of the countries where we do business. These laws allow us to compete vigorously in free and open markets, and compliance is consistent with the ethical business practices that Digital seeks to maintain.

### COMMUNICATIONS WITH COMPETITORS

The most serious antitrust violations involve agreements between competitors that restrain competition. Therefore, Digital employees must take great care in all their dealings and communications with competitors and be mindful that the companies with which Digital has marketing arrangements, such as CMPs, SCMPs, OEMs and other resellers, are often competitors as well.

Some communications with competitors or potential competitors are legitimate and necessary because they are also Digital's customers, vendors, fellow members of trade associations, licensees, licensors, or co-participants in joint ventures. Communications directly related to these specific relationships do not normally raise significant antitrust concerns. However, since any contact with a competitor provides an opportunity for improper communications that might result or appear to result in a serious antitrust violation, Digital employees should not discuss the following topics with any competitor:

1. Pricing policies, terms and conditions, or the prices at which products are resold to third parties;
2. The amount of a bid or an intention to submit a bid;
3. Profits, profit projections, profit margins or costs;
4. Unannounced products or an intention to enter or exit a particular market;
5. Market share or production capacity; or



# CORPORATE POLICY

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Prepared by Cary Armistead

DTN 223-3980

6. Distribution practices or the selection, rejection or termination of customers or suppliers.

Digital employees who feel that discussion of any of these topics is necessary in connection with a particular customer, vendor, license or joint venture relationship should first consult the Law Department.



# CORPORATE POLICY

Number	85-2
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Date	April, 1988
Prepared by	Art Fisher
DTN	244-6805

## SUBSIDIARY BOARD AND DIRECTORS/OFFICERS APPOINTMENT PROPOSAL

### POLICY STATEMENT

Digital has a need, from time to time, to establish new legal entities both within and outside of the United States in order to efficiently transact its business. These entities, be they subsidiaries or joint ventures, may serve one or many functions depending upon the country in which they are established. By law, each of these entities requires individuals to serve in some capacity as officers or directors responsible for the affairs of that entity. Digital has always followed the policy of complying with all of the relevant laws applicable to each new entity by the appointment of individuals with the appropriate responsibility and signature authority.

Many existing Digital entities function for years without the need for any change in the individuals serving in these capacities; however, as certain of these entities, such as Sales/Service subsidiaries, mature the appointment of senior country managers to serve as members of local subsidiary boards and/or appointment of lesser subsidiary officerships, such as vice presidents or the equivalent, may also be necessary to be competitive with our major competitors in that local market. In many Sales/Service subsidiaries that have substantial government business, these types of appointments may be necessary in order to be viewed and treated as a major computer supplier in that country. These appointments may also be necessary in order to attract and maintain the caliber of management necessary to maintain and grow the respective country business.

This policy statement is intended to establish a philosophy and a procedure to be followed in the appointment of directors and officers for all legal entities formed by Digital or in which Digital is a partner.



# CORPORATE POLICY

Number	85-2
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Prepared by	Art Fisher
DTN	244-6805

## PROCEDURE

Prior to the establishment of a new legal entity by Digital or in which Digital is a partner, or if a change in a directorship(s) or an officership(s) is desired, a written proposal must be prepared with the names of the individuals, the positions in which these individuals will serve, and the relevant information referenced in the next section. This proposal must be submitted to the General Counsel and the Chairman of the Personnel Management Committee. It is not intended by this procedure to eliminate the need for a written proposal to be submitted to the appropriate committee of Digital for approval of the business justification of the establishment of this new entity when the individuals will be serving in a new entity.

## IMPLEMENTATION

In those cases where the new entity is being established for technical, tax, legal, or similar such reasons, the senior area manager functionally responsible for that entity shall submit the proposal with the names of the individuals, the positions in which these individuals will serve, and the business reasons why these are the most appropriate individuals in the matter presented.

In those cases where the proposal is submitted for other operational reasons, (whether it be for a new or existing entity), the senior area manager responsible for that entity shall submit the proposal with additional information, such as competitive data demonstrating the need for the particular appointments, which data shall include specifics relevant to those companies whom that manager normally views as Digital's competitors within the locality of that proposed or existing entity. In addition, there shall be included information on the management structure of the entity and the impact on the working relationship of the management team of that entity.

In all of the above cases, the proposal shall have been reviewed, with comment where appropriate, by the Law Department serving the area manager making the proposal.



# CORPORATE POLICY

Number 85-2

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Date April, 1988

Prepared by Art Fisher

DTN 244-6805

## APPROVAL PROCESS

Any proposal under this policy shall be submitted in accordance with the stated procedure to the General Counsel and the Personnel Management Committee for final approval.

Before each of the individuals named in the approved proposal assumes the responsibilities of the position in which he or she is named, the Law Department which reviewed the proposal shall fully apprise that individual of all the legal responsibilities and liabilities of that position under the laws of the applicable jurisdiction, as well as of the fact that the appointment is tied to the position of the individual and not to the individual personally.



# CORPORATE POLICY

Number 85-3

Page 1 of 1

Date April, 1989

Prepared by Peter Koch

DTN 273-5843

## AGREEMENTS TO ACQUIRE SOFTWARE

The importance of software to Digital is increasing and we frequently must acquire the rights to use, distribute or sell software which is owned by others. These rights are granted and documented in a software license agreement. These agreements are complex and may place the Corporation in a position of serious operational, financial and/or legal risk.

Software, that is owned by others, may not be brought into Digital or used for Digital's benefit by Digital's employees, consultants or agents of Digital without a software license.

To maintain proper control in this area, the organization desiring a software license must specify the technical requirements. Software License rights must then be negotiated, acquired and approved by Purchasing.

Prior to execution, all software license agreements must go through a formal approval process as defined in the respective geographies by the U.S. Software Acquisition Policies and Procedures Manual, European Software Acquisition Reference Manual, and General International Area Reference Manual.

A corporate officer must execute software license agreements. Corporate officers may delegate this signatory authority by notifying, in their respective geographies, Corporate Software Acquisition Resources (CSAR), European Software Acquisition (ESA) or General International Area Software Acquisition (GIASA) in writing of the names of the delegates. The responsibilities of these organizations are defined in their respective policies, procedures, and reference manuals.

Any waivers, exceptions or modifications to the above policy must be approved in writing or electronically by Purchasing.



# CORPORATE POLICY

Number 87-1

Page 1 of 2

Date April, 1988

Prepared by Tom Siekman

DTN 223-4422

## COMMENCING LITIGATION

### INTRODUCTION

Starting a lawsuit against another party is a serious matter requiring careful consideration. In most cases a lawsuit arises out of some prior relationship between the parties (such as buyer-seller and consideration must be given to whether litigation is the optimum solution. Digital's philosophy concerning litigation is not to sue unless other steps aimed at protecting our rights and interests have failed.

The policy identifies the approval powers and process for initiating litigation.

### AUTHORIZATION TO APPROVE LITIGATION

Executive Committee - must authorize all litigation brought by Digital and/or its subsidiaries in the U.S., Europe or GIA with the following exceptions:

U.S./Europe/GIA Area Managers - may authorize all litigation within their areas which (a) does not have a financial or legal impact outside the Area, or (b) does not involve an asset or area sales/marketing practice that affects the entire corporation.

Country Manager - may authorize all litigation within the Country which (a) does not have a financial or legal impact outside the Country, or (b) does not involve an asset or local country sales/marketing practice that affects the entire area.

U.S. Problems Account Manager - may authorize U.S. collection cases.

Questionable Situations - the proposal to start a lawsuit should be elevated to the Executive Committee for approval.



# CORPORATE POLICY

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DTN	223-4422

## PROCESS FOR COMMENCING LITIGATION

1. The Executive Committee will consider approving litigation when a proposal is made by the Vice President responsible for protecting the particular rights or assets being affected with the approval (or disagreement with the reasons for it) of the General Counsel. Cases being authorized at the Area or Country level require the approval (or disagreement with reasons) of the appropriate Area or Country Legal Counsel. Proposed tax litigation must have the approval (or disagreement with reasons) of the Treasurer or its designated representative.
2. When litigation is authorized, the approving authority should indicate to whom it is delegating responsibility for strategic decisions in the case including settlement terms.
3. After authorization is given, the Law Department (or the Tax Department, as the case may be), together with the individual responsible for strategic decisions, will manage the litigation.

## SUITS AGAINST DIGITAL -- BRINGING COUNTERCLAIMS

Sometimes when Digital or its subsidiaries are sued, there may be counterclaims which should be brought against the other party. Authorization for the counterclaim if it were being brought as an independent lawsuit, unless the counterclaim is part of the litigation strategy, in which case the Law Department (or the Tax Department) will coordinate the action with the designated strategic manager.



# CORPORATE POLICY

Number 87-2

Page 1 of 2

Date February, 1989

Prepared by Ilene Jacobs

DTN 224-6464

## INVESTMENT IN OTHER COMPANIES

### OBJECTIVE

To state the Company's policy on investment in or acquiring other companies.

### POLICY

Digital will consider external Investment in other organizations when such an Investment supports a significant business opportunity for the Company.

### RESPONSIBILITIES

The Board of Directors is responsible for approving Investments in other companies.

The Executive Committee is responsible for approving the maximum and minimum parameters of the Investment for negotiating purposes.

The Vice President of the Sponsor Operating Group is responsible for determining the interest in an Investment proposal, responding to the proposers of possible Investment opportunities, writing the business plan and performing the investment analysis, recommending an Investment to the Executive Committee for approval, executing non-disclosure agreements, participating in or designating a representative to participate in the negotiations concerning investments, representing Digital's investment interest, monitoring the performance of any obligations under the agreement with the third party company and assuring that Digital obtains any and rights and benefits under said agreement.

The Vice President of Finance is responsible for the financial structure of the investment, reviewing the business plans and financial statements of proposed Investments for valuation, accounts, and reporting purposes, interfacing with the outside investment and financial community, and participating in or designating a representative to participate in the negotiations concerning the Investment.



# CORPORATE POLICY

Number 87-2

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Date February, 1989

Prepared by Ilene Jacobs

DTN 224-6464

The General Counsel is responsible for reviewing the legal structure of the Investment, for drafting and/or reviewing all agreements generated in conjunction with the Investment, and for participating in the negotiations concerning the Investment.

## DEFINITIONS

1. Investment - Formation of a new legal entity with a non-Digital related party; merger with or acquisition of an ownership or debt position or change in an existing position in a non-Digital company through the exchange of cash, equipment, securities, or property; or the extension of new or additional financing through forgiveness or delay of payment to trade credit or outright loans or loan guarantees.
2. Sponsor Operating Group - Group within the company which formally proposed an Investment to support or enhance its strategic business plan.



# CORPORATE POLICY

Number 88-1

Page 1 of 4

Date November, 1989

Prepared by John Buckley

DTN 297-6309

## SALES TO COMPETITORS

### PURPOSE

Digital sells in the highly competitive computer market. The basis of this competition is frequently the proprietary products and technology developed by Digital. To protect this technology investment, we desire to avoid making these products directly available to our principal competitors until they are generally available in the marketplace.

We also desire to track the purchase of all products by these competitors for our marketing analysis. This policy establishes a central order point in each geography to track orders from competitors.

### STRATEGIC COMPETITORS

ALLIANT  
CLEARPOINT  
CONCURRENT COMPUTER  
CONVEX COMPUTER  
DATA GENERAL  
EMC  
EMULEX  
FUJITSU  
HEWLETT PACKARD  
HITACHI

IBM  
NCR  
NEC  
PRIME  
SEQUENT  
STRATUS  
SUN  
SYSTEM INDUSTRIES  
TANDEM  
WANG



# CORPORATE POLICY

Number 88-1

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Date November, 1989

Prepared by John Buckley

DTN 297-6309

## POLICY SUMMARY

1. Digital will accept an order from "a strategic competitor" only for products that are generally available to Digital's regular customers.
2. There are certain "Strategic Products", that will not be available for purchase by these competitors.
3. Digital will not aggressively "sell" to Strategic Competitors; Digital will accept orders for generally available products and provide normal services to support these products. The Country Sales Manager is responsible for assigning sales and support personnel to strategic competitors in a manner consistent with this policy.
4. The U.S., Europe, and GIA will set up a central point to review and approve or disapprove all orders from these competitors in their respective geographies.

Information on sales to competitors from these three locations will be collected by the U.S. focal point and reported to Digital management.

## IMPLEMENTATION GUIDELINES

1. Digital will accept an order from Strategic Competitors for only products that are generally available to Digital's regular customers.
2. The U.S., Europe, and GIA will set up a central point to review and approve or disapprove all orders from Strategic Competitors in their respective areas. Information on Sales to Competitors from these three locations will be collected by U.S. Competitor Special Sales and reported to Digital management.
  - a. U.S. Business Management will establish a Special Sales Function for all orders from competitors in the U.S. Special Sales will prepare quotations, quote deliveries, and review/approve all terms and conditions of sale.
  - b. Europe and GIA will establish a process to implement this policy in their area.



# CORPORATE POLICY

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- c. On a quarterly basis Europe and GIA will provide U.S. Competitor Special Sales with a list of all order requests from competitors during that past quarter. This will be consolidated with the U.S. orders and a quarterly report prepared for the Corporate Operations Committee.
  - d. All inquiries from a strategic competitor to a local sales office should be referred to the appropriate country central order point for approval to proceed with the sale.
3. There are certain Strategic Products that will not be available for purchase or license by competitors. Purchase/license is permitted when pre-existing contractual obligations exist.
- a. A list of Strategic Products will be maintained. Product managers will recommend products to be placed on this list. Any additions or deletions from the list must be approved by the Corporate Operations Committee.
  - b. Strategic Products are products that give in-depth insight into the design or technology of a proprietary product. Following is the current list of Strategic Products:
    - i. All Software Source Programs
    - ii. Products not sold to the general market
      - a. Products sold under restricted terms and conditions
      - b. Products sold to selected markets or applications
4. The Corporate Operations Committee will approve any changes to the list of Strategic Competitors. Any group within Digital may propose a change. The U.S. Competitor Sales Desk will coordinate and submit requests for changes to the Corporate Operations Committee.



# CORPORATE POLICY

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5. Digital will not establish a general reseller relationship with strategic competitors. We will accept orders for resale for specific projects only. These sales must be approved by a Vice President for U.S. Sales, Europe or GIA.
6. There will be no restrictions on sales by Digital's resellers to Strategic Competitors. Resellers are required to sell in accordance with their resellers agreement with Digital.
7. Each Country should review its product distribution plans to assure that they are consistent with this policy.
8. Digital will not provide product proprietary information disclosures to Strategic Competitors.
9. No competitive allowances shall be granted to a strategic competitor unless approved by a Vice President for U.S., Europe, or GIA.



**digital****CORPORATE POLICIES MANUAL**

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4-6	Customer Survey (formerly 80-2)	April 1988
4-7	Executive "Same Day" Response (formerly 80-3)	March 1990
4-8	Antitrust Compliance/Communication with Competitors (formerly 85-1)	February 1989
4-9	Sales to Competitors (formerly 88-1)	November 1989
4-10	Large Program Review (formerly 76-2)	April 1988
4-11	Investment in Other Companies (formerly 87-2)	February 1990



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	ADMINISTRATION	
5-1	Participation in Industry and Standards Committees (formerly 75-7)	April 1990
5-2	Phase Review (formerly 79-1)	April 1990
5-3	Corporate Approvals (formerly 77-1)	January 1977
5-4	Business Controls (formerly 81-2)	February 1991
5-5	Host Management (formerly 81-1)	February 1991
	PURCHASING	
6-1	Purchase of Competitive Hardware or Software (formerly 84-1)	October 1991
6-2	Agreements to Acquire Software (formerly 85-3)	April 1989



**CORPORATE POLICIES MANUAL****Subject: STATEMENT OF PURPOSE****Policy No: 1-1****Preparer:** Winston R. Hindle, Jr.  
**Organization:** Senior Vice President**DTN:** 223-2338  
**Date:****Page:** 1 of 1**1-1 STATEMENT OF PURPOSE**

Digital's Corporate Policies Manual establishes the philosophy and basic rules by which the company operates worldwide. These policies set the standards by which Digital does business, externally with customers and suppliers, and internally among its employees. These are the highest level policy statements in the company. All other Digital policies, standards, guidelines, and practices emanate from them.

The policies in this manual are set by Digital's Executive Committee. Each policy has been prepared by those charged with responsibility specific to its topic. New policies or revisions to existing policies may be considered and implemented upon the request of any employee to the Executive Committee. All new policies or recommended revisions are subject to acceptance by the Executive Committee.

The Corporate Policies Manual is maintained by the Digital Corporate Policies and Procedures Forum.

Winston R. Hindle, Jr.  
Senior Vice President



<b>digital</b> <sup>™</sup>			<b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> POLICY CHANGE REQUEST PROCESS				<b>Policy No:</b> 1-2	
<b>Preparer:</b>		<b>DTN:</b>		<b>Page:</b> 1 of 1	
<b>Organization:</b> Not available at this time		<b>Date:</b>			

## 1-2 POLICY CHANGE REQUEST PROCESS

The Policy Change Request Process, when written and approved, will be inserted here.



*approved  
by WRT*

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## CORPORATE POLICIES MANUAL

TITLE: 1-2 PROCESS FOR MAINTAINING CORPORATE POLICIES MANUAL

DATE: January 1992

PREPARER: Ruth S. Greenberg, U.S. Customer Administration

DTN: 297-3052

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## PROCESS FOR MAINTAINING CORPORATE POLICIES MANUAL

### OBJECTIVE

To define a simple process for updating the Corporate Policies Manual and ensure that Executive Committee members receive printed updates in a timely manner.

### PROCESS

1. A new policy or a revisions of a current policy is drafted by the appropriate person and submitted to the Executive Committee member who holds responsibility for maintaining Corporate Policies. Drafting and approval processes are supported by the Corporate policy manager responsible for maintaining the Manual.
2. The designated Executive Committee member approves on behalf of the Executive Committee or presents the change to the entire Executive Committee, as appropriate.
3. The Corporate policy manager circulates the approved draft among policy managers in the Company, through the agency of the Corporate Policy Forum. The purpose of this review is 1) to identify possible inconsistencies with other policies in the Company, and 2) to ensure that functional and organizational policies affected by the new policy or revision will be appropriately changed.
4. The approved policy is submitted to Standard and Methods Control (SMC) by the Corporate policy manager to be added to the VTX Corporate Policies Manual. The text is submitted with a cover memorandum for the Executive Committee distribution, explaining the changes (for example, Add new policy 4-12 to your manual; Replace Policy 4-1 with the attached revision; etc.).
5. When the policy is incorporated into the VTX manual, SMC mails a printed copy (Postscript version) of the policy with the cover memo and the revised Table of Contents to the members of the Executive Committee.
6. To maintain the print-, storage-, and distribution-free



strategy and the cost-savings of using VTX, the printed copy distribution list must remain limited to members of the Executive Committee.



<b>digital™</b>			<b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> DIGITAL PHILOSOPHY (formerly 74-3)				<b>Policy No:</b> 2-1	
<b>Preparer:</b> Winston R. Hindle, Jr. <b>Organization:</b> Senior Vice President		<b>DTN:</b> 223-2338 <b>Date:</b> February 1989		<b>Page:</b> 1 of 4	

## 2-1 DIGITAL PHILOSOPHY (formerly 74-3)

The Executive Committee feels that the following statement of Philosophy may be helpful for guidance in communicating the kind of company we would like to be to employees and people outside of Digital.

### Honesty

We want to be not only technically honest, but also to make sure that the implication of what we say and the impressions we leave are correct. When we make a commitment to customers or to employees, we feel the obligation to see that it happens.

### Profit

We are a public Corporation. Stockholders invested in our Corporation for profit. Success is measured by profit. With success comes the opportunity to grow, the ability to hire good people and the satisfaction that comes with meeting your goals. We feel that profit is in no way inconsistent with social goals.

### Quality

Growth is not our primary goal. Our goal is to be a quality organization and do a quality job, which means that we will be proud of our product and our work for years to come. As we achieve quality, growth comes as a result.

The product we are selling includes the engineering, the software, the manufacturing, and the services, which include field service, software support, sales, order processing, training and manuals.

### Responsibility

Plans are proposed by individuals or teams. These plans may be rejected until they fit Corporate goals or until the Executive Committee feels confident in the plans. However, when they are accepted, they are the responsibility of those who proposed them. The impetus for the plan may come from outside the group making the proposal, but when it is accepted, the implementation of the plan is the responsibility of the one who proposed it. Others who need to participate in plan implementation are expected to support approved plans.

### Management

We particularly want to be sure that management jobs are clear and well defined. Because so many people are dependent upon the plans of managers, it is very important that their plans have standard automatic measurements built into them. Meeting financial results is only one measure of a plan; other measures are satisfied customers, development of people, meeting long-range needs of the Corporation, development of new products, opening new



**Subject:** DIGITAL PHILOSOPHY (formerly 74-3)**Policy No:** 2-1**Preparer:** Winston R. Hindle, Jr.  
**Organization:** Senior Vice President**DTN:** 223-2338  
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markets, and meeting the commitments made to others in the company. We believe that our commitment to planning assures our freedom to act.

### **Society**

We are committed as a Corporation to taking affirmative action in providing equal opportunity for employment and promotion for all persons regardless of race, color, creed, age or sex. We encourage all employees to take responsibility in community, social and government activities. We are always open for proposals as to what the Corporation or an individual on Corporation time may want to do in these areas. However, activities to be done on Company time or with Company funds should have a formal proposal including ways of regularly measuring success toward goals.

### **Environment**

As good citizens, we believe we have a responsibility to keep our environment free of pollution and to set an example.

### **Customers**

We must be honest and straightforward with our customers and be sure that they are not only told the facts, but that they also understand the facts.

To the best of our knowledge and ability, we want to be sure that the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations, and to do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products and its services, not a single individual. We must be sure all Digital commitments are met.

### **Suppliers**

We wish to be viewed by suppliers as a desirable customer. Business transactions with suppliers will be conducted on an honest, fair and open basis. Suppliers and potential suppliers will be treated courteously and given an opportunity to present their goods and services for consideration. Competition is encouraged. Our business ethics require that our employees not accept from suppliers any gifts, gratuities, or entertainment that exceed common courtesy or are of nominal value.

### **Competitors**

We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.



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### **Simplicity and Clarity**

We want all aspects of Digital to be clear and simple and we want simple products, proposals, organization, literature that is easy to read and understand, and advertisements that have a simple, obvious message. We have thousands of employees and many thousands of customers. We have to keep things simple to be sure that we all work together. Our decisions must always consider the impact on the people who will be affected by them.

### **Standard Products**

Standard products are the base of our business. At times, in certain areas, we will invest in software and hardware specifically for special markets. However, we should never lose sight that the base of our business is our standard products.

### **Complementary Solutions Organizations**

Selling with and through Complementary Solution Organizations (CSOs) is an integral part of our strategy. CSOs are important to us because our customers' demand for application products, expertise and services is broader than we can develop. With CSOs, we provide an extensive portfolio of complete solutions to address customers' needs. The investment that CSOs make in their own products also makes CSOs important to us. We respect CSOs who make significant investments, manage risks, and are successful in the marketplace.

The decision to sell directly or to support the CSO's offering is made independently by Digital. Our objectives are to identify the best solution that is available to solve our customer's business problem, independent of its source and ownership, and to market the product in an efficient manner. We also recognize the importance of the CSO's effort, and we reward our sales people for introducing and selling their products as well as Digital products.

We share the effort with our CSOs to better understand what the customer needs and how the customer wants to buy. We recognize a mutual responsibility to understand and improve customer satisfaction and anticipate and plan for changes in the marketplace. The relationship with our CSOs is based on the value contributed by each party and is strengthened by mutual planning and open communication. When we do compete with our CSOs, we do so openly and fairly and the strength of our relationship allows us to understand each other and overcome occasional conflicts.

### **Personnel Development**

We encourage people to develop technical skills, breadth of knowledge, and expertise in a specific area. We also encourage people to develop supervisory and management skills. We believe that individual discipline should be self generated.



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### **Promotion**

We promote people according to their performance, not only their technical ability but also their ability to get the job done and to take the responsibility that goes with the job. Ability is measured not only by past results, but also by attitude and desire to succeed. Performance results are also used to decide whether individuals should remain in their current jobs.

### **Hiring From Customers**

We should be exceedingly careful when hiring from customers. Sometimes this is reasonable and desirable; but we should do it with all caution and by being sure that the applicant first tells the customer.

### **First Rule**

When dealing with a customer, a supplier, or an employee, do what is "right" to do in each situation.



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<b>Subject:</b> DIGITAL BUSINESS ETHICS (formerly 78-1)			<b>Policy No:</b> 2-2		
<b>Preparer:</b> Ron Glover, Policy Manager <b>Organization:</b> Corporate Personnel		<b>DTN:</b> 223-9569 <b>Date:</b> February 1989		<b>Page:</b> 1 of 5	

## 2-2 DIGITAL BUSINESS ETHICS (formerly 78-1)

### Preamble

Honesty and personal responsibility are the foundation of Digital's operating principles. We will conduct our business, in every country, in a way that instills confidence in our customers, suppliers and employees that Digital will fulfill its commitments. In addition, we will refrain from any action that will raise questions about Digital's business ethics.

Since Digital, an American-based company, conducts business in many countries, we will conduct all worldwide activities well within the standards of U.S. business ethics. We will, of course, comply fully with local laws in all countries.

Each Digital employee represents the company and must conform to the above principles. When any action seems in any way questionable, the employee should consult with his/her supervisor as to the appropriateness of the action. This process should continue upwards in the company until the appropriateness of each action is assured by senior managers. In this process, all decisions should be written down so that there is a clear record of the process.

Digital wants to be proud of every action taken by employees. We want to surface every borderline issue so that decisions are made in an open and conscious way.

### Local Laws

Digital will comply with local law, regardless of custom. We want to be good citizens in every country where we operate, and we expect every employee to do so.

### Imports/Exports

We will declare the material imported into every country honestly and correctly by executing the required forms and paying the assessed duties. Digital will not import or export materials without an appropriate license. Of course, we will not make direct or indirect payments or bribes to customs agents, regardless of whether this is a local custom that is viewed as normal.

### Work Permits and Visas

We will comply with all regulations regarding visa and work residency permits, and will honestly declare the presence of our personnel in any country.

### Currency Regulations

Digital will transfer funds in strict accordance with the requirements and restrictions of each country and no employee should become involved in any process to violate these.



**Subject:** DIGITAL BUSINESS ETHICS (formerly 78-1)**Policy No:** 2-2**Preparer:** Ron Glover, Policy Manager  
**Organization:** Corporate Personnel**DTN:** 223-9569  
**Date:** February 1989**Page:** 2 of 5**Conducting Business**

Digital follows local custom except where it is in conflict with U.S. business ethics, U.S. business practices, U.S. law, or Digital policies.

**Business Inducements**

We will make no payoffs, bribes, illegal contributions, or perform any improper acts in any country. Digital insists on refusing orders where such practices are customary or expected. We will not knowingly have a business relationship with any representative who violates this guideline. Digital will not pay a "Finder's Fee" for the same reasons.

**Entertainment and Gifts**

Modest entertainment of our customers is regarded as one phase of establishing an effective relationship. Entertainment at dinners and sporting events are appropriate and should be conducted tastefully and in a manner to promote good communications between the customer and our company. A small gift (less than \$25) may also be appropriate for the same purpose. Any entertainment that bestows valuable benefits upon the recipient is definitely not allowed.

Digital employees and their family members must not accept any gratuities or gifts that go beyond the common courtesies or which exceed a nominal value from a customer, supplier or anyone else having a business relationship with the company. Anyone receiving such a gift should immediately turn it over to his/her supervisor so that appropriate action can be taken. Our agents and representatives must follow the same practice.

**Government Officials & Public Service Officials**

In many countries it is important to establish informal, friendly relationships with government and public service officials. The same practices that are appropriate with customers are appropriate with these officials, so long as they are in conformance with local laws.

**Company Assets and Bank Accounts**

The preservation of Company property is the direct responsibility of the employee who has control of the asset. These assets include intangibles, such as technology, information, and ideas, as well as equipment, facilities, and supplies. The age of an asset, its physical condition, or its status on the company books does not change this responsibility. Employees in control of company assets should insure that disposition and conversions follow company procedures. Property received in the sale or disposition of assets must be turned over to the Company, and cash must be deposited in a properly authorized Company account.

**Accurate Reporting**



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Employees responsible for reporting data must do so accurately and honestly. Financially oriented data must also comply with the Company's accounting policies and controls. Presentations of data should fairly present all of the facts in a way that does not intentionally mislead or misinform.

### **Suppliers and Sub-Contractors**

As defined in our Purchasing Policies, business transactions with suppliers and sub-contractors should be conducted on a free and open basis. Alternative suppliers should be permitted to compete openly and fairly so that the procurement choice can be objectively established as the one most favorable to Digital. We want suppliers to view Digital as a desirable and fair customer. Any employee who has any personal relationship with a supplier should disqualify himself or herself from the decision-making process with respect to that supplier.

### **Sales Agents**

In some limited circumstances we may pay for legitimate sales services which go beyond the mere introduction of a potential customer. The fee is defined by our sales policy and is determined by the value of the services performed. The contractual terms of such relationships must be in writing and must be approved by the Corporate Law Department.

### **Customers**

We must be honest and straightforward with our customers and be sure that they are not only told the facts, but also that they understand the facts.

To the best of our knowledge and ability, we want to be sure the products we sell solve the needs of the customer even when the customer is inexperienced. We want our products and services to meet the customer's expectations. To do this we must clarify in advance all of those expectations in a way that the customer will understand. When we sell a product to a customer, we want to be sure that the Corporation fulfills the obligations we took on with the sale. We sell our Corporation, its products, and its services, and not a single individual. We must be sure all Digital commitments are met.

### **Competitors**

We never criticize the competition publicly. We sell by presenting the positive features of our own products. We want to be respectful of all competition, and collect and analyze all public information about competitors. When we hire people from competitors, we should never ask them for confidential, competitive information, nor should we use confidential literature they may have taken with them.

### **Legal Restrictions**



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Our ethical and moral concepts must be the same for our business lives as they are for our personal lives. There is no separate or less restrictive business morality. Additionally, there are a number of legal restrictions on how we may conduct business covering many diverse subjects such as financial reporting, competition, pricing, employee relations, and so on. Our Corporate or Area Law Departments are available to assist you in complying with these.

### Personal Activities

#### Leadership

Every manager must set an excellent example for the people working in his or her group. In remote locations, the local manager, as the senior Digital representative, has a major responsibility to provide an example for all employees at that location.

#### Personal Style

We expect Digital employees to be honest, straightforward, helpful, and economical. Digital standards call for moderation in travel and entertainment styles, regardless of the employee's personal style.

#### Personal Business Ventures

Digital employees must not act in any manner inimical to the interests of the Company. We expect all employees to avoid any conflict of interest in their private activities and to avoid activities that demand so much time that they adversely affect an employee's ability to perform effectively for Digital. Personnel Policy 6.06, *Conflicts of Interest*, states in general terms that employees should not create appearance of "divided loyalty," and that the Company "believes that employees should not have financial interests in competitors."

Specific restrictions apply to officers. Personnel Policy No. 6.06 specifically restricts officers from "having any financial interests in competitors." Officers and members of their households shall not invest, directly or indirectly, in competitors. For example, investments in venture capital or research and development partnerships, which in turn invest in Digital's competitors, are prohibited indirect participations. Investments in "special-situation" (for example, undiversified) mutual funds which invest in Digital's competitors are similarly prohibited.

#### Outside Boards

An officer must have authorization from the Executive Committee before accepting any position on the governing board of any outside organization. Other employees must have written authorization from his or her Vice President before accepting any position on the governing board of any outside organization if the position poses a possible conflict of interest or may demand so much time that the employee's ability to perform effectively for Digital is



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adversely affected. If an employee serves or wishes to serve on the governing board of any outside organization, he or she should refer to Section III of Personnel Policy 6.06, which contains guidelines for employees serving in that capacity.

#### **Part-time Employment**

Any Vice President or employee reporting directly to a Vice President must have written approval from the president before accepting any part-time employment outside of Digital. In signing the Employee Agreement upon joining Digital, each employee has agreed not to act on behalf of any other person or organization engaged in activities similar to or competitive with Digital.



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Subject: CORPORATE CONTRIBUTIONS (formerly 79-3)		Policy No: 2-3
Preparer: Nancy Dube, Manager Organization: Corporate Community Relations	DTN: 223-2221 Date: April 1991	Page: 1 of 2

## 2-3 CORPORATE CONTRIBUTIONS (formerly 79-3)

### Philosophy and Objectives

Digital Equipment Corporation accepts responsibility for being involved in the world in which it functions. This involvement is designed to achieve both business and social goals. We believe that these goals are not only compatible, they are inseparable. Simply stated, being a responsible corporate citizen is good business.

Our involvement is motivated not so much by a sense of obligation as by a desire to take advantage of opportunities to advance the interest of our employees, our shareholders, those communities in which our employees live and work, and the general public. We also seek to encourage appropriate levels of public involvement on the part of our individual employees.

At Digital Equipment Corporation, we view corporate giving as more than philanthropy or social responsibility. We see corporate giving as an investment in the future of both the company and the community. We believe the continued well-being of one is linked inseparably to the continued well-being of the other.

We recognize that we cannot solve all the problems in the world, cannot meet every challenge or pursue every opportunity. Thus, we have designed a thoughtful program of public involvement which focuses company resources in those areas of opportunity in which we feel we can make meaningful impact on behalf of the company and the community.

To achieve its contributions goals, Digital supports a range of selected programs and institutions with direct money grants, equipment grants, scholarships, and human resources.

We concentrate our support in five program areas:

- Education
- Culture
- Health Care
- Disabilities
- Civic/Environmental

Within each program area we have identified priorities and objectives. We prefer to support specific programs and projects that meet those objectives. We will, on occasion, consider unrestricted operating support.

We also reserve a portion of our resources for support of innovative approaches to critical issues of importance to both the corporation and the community.



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Corporate contributions continues to act as a catalyst to seed programs which address emerging issues and priorities. Once seeded, support may be terminated or transferred to another Digital group for continued investment.

We recognize the importance of involving our employees in the giving process through our Matching Gifts and United Way programs. We try to balance the employee driven programs with corporate strategic programs.

In addition to the program areas outlined above, local contributions committees assess local community needs and make contributions to a variety of local community organizations and activities. All this is done within the framework of Corporate policy and guidelines.

Communications efforts are a vital part of Corporate Contributions. Visibility enhances the company's image and leverages awareness of the company's commitment to community.

### Responsibility

The Corporate Contributions Committee is responsible for proposing contributions policies to the Executive Committee for approval, for considering all cash requests not within the province of local facilities, for consideration of all equipment contribution requests, and for distributing approved contributions.

Requests for corporate contributions must be forwarded in writing to the Corporate Contributions Manager, Digital Equipment Corporation, 111 Powdermill Road, Maynard, MA 01754.

The interpretation of eligibility, and application and administration of the Corporate Contributions Program shall be determined by the Corporate Contributions Committee.

The requesting organization may be asked to submit additional information where necessary to clarify its eligibility for a contribution.



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<b>Subject:</b> SUBSIDIARY BOARD, DIRECTORS, OFFICERS			<b>Policy No:</b> 2-4		
<b>Preparer:</b> Art Fisher, Asst. Gen'l Counsel/GIA <b>Organization:</b> Law Department		<b>DTN:</b> 244-6805 <b>Date:</b> April 1991		<b>Page:</b> 1 of 2	

## 2-4 SUBSIDIARY BOARD, DIRECTORS, OFFICERS (formerly 85-2)

### Background

This policy statement establishes a philosophy and a process to be followed in the appointment of directors and officers for all legal entities formed by Digital or in which Digital is a partner.

Digital has a need, from time to time, to establish new legal entities both within and outside of the United States in order to efficiently transact its business. These entities, be they subsidiaries or joint ventures, may serve one or many functions depending upon the country in which they are established. By law, each of these entities requires individuals to serve in some capacity as officers or directors responsible for the affairs of that entity.

### Policy

Digital has always followed the policy of complying with all relevant laws applicable to each new entity by the appointment of individuals with the appropriate responsibility and signature authority.

Many existing Digital entities function for years without the need for any change in the individuals serving in these capacities; however, as certain of these entities mature, the appointment of senior country managers to serve as members of local subsidiary boards and/or the appointment of lesser subsidiary officerships, such as vice presidents or the equivalent, may also be necessary to be competitive with our major competitors in that local market. In many Sales/Service subsidiaries with substantial government business, these types of appointments may be necessary in order to be viewed and treated as a major computer supplier in that country. These appointments may also be necessary to attract and maintain the caliber of management necessary to maintain and increase the respective country business.

Prior to the establishment of a new legal entity by Digital or one in which Digital is a partner, or if a change in a directorship(s) or an officership(s) is desired, a written proposal must be prepared with the names of the individuals, the positions in which these individuals will serve, and the relevant information described below. This proposal must be submitted to the General Counsel of the Corporation and the Corporate Vice President for Personnel. This requirement does not eliminate the need to submit for approval by the appropriate Digital committee a written proposal and business justification for the establishment of the new entity in which the individuals will be serving.



Subject: SUBSIDIARY BOARD, DIRECTORS, OFFICERS

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**Process**

In those cases where the new entity is being established for technical, tax, legal, or similar such reasons, the senior area manager functionally responsible for that entity shall submit the proposal with the names of the individuals, the positions in which these individuals will serve, and the business reasons why these are the most appropriate individuals in the matter presented.

In those cases where the proposal is submitted for other operational reasons, (whether it be for a new or existing entity), the senior area manager responsible for that entity shall submit the proposal with additional information, such as competitive data demonstrating the need for the particular appointments. This data shall include specifics relevant to those companies which that manager normally views as Digital's competitors within the locale of that proposed or existing entity. In addition, information on the management structure of the entity and the impact on the working relationship of the management team of that entity shall be included.

In all of the above cases, the proposal must be reviewed, with comment where appropriate, by the Law Department serving the area manager making the proposal.

**Approval Process**

Any proposal under this policy shall be submitted in accordance with the stated procedure to the General Counsel of the Corporation and the Corporate Vice President for Personnel for final approval.

Before each of the individuals named in the approved proposal assumes the responsibilities of the position in which he or she is named, the Law Department which reviewed the proposal shall fully apprise that individual of all the legal responsibilities and liabilities of that position under the laws of the applicable jurisdiction, as well as of the fact that the appointment is tied to the position of the individual and not to the individual personally.



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Subject: CONFIDENTIALITY (formerly 75-2 & 84-3)		Policy No: 3-1
Preparer: Jim Schweitzer, Manager Organization: Corporate Information Security	DTN: 223-8064 Date: February 1991	Page: 1 of 3

### 3-1 CONFIDENTIALITY (formerly 75-2 & 84-3)

#### Objective

Digital encourages the free and open exchange of ideas. However, premature or inappropriate disclosure of information to persons outside the company may result in substantial business and economic problems; for example:

- Digital's classified information used by outsiders to make decisions on buying or selling Digital's stock, leading to potential criminal liability of the company and/or the disclosing employee. (See also Corporate Policy 3-5, *Insider Trading*.)
- A loss of Digital's competitive advantage should the results of costly research or engineering development be disclosed, or should strategic business plans become known.
- A disruption of plans to maximize market impact by premature disclosure.
- Forcing Digital to react to leaked information rather than benefiting from initiating well-planned marketing strategies.
- Violating confidentiality agreements with customers and vendors, resulting in loss of confidence, breached agreements, and adverse legal judgments. (See Related Documentation, below.)

Information is a critical resource necessary for the continued viability and profitability of Digital Equipment Corporation. This policy specifies the general protection to be provided to Digital information in any and all forms.

#### Scope

This policy applies to all information developed or used in the course of Digital business operations. Such information is private to the company and requires protection. This policy applies to all information forms (paper, microfilm, electronic).

#### Policy

- All Digital information, whether or not marked with a Digital classification, is private to the company. Certain information requires the assignment of a Digital information classification, which indicates the relative risk value or sensitivity of that information and the protection required. (For details regarding Digital information classification, see Corporate Security Standard 10.1, *Information Protection*.)
- Digital information may not be disclosed unless formally released to the public by appropriate Digital managers having authority to do so. Although Digital contracts and agreements may cover protection requirements for certain information disclosed orally or in other forms to Digital employees, contractors, and third parties, an appropriate



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Digital information classification may also be required as delineated by Corporate Security policies and standards.

C. All employees should refrain from:

- Discussing Company business with stockholders, stock analysts, news reporters or any other person in a position to influence the investing public. Refer inquiries from such people to the Investor Relations Department.
- Discussing Company business at social gatherings.
- Disclosing Digital classified information, printed or otherwise, to people outside the company without management approval, and then only after having them first executed a proper non-disclosure agreement. (see Corporate Security Standard Standard 10.1, *Information Protection*, and Corporate Policy 3-2, *Disclosure of Proprietary Information*.)
- Leaving Digital classified memos, documents, drawings, accounts or other information in open, public or unsecured areas.
- Disclosing Digital classified information to Digital employees who do not have a need to know such information.
- Placing classified information in corporate or organizational publications (*Sales Update*, *DECworld*, *Digital This Week*, and so on) which are likely to be disclosed to outsiders.

D. Significant breaches of confidentiality or instances where Digital classified information is compromised should be reported immediately to Corporate Security.

**Related Documentation**

Corporate Policy Manual

- *Disclosure of Proprietary Information*, Policy 3-2
- *Insider Trading*, Policy 3-5

Corporate Security Standards

- *Information Protection*, Standard 10.1

Customer Services Management Committee Policy

- *Non-Disclosure: Non-Digital Confidential Information*, Policy 20.02
- *Non-Disclosure: Mean Time To Repair (MTTR)*, Policy 20.03



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## U.S. Sales/Operations Policies and Procedures

- *Proprietary Information Disclosure (PID)*, Policy 1.4.1
  - *Receipt of Information from Non-Digital Parties*, Policy 1.4.5
- Software Services Practices
- *Non-Disclosure Agreements*, Practice BP501



<b>digital</b> ™ <b>CORPORATE POLICIES MANUAL</b>		
Subject: DISCLOSURE OF PROPRIETARY INFO. (formerly 80-1)		Policy No: 3-2
Preparer: Dick Murphy Organization: U.S. Product Operations	DTN: 297-2517 Date: January 1991	Page: 1 of 2

### 3-2 DISCLOSURE OF PROPRIETARY INFORMATION (formerly 80-1)

#### Objective

Digital often has good business reason for sharing future product strategies and directions with customers and other third parties, but must at the same time maintain confidentiality, preserve our legal rights to patents and trade secrets, and protect Digital in the event product directions change.

The purpose of the Proprietary Information Disclosure (PID) Policy is to ensure that proper balance is maintained between protecting Digital's interests and meeting the customer's need for information.

#### Scope

This policy applies to all presentations to customers and other third parties in which Digital proprietary information will be disclosed.

#### Policy

- A. Presentations in which Proprietary Information will be disclosed must be developed and written under the guidance of, and reviewed and approved by, the Vice President in charge of the product, information, or strategy. When information comes from multiple Vice Presidents' organizations, it must be approved by each those groups.
- B. Each Geography (U.S., Europe, GIA) will establish a process for reviewing, authorizing, and tracking events in which Proprietary Information Disclosures are made to customers and other third parties.
- C. All presenters of Proprietary Information Disclosures will ensure they are:
  - Aware of their legal responsibilities
  - Content knowledgeable
  - Disclosing only information released through the established Vice President's process
  - Disclosing only to customers and other third parties authorized through the Geography's process
  - Disclosing only when a Non-Disclosure Agreement is in place
- D. To protect Digital's interests, each organizer of a Proprietary Information Disclosure activity will ensure that a valid Non-Disclosure Agreement has been signed by the audience for each specific event, and that Corporate Proprietary Information Disclosure Policy has been followed.



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**Related Documentation**

Corporate Policy Manual

- *Confidentiality*, Policy 3-1

Customer Services Management Committee Policy

- *Non-Disclosure: Non-Digital Confidential Information*, Policy 20.02

- *Non-Disclosure: Mean Time To Repair (MTTR)*, Policy 20.03

U.S. Sales/Operations Policies and Procedures

- *Proprietary Information Disclosure (PID)*, Policy 1.4.1

- *Receipt of Information from Non-Digital Parties*, Policy 1.4.5

Software Services Practices

- *Non-Disclosure Agreements*, Practice BP501



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Subject: CASE STUDIES OF DIGITAL (formerly 80-4)		Policy No: 3-3	
Preparer: Ron Myrick, Assistant General Counsel	DTN: 223-2132	Page: 1 of 1	
Organization: Law Department	Date: February 1991		

### 3-3 CASE STUDIES OF DIGITAL (formerly 80-4)

Digital will participate in case studies or any other similar research or teaching-type projects about the company only if:

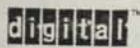
1. There is no risk of
  - a. Releasing competitively valuable information,
  - b. An inaccurate or embarrassing portrayal of the corporation,
  - c. Releasing confidential financial information,
  - d. Inappropriate identification of key personnel; and
2. The use of Digital management's time is reasonable.

If a manager believes the Company should allow a particular project to be undertaken, a member of the Executive Committee must approve the proposal before it is committed to on behalf of the Company. If the project is limited to Europe, GIA, or the U.S. field, the Vice President for that Geography may grant approval.

A proposal to allow participation should:

1. Show how management time necessary to prepare the project is valuable in some direct way to Digital and to managers who participate;
2. Include information supporting the professionalism and reliability of the project leader;
3. Assure that Digital will give final approval of the project material before it is released for use outside of the company.





# CORPORATE POLICIES MANUAL

Subject: COPYRIGHT COMPLIANCE (formerly 84-4)		Policy No: 3-4
Preparer: Tom Siekman, Deputy Gen'l Counsel Organization: Corporate Law Department	DTN: 223-4422 Date: February 1989	Page: 1 of 2

## 3-4 COPYRIGHT COMPLIANCE (formerly 84-4)

### Objective

To insure Digital employees do not violate the copyrights of other companies or individuals.

### Background

Many individuals and companies (including Digital) use copyright law to protect their publications from unauthorized reproduction. They do this by placing a copyright notice (the "c" encircled or the word "copyright") on the document. For example:

© Digital Equipment Corporation, 1988

Copyright protection usually extends at least fifty years or more from the date on the notice.

Copyright law protects the way the ideas are expressed in a document, but not the ideas themselves. The ideas or underlying concepts in a copyrighted document can be discussed freely; however, the expression, the exact form and wording of the document usually cannot be reproduced without the copyright owner's permission.

Generally, the copyright owner, whoever is named in the notice, can sue anyone making unauthorized copies. The law, however, provides some limited exceptions for "fair use" copying.

### Policy

In general, Digital employees should not reproduce or copy the copyrighted documents of others without obtaining the copyright owner's written permission. In some cases, limited copying may be permissible without this permission under the fair use exception but only if both the amount copied and the number of copies made are very limited.

The following guidelines should be used in determining whether the fair use exception applies to a proposed use of others' copyrighted material:

1. Copying or quoting a few short excerpts or a few bits and pieces of a document is normally considered fair use.
2. Copying an entire document is normally not fair use.
3. The scope of the fair use exception varies with the nature of the documents and how the copies are used:
  - a. Several excerpts reproduced from a scholarly research work for internal, reference use are more likely to be considered fair use.
  - b. Several excerpts reproduced from a periodical or commercially sold magazine or book are less likely to be considered fair use, especially if the copying is done primarily to avoid buying another subscription or copy.



**Subject:** COPYRIGHT COMPLIANCE (formerly 84-4)**Policy No:** 3-4**Preparer:** Tom Siekman, Deputy Gen'l Counsel**DTN:** 223-4422**Organization:** Corporate Law Department**Date:** February 1989**Page:** 2 of 2

- c. If excerpts are copied for use in a publication Digital uses for the sale and promotion of its products, the copying may not be fair use.
4. Reproducing books, magazines or newsletters in their entirety, in large quantities, on a systematic basis, without the owner's permission may not be fair use and may be considered infringement, subjecting Digital to the risk of lawsuit.

As this indicates, fair use is a fairly complex issue in copyright law. Furthermore, this policy and these guidelines on the fair use exception only apply to printed, typed or written material copyrighted by others.

Special rules, with different exceptions apply to software programs, videotapes or sound recording, certain copies made by Digital libraries, copies made by non-profit educational institutions, and copies or quotes included in Digital publications.

If you are not sure what applies to your particular situation, ask your manager if specific guidelines exist for your group, or consult the Law Department.



<b>digital</b> <span style="float: right;">CORPORATE POLICIES MANUAL</span>		
Subject: INSIDER TRADING (formerly 84-2)		Policy No: 3-5
Preparer: Gail Mann, Senior Attorney Organization: Corporate Law Department	DTN: 223-2206 Date: February 1991	Page: 1 of 2

### 3-5 INSIDER TRADING (formerly 84-2)

#### Introduction

It is essential, in the interests of all concerned including potential investors in Digital stock, potential sellers of Digital stock, current investors, as well as Digital vendors, customers and employees, that material information relating to Digital business and financial matters be maintained in the strictest confidence until a full and coordinated disclosure is made to the business and investment community. Not only is this a good and fair business practice, but failure to adhere to this practice may lead to both company and personal liability.

Two areas of concern that Digital shares with all companies are: (1) timely disclosure of material company information by the appropriate individuals, and (2) prevention of insider trading. Insider trading is the buying and selling of a company's stock or other securities by a person possessing or having access to material, non-public information about the company.

#### Guidelines

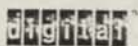
The following guidelines are applicable to all company employees, including employees of Digital and its subsidiaries around the world.

1. No employee shall disclose "material, non-public information" relating to Company matters (information to which the average investor would attach importance in deciding whether to purchase or sell the Company's stock) to either employees or non-employees who have no need to know the information, until the information has been effectively disclosed by designated individuals in a manner sufficient to ensure its availability to the investing community as a whole. The U.S. securities laws provide substantial criminal and civil penalties for violations of insider trading laws.

Examples of non-public information which might be considered material are as follows.

- Information concerning Digital's budgets
- Projections of future revenues, earnings or losses
- Changes in such projections
- Plans for a public offering of securities
- Changes in dividend policies
- Declaration of a stock split
- Extraordinary management developments or changes
- Major non-routine litigation
- Acquisitions or dispositions of substantial assets
- Significant changes in Digital's markets or products





## CORPORATE POLICIES MANUAL

Subject: INSIDER TRADING (formerly 84-2)

Policy No: 3-5

Preparer: Gail Mann, Senior Attorney  
Organization: Corporate Law Department

DTN: 223-2206  
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This list is not exhaustive; other types of information may be material at particular times depending upon all the facts and circumstances.

2. A director, officer or employee possessing material, non-public information ("insider") must abstain from trading securities while material information of which he or she has knowledge remains undisclosed to the investment community. It is equally important that insiders make no favorable or unfavorable recommendations relative to Digital common stock to outsiders, since a person can be held legally responsible for the unlawful trades of those whom the person "tips" with inside information, even if the "tipping" person does not benefit from the trade and does not know that the person he or she "tips" intends to trade based on it.

Persons subject to this policy should assume that insider trading restrictions apply not only to shares held directly by them, but also to stock held by their spouses, minor children, other persons living in their homes or who are dependents, and any other persons who hold shares over which they have some control.

3. The Company identifies groups of employees considered to have access to undisclosed financial information presumed to be material. On a regular basis these employees receive a reminder of their responsibility to refrain from buying or selling Digital securities during specified periods.

However, the persons identified will not necessarily include all persons who may have access to material inside information. With over 120,000 Digital employees worldwide, even the most rigorous procedures may fail to identify every employee who may have access to material inside information. It is, therefore, the personal obligation of each individual to act prudently and lawfully with respect to undisclosed corporate information and stock transactions.

4. The same restrictions that apply to trading in Digital stock also apply to any trades made in the stock of companies with whom Digital does business. A director, officer or employee who learns of material, non-public information about a company with whom Digital does business should not trade in the company's securities until the information becomes public. For instance, any person subject to this policy who knows that Digital is about to announce a major contract with a supplier should not trade in the supplier's stock until the information becomes public.
5. Transfer of shares may be monitored to assure compliance with this policy.



<b>digital</b> ™ <b>CORPORATE POLICIES MANUAL</b>		
Subject: COMMENCING LITIGATION (formerly 87-1)		Policy No: 3-6
Preparer: Tom Siekman, Deputy Gen'l Counsel Organization: Corporate Law Department	DTN: 223-4422 Date: April 1988	Page: 1 of 2

### 3-6 COMMENCING LITIGATION (formerly 87-1)

#### Introduction

Starting a lawsuit against another party is a serious matter requiring careful consideration. In most cases a lawsuit arises out of some prior relationship between the parties (such as buyer-seller) and consideration must be given to whether litigation is the optimum solution. Digital's philosophy concerning litigation is not to sue unless other steps aimed at protecting our rights and interests have failed.

The policy identifies the approval powers and process for initiating litigation.

#### Authorization to Approve Litigation

Executive Committee - must authorize all litigation brought by Digital and/or its subsidiaries in the U.S., Europe or GIA with the following exceptions:

U.S./Europe/GIA Area Managers - may authorize all litigation within their areas which (a) does not have a financial or legal impact outside the Area, or (b) does not involve an asset or area sales/marketing practice that affects the entire corporation.

Country Manager - may authorize all litigation within the Country which (a) does not have a financial or legal impact outside the Country, or (b) does not involve an asset or local country sales/marketing practice that affects the entire area.

U.S. Problems Account Manager - may authorize U.S. collection cases.

Questionable Situations - the proposal to start a lawsuit should be elevated to the Executive Committee for approval.

#### Process For Commencing Litigation

1. The Executive Committee will consider approving litigation when a proposal is made by the Vice President responsible for protecting the particular rights or assets being affected with the approval (or disagreement with the reasons for it) of the General Counsel. Cases being authorized at the Area or Country level require the approval (or disagreement with reasons) of the appropriate Area or Country Legal Counsel. Proposed tax litigation must have the approval (or disagreement with reasons) of the Treasurer or its designated representative.
2. When litigation is authorized, the approving authority should indicate to whom it is delegating responsibility for strategic decisions in the case including settlement terms.
3. After authorization is given, the Law Department (or the Tax Department, as the case may be), together with the individual responsible for strategic decisions, will manage the litigation.



**Subject:** COMMENCING LITIGATION (formerly 87-1)**Policy No:** 3-6**Preparer:** Tom Siekman, Deputy Gen'l Counsel**DTN:** 223-4422**Organization:** Corporate Law Department**Date:** April 1988**Page:** 2 of 2**Suits Against Digital—Bringing Counterclaims**

Sometimes when Digital or its subsidiaries are sued, there may be counterclaims which should be brought against the other party. Authorization for the counterclaim if it were being brought as an independent lawsuit, unless the counterclaim is part of the litigation strategy, in which case the Law Department (or the Tax Department) will coordinate the action with the designated strategic manager.



<b>digital™</b>			<b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> GOVERNMENT INQUIRIES (formerly 81-6)			<b>Policy No:</b> 3-7		
<b>Preparer:</b> Marietta Ethier, Asst. Gen'l Counsel <b>Organization:</b> Law Department		<b>DTN:</b> 223-4288 <b>Date:</b> January 1991		<b>Page:</b> 1 of 1	

### 3-7 GOVERNMENT INQUIRIES (formerly 81-6)

#### Background

Governments are increasingly involved, on a worldwide basis and at all levels, in all aspects of Digital's business. Multiple, and at times inconsistent, regulations and reporting requirements add to the difficulty of responding to various governmental inquiries in a prompt, coherent and consistent fashion.

Inquiries from government agencies requiring information about our business enter into the Company at many different points. Often, for example, a business manager who is known to government regulators will be the recipient of an information request.

#### Policy

The Executive Committee has determined that the Law Department shall serve as a "clearing house" to coordinate Digital's response to all government inquiries consistent with our objectives of maintaining the correct legal posture and abiding by the spirit of voluntary cooperation which characterizes our relationships with all levels of government.

The Law Department's "clearing house" review supplements the review conducted by the appropriate operations or functional manager. Response to the government inquiry should not be made until Law Department clearance has been received.

Accordingly, any Digital employee receiving a written or oral inquiry from a government agency should, in addition to following other appropriate notification procedures, notify the Law Department as follows:

Within the U.S.	General Counsel
Within Europe	Subsidiary Legal Counsel (or Area Headquarters Counsel, as appropriate)
Within GIA	Subsidiary Legal Counsel (or Regional Counsel, as appropriate)

**Exception -** All inquiries from government security/intelligence agencies should be immediately directed to Corporate, European, or GIA Security, as appropriate.

The Law Department is responsible for excluding from this policy categories of government inquiries which are routine in nature and for which Law Department review is not needed (for example, U.S. Bureau of Census Reports).





## CORPORATE POLICIES MANUAL

Subject: PARTICIPATION IN CONFERENCES, TRADE SHOWS		Policy No: 4-1
Preparer: Winston R. Hindle, Jr. Organization: Senior Vice President	DTN: 223-2338 Date: April 1991	Page: 1 of 1

#### 4-1 PARTICIPATION IN CONFERENCES, SEMINARS, AND TRADE SHOWS (formerly 75-5)

Each year there are many conferences, seminars, and industry trade shows in which employees wish, or are invited, to participate. Digital generally wishes to encourage employees to participate. However, the employee has an obligation to obtain approval in advance of committing himself/herself, or Digital to such participation.

We have always asked employees considering attending such a conference or show, to obtain their manager's prior consent. In the case of larger shows (NCC, DECUS, Digital Sales Meetings, etc.), where several employees plan participation, we have occasionally appointed a corporate coordinator with responsibility to manage our overall participation. These practices will continue unchanged. When participation requires travel, current travel policies will apply.

When, however, employees are invited to submit, or would like to submit on their own, papers for presentation at a conference, or for publication, the employee is expected to obtain prior clearance from the appropriate vice president before making a commitment. In addition, all papers must be reviewed by an attorney in the Law Department to assure that disclosure of information will not jeopardize patent filings, or expose Digital to future legal action.



<b>digital</b> <b>CORPORATE POLICIES MANUAL</b>		
Subject: LIABILITY IN SALES CONTRACTS (formerly 78-2)		Policy No: 4-2
Preparer: John Buckley, Manager Organization: U.S. Customer Administration	DTN: 297-6309 Date: February 1978	Page: 1 of 3

## 4-2 LIMITS OF LIABILITY IN SALES CONTRACTS (formerly 78-2)

### NOTE

This policy expresses a limitation on the company's accepted levels of liability, and it is not intended as a mere guideline for routine negotiation. We should continue in our efforts to sell under our standard terms and conditions.

### Preface

Digital's standard Sales and Service terms and conditions disclaim liability for special, indirect, or consequential damages, and any damages a customer might suffer which result from the loss of use, data, or profits. In addition, these terms and conditions limit the amount for which we may be liable for direct damages (and other damages in some countries) directly resulting from our negligence. This limit is the specific dollar amount stated in the contract. There are two techniques for amending these provisions.

1. By agreeing to indemnify (insure) our customers for a loss other than those for which we accept Liability under our Standard Terms and Conditions, and/or
2. By increasing the dollar limit

While in many cases Digital can contractually disclaim and/or limit its liability to a customer, it cannot prevent suits by third parties who are not party to the contract.

### Policy

Digital should sell its products and services in accordance with its standard terms and conditions. Except as provided in the "Exception Procedure" below, Digital will not accept liability for consequential damages, nor will it agree to indemnify a customer for any losses which the customer may suffer. In some countries, we do indemnify (with proof that the damage was the direct result of our products, or proof of negligence). Digital accommodates customers by specifying in its Standard Terms and Conditions the limitations on liability for direct damage only (in some countries, this limit also applies to personal injury). These Terms and Conditions also limit Digital's liability to damages directly resulting from our negligence (in some countries, we accept liability for contributory negligence). These limitations do not exceed the equivalent of U.S. \$1 million or the purchase price of the products that were the subject of the claim. Any modification of this exclusion does not constitute an agreement to indemnify the customer for such damages. It simply means the customer is not prevented from bringing an action against Digital to recover up to the stated limit.



Subject: LIABILITY IN SALES CONTRACTS (formerly 78-2)

Policy No: 4-2

Preparer: John Buckley, Manager  
Organization: U.S. Customer AdministrationDTN: 297-6309  
Date: February 1978

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**Exception Procedure****A. Direct Damages**

In the event that the absence of other viable alternatives forces Digital to consider:

1. Providing additional indemnification to a customer, or
2. Accepting liability for direct damages in excess of that specified in the applicable Standard Terms and Conditions,

then a written request for such deviation must be sent to the responsible person(s), identified below, for approval.

Requests should:

1. Contain the name of the individual who accepts responsibility for Digital's performance under the contract (i.e., the individual requesting the deviation),
2. Involve a single sale of at least U.S. \$250,000 of standard products, or a Digital Business Agreement involving the sale of at least U.S. \$1 million (or local currency equivalents),
3. Include a business evaluation and recommendation by an appropriate sales, services and/or Area Manager.

The following approvals are required if a proposed deviation could result in Digital accepting the risk of liability up to the following amounts:

Condition	Approval Required
Deletion of direct damage cap for national, state or local government agency	In U.S. - Area Sales and/or Service Manager.  Outside U.S. - Subsidiary Sales and/or Service Manager.
Up to the greater of \$5 million (or local currency equivalent), or the purchase price	In U.S. - U.S. Sales, Sales Operations or Service Manager may delegate up to this level of approval to an Area Sales or Service Manager.  Outside U.S. - The Area Manager may delegate up to this level of approval to a Subsidiary Sales and/or Service Manager or manager of a group of subsidiaries (that is, Regional or District Manager).



Subject: LIABILITY IN SALES CONTRACTS (formerly 78-2)

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Preparer: John Buckley, Manager

DTN: 297-6309

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## Condition (continued)

Up to the greater of \$20 million (or local currency equivalent), or the purchase price

Over the greater of \$20 million (or local currency equivalent), or the purchase price

## Approval Required (continued)

In U.S. - U.S. Sales, Sales Operations, or Service Manager.

Outside U.S. - Area Sales and/or Service Manager.


Vice President, Field Operations or delegate thereof.

**B. Consequential Damages**

In the event that the absence of other viable alternatives forces Digital to consider accepting some contractual obligation for incidental or consequential damages, then a written request for such deviation must be sent to the Vice President, Field Operations or delegate thereof for approval. Requests must also comply with the provisions of Section A above.

The authorized individual may approve or disapprove the proposed deviation and/or seek additional guidance from such functions as Legal, Operations, Insurance, Engineering, Marketing, Sales, Customer Service, and so forth.



 <b>CORPORATE POLICIES MANUAL</b>		
Subject: SELLING/SERVICING: SPEC. APPLI. (formerly 81-5)		Policy No: 4-3
Preparer: Joe Arayas, Manager Organization: International Program Office	DTN: 296-4265 Date: April 1990	Page: 1 of 3

### 4-3 SELLING OR SERVICING IN SPECIAL APPLICATIONS MARKETING (formerly 81-5)

#### Preface

Digital has taken action to allow sales to be made into particular application areas where it may be exposed to greater than normal financial risks. It has done this by creating a process, along with special Terms and Conditions, which reduces the risk of liability when participating in certain Special Applications.

#### Policy

Any application in the defined "Special" Applications, markets (see below), where Digital may be exposed to excessive financial risk, must be reviewed and decided upon at the appropriate Geography, Country, or Corporate Management level and may require additional contractual protection.

The following markets are covered by this policy:

- Nuclear
- Airspace Management and Aircraft Products
- Rail Transportation

Digital continuously evaluates the evolving risk of doing business in certain markets in which the potential financial exposure to Digital in the event of a catastrophic event is large. This financial burden may result from the loss of life, the loss of property or the discontinuation of normal business operations.

This policy exists to maintain Digital's financial liability when participating in these markets at an acceptable level, one that is comparable to that associated with other markets. The goal is to ensure that the ability of Digital to sell into these markets and the Risk associated with the implementation of the applications are balanced.

#### Scope

The following three market areas have been specifically identified to date as "Special Applications."

##### 1. Nuclear

Commercial Nuclear Power Generation, Nuclear Fuel Enrichment, Nuclear Waste Disposal, Nuclear Waste Handling, and Nuclear Decontamination Facilities.



Subject: SELLING/SERVICING: SPEC. APPLI. (formerly 81-5)

Policy No: 4-3

Preparer: Joe Arayas, Manager  
Organization: International Program Office

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## 2. Airspace Management and Aircraft Products

### a. Airspace Management

- Air Traffic Control (ATC) and systems utilized by ATC, including (but not limited to) Computer Controlled Radar Systems, Meteorological Data Systems, Aircraft Onboard Avionics, Flight Information Systems, ATC Training and Communication Systems.
- Air Defense
- Air Surveillance
- Command Control Information

### b. Aircraft Products (including missiles or spacecraft and ground support or control systems used therewith)

## 3. Rail Transportation Systems

### Responsibilities

Local Sales and Service Management has the primary responsibility for identifying "Special" applications in the defined markets, and the ongoing role of identifying other market areas that may expose Digital to substantial financial risk.

U.S., European, and GIA Geography Management Teams are responsible for the implementation of this Policy in their Geographies.

A Corporate Special Applications Committee (SAC) is responsible for setting policy, recommending policy changes to the Executive Committee and consulting with the Field on interpretation of issues.

### Responsibilities of Corporate Special Applications Committee (SAC)

1. Set Corporate policy, recommend changes to existing policy relative to intent and markets covered.
2. Ensure proper administrative procedures are in place.
3. Monitor and evaluate evolving legislative trends and legal theories.
4. Ensure proper levels of training exist to educate the sales force on what a "Special Application" is and how to sell into those markets.
5. Ensure availability of appropriate documentation and training, outlines of areas where we want protections, and guidance on how to obtain appropriate levels of financial protection.
6. Act as consultants on matters related to risk management, legal issues, and technology.
7. Hire outside consultants, where necessary, to complement available skills.



# CORPORATE POLICIES MANUAL

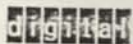
Subject: SELLING/SERVICING: SPEC. APPLI. (formerly 81-5)		Policy No: 4-3
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8. Meet at least quarterly to review action items, progress, and so on, on a worldwide basis.
9. Ensure consistent use of the policy worldwide, and send minutes to the secretary of each Geography committee.

## Responsibilities of Field Subcommittees

1. Implement policy in respective Geography, consistent with the Corporate guidelines, including the structure of a subcommittee; and review the proposed implementation plan with the Corporate SAC.
2. Review all application forms in defined market areas.
3. Negotiate contracts with customers.
4. Develop procedures for review and audit.
5. Send a representative to the quarterly meeting.
6. Keep local geographic data base updated and supply information to the Corporate SAC Committee on an as-needed basis including:
  - All minutes of meeting
  - Concise customer input forms
  - All decisions for Normal Sale, Special Sale, and No Sale



			<b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> PRICING APPROVAL/COMMUNICATION (formerly 79-2)				<b>Policy No:</b> 4-4	
<b>Preparer:</b> John Harvey, PAC Secretary <b>Organization:</b> Prod/Ind Mktg, Corp Pricing		<b>DTN:</b> 223-2082 <b>Date:</b> April 1990		<b>Page:</b> 1 of 1	

## 4-4 PRICING APPROVAL AND COMMUNICATION (formerly 79-2)

Additions or changes to the Digital Standard Price System (DSPS) must be approved by the Pricing and Announcement Committee (PAC). DSPS is the repository database for all approved Corporate (MLP) and U.S. (CLP) prices. Major price proposals may also be reviewed and approved by the Business Integration Forum (BIF).

The process is as follows:

1. The Product Manager (PM) or other product representative submits a Business Plan sponsored by the appropriate Vice President in the form of a proposal to PAC by noon Friday for inclusion on the PAC agenda. MLP data is submitted separately to DSPS Administration. Meetings are held every other week. During the intervening time, the proposal is reviewed by a wide spectrum of people from nearly all functions and geographies in Digital with the goal of resolving all issues before the PAC meeting. This cross-organizational review constitutes the final business quality check before announcement. If there are no issues, then no PAC presentation is required. If discussion is required, then the proposer resolves the issues in the meeting.
2. One element of the price proposal is the effective date. Two effective dates are possible:
  - For existing products only, a quarterly addition or change, in which case the new or changed price will appear in the next regular quarter issue of the U.S. Price List.
  - For a new product, a date chosen by the PM, in which case the Automated Quote System (AQS) will have to be updated prior to actual announcement.


Two major extracts of DSPS data are:

1. The U.S. Price List, which is published on the first day of each quarter
2. The quoting system, AQS, which is updated daily

These are Digital's only official media for US price quotations. No other price information should go to the field until prices have appeared in the official price documents or as part of the announcement process in Sales Update.

DSPS data extracts are sent to Europe and GIA in order to update country price lists.



			<b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> PRODUCT ANNOUNCEMENT (formerly 79-4)				<b>Policy No:</b> 4-5	
<b>Preparer:</b> John Harvey, PAC Secretary <b>Organization:</b> Prod/Ind, Mktg, Corp Pricing		<b>DTN:</b> 223-2082 <b>Date:</b> April 1988		<b>Page:</b> 1 of 1	

## 4-5 PRODUCT ANNOUNCEMENT (formerly 79-4)

A primary Digital commitment is the agreement to deliver, at a price, hardware and/or software products by some date. This commitment constitutes the formal announcement of a product.

All product announcements must be reviewed for approval by the Pricing and Announcement Committee (PAC). Major announcement decisions are also reviewed and approved by the Business Integration Forum (BIF).

PAC has defined criteria for announcement. These criteria are responsive to current organizational requirements and existing processes. The criteria are divided into hardware and software categories based upon the Corporate significance of the product. Information on these criteria is available from the PAC Secretary. The appropriate criteria must be met or a waiver obtained from PAC before a product or system can be announced.

First announcement to the sales force is made via "Sales Update." This announcement includes pricing, availability, support provisions, and descriptive information.

In certain situations it is necessary to disclose information on unannounced products to customers. Guidelines are available from the PAC Secretary.



<b>digital</b>			<b>CORPORATE POLICIES MANUAL</b>		
Subject: CUSTOMER SURVEY (formerly 80-2)				Policy No: 4-6	
Preparer: Allen Millet, Project Manager Organization: Sales Survey, U.S. Sales		DTN: 264-5011 Date: April 1988		Page: 1 of 1	

#### 4-6 CUSTOMER SURVEY (formerly 80-2)

From time to time, it is useful for Digital to directly poll or query its customer base. The Sales, Service, and International Committee (SSI) is responsible, on a worldwide basis, for the review and approval of all surveys, polls, and questionnaires sent to Digital customers.

Regarding the recurring functional polls conducted annually by Sales and Digital Services, it is the policy of the company that these polls reflect a coordinated, one-company image of Digital. Toward this end, these polls should not put an unnecessary burden on customers' organizations, and will represent the company through a consistent image, and will be focused to meet specific objectives and eliminate cross-functional redundancy.



<b>digital</b> ™ <b>CORPORATE POLICIES MANUAL</b>		
<b>Subject:</b> EXECUTIVE "SAME DAY" RESPONSE (formerly 80-3)		<b>Policy No:</b> 4-7
<b>Preparer:</b> Elaine Navedonsky, Group Manager <b>Organization:</b> Corp. Cust. Relations, US Sales	<b>DTN:</b> 276-8092 <b>Date:</b> March 1990	<b>Page:</b> 1 of 4

## 4-7 EXECUTIVE "SAME DAY" RESPONSE (formerly 80-3)

### Policy Statement

Digital must acknowledge within 24 hours of receipt all customer issues that escalate to the company President and/or a Vice President.

A formal acknowledgment message will be sent under the President and/or Vice President's name the same day the complaint is registered with his office. This procedure applies for both calls and letters.

The functional responsibility for sending the message is owned by Corporate Customers Relations. The message is sent via MCI and must be guaranteed to arrive at the Customer's site within 24 hours.

Corporate Customer Relations manages the issue resolution process and is responsible for ensuring that issue resolution occurs in a timely manner and is in the best interest of Digital and the Customer.

The acknowledgment telegram:

- Provides the customer with a personal message from the person to whom he or she wrote directly.
- Ensures action will be taken by identifying a responsible manager and guaranteeing contact will be made within an allotted time frame.
- Establishes a contact on a Corporate level who is fully aware of the customer's concerns and acts on behalf of the President.

The Response Manager is the person who has responsibility for the organization directly answerable for the customer's concerns. In most instances, Sales is responsible for handling customer issues of a complaint nature. However, there are certain circumstances that warrant involvement by other key organizations. Please refer to the Guidelines Section.

Since Sales is ultimately responsible for the customer and his needs, Sales Management will be made aware of all customers that are handled through this process.

The responsible manager will be accountable for contacting the customer within 48 hours to discuss the issues at hand and take action to ensure resolution is made within a timely fashion and in the best interest of the customer as well as Digital.



**Subject:** EXECUTIVE "SAME DAY" RESPONSE (formerly 80-3)

**Policy No:** 4-7

**Preparer:** Elaine Navedonsky, Group Manager  
**Organization:** Corp. Cust. Relations, US Sales

**DTN:** 276-8092  
**Date:** March 1990

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## Responsibilities

### A. Corporate Customer Relations

- Research customer background and nature of issue.
- Identify appropriate Response Manager.
- Send acknowledgment message to Customer under Ken Olsen's name via MCI.
- Manage problem resolution process.
- Ensure involvement of cross-functional management when appropriate.
- Initiate request for corrective action plan when deemed necessary.
- Report status and action plan to Ken Olsen's office.
- Escalate issue to upper-level management as necessary.
- Conduct a follow-up audit with the customer to ensure satisfaction was attained.
- Provide a monthly statistical summary to appropriate field and in-house management.

### B. Response manager

1. Contact the customer within 48 hours to discuss issues. The customer must be contacted by telephone. In many instances, the issues at hand can be discussed via the telephone. However, critical issues involving Corporate, Major and other large accounts should be followed up with a meeting.

If the designated Response Manager is away, a substitute must be appointed. The substitute should be in a management capacity.

The Response Manager should always be at least one level above the person the customer last contacted prior to contacting Corporate.

2. Keep Corporate Customer Relations updated as to:

- If and when the customer was contacted
- Arrangements made with customer
- Action taken

Submit feedback to Corporate Customer Relations in a timely manner.

## Guidelines

### A. Sales

1. Corporate and National Accounts (NIA) will be handled by the District Sales Manager and/or Corporate Account Manager (CAM), NIA Manager, respectively.



## CORPORATE POLICIES MANUAL

Subject: EXECUTIVE "SAME DAY" RESPONSE (formerly 80-3)		Policy No: 4-7
Preparer: Elaine Navedonsky, Group Manager	DTN: 276-8092	Page: 3 of 4
Organization: Corp. Cust. Relations, US Sales	Date: March 1990	

2. All other accounts will be handled by a Sales Unit Manager or an Executive Sales Representative level individual.
3. The Sales Response Manager will personally send a follow-up letter to all customers responded to through this process within his or her district after the action plan has been put in place. This procedure will take place in all cases even when the District Sales Manager is not the Response Manager.

B. Digital Services

Customer issues falling under the organizational responsibility of Digital Services will be handled through the Manager, U.S. Digital Services Customer Relations or U.S. Enterprise Integration Services (EIS) Customers Relations.

The manager will coordinate resources on a Branch and/or District level to ensure customer satisfaction is attained and is ultimately responsible for keeping Corporate Customer Relations apprised of the customer status in conjunction with the policies and procedures contained within this policy.

C. Law

Occasionally a customer complaint letter will be sent by the customer's lawyer(s). In this case, the same process should be used, except that the Regional Law Department where the customer is located should be contacted. All responses to the customer's lawyer should be made by the Regional Law Department. They will obtain the appropriate assistance from the various groups and copy Corporate Customer Relations, and so on, as required.

If customers themselves write a complaint letter and threaten Digital with litigation, the Regional Law Department (where the customer is located), should be copied. All responses to the customer should be reviewed by the Regional Law Department beforehand.

D. Corporate Groups

In some instances, the resolution of customer complaint issues falls outside the responsibility of the Sales Organization. In these cases, the appropriate Corporate Group Management will act in the Response Manager capacity.

Corporate Customer Relations is responsible for determining when the Response Manager responsibility falls outside of the Sales Organization and is responsible for negotiating and driving all efforts.

In many situations Corporate Customer Relations will act in the capacity of Response Manager.

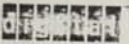
Sales Management will be copied on all correspondence including issues handled by other organizations.



**Subject:** EXECUTIVE "SAME DAY" RESPONSE (formerly 80-3)**Policy No:** 4-7**Preparer:** Elaine Navedonsky, Group Manager  
**Organization:** Corp. Cust. Relations, US Sales**DTN:** 276-8092  
**Date:** March 1990**Page:** 4 of 4**E. Other**

All senior executives may use these services and are encouraged to do so.



 <b>CORPORATE POLICIES MANUAL</b>		
Subject: ANTITRUST COMPLIANCE/COMMUNICATION		Policy No: 4-8
Preparer: Cary Armistead, Assistant Counsel Organization: Law Department	DTN: 223-3980 Date: February 1989	Page: 1 of 1

## 4-8 ANTITRUST COMPLIANCE/COMMUNICATION WITH COMPETITORS (formerly 85-1)

### Antitrust Compliance

Digital employees must comply with the antitrust (competition) laws of the countries where we do business. These laws allow us to compete vigorously in free and open markets, and compliance is consistent with the ethical business practices that Digital seeks to maintain.

### Communications with Competitors

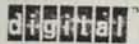
The most serious antitrust violations involve agreements between competitors that restrain competition. Therefore, Digital employees must take great care in all their dealings and communications with competitors and be mindful that the companies with which Digital has marketing arrangements, such as Corporative Marketing Partners (CMPs), System Cooperative Marketing Partners (SCMPs), Original Equipment Manufacturers (OEMs), and other resellers, are often competitors as well.

Some communications with competitors or potential competitors are legitimate and necessary because they are also Digital's customers, vendors, fellow members of trade associations, licensees, licensors, or co-participants in joint ventures. Communications directly related to these specific relationships do not normally raise significant antitrust concerns. However, since any contact with a competitor provides an opportunity for improper communications that might result or appear to result in a serious antitrust violation, Digital employees should not discuss the following topics with any competitor:

1. Pricing policies, terms and conditions, or the prices at which products are resold to third parties
2. The amount of a bid or an intention to submit a bid
3. Profits, profit projections, profit margins, or costs
4. Unannounced products or an intention to enter or exit a particular market
5. Market share or production capacity
6. Distribution practices or the selection, rejection, or termination of customers or suppliers

Digital employees who feel that discussion of any of these topics is necessary in connection with a particular customer, vendor, license, or joint venture relationship should first consult the Law Department.



			<h2 style="text-align: center;">CORPORATE POLICIES MANUAL</h2>		
<b>Subject:</b> SALES TO COMPETITORS (formerly 88-1)				<b>Policy No:</b> 4-9	
<b>Preparer:</b> John Buckley, Manager <b>Organization:</b> U.S. Customer Administration		<b>DTN:</b> 297-6309 <b>Date:</b> November 1989		<b>Page:</b> 1 of 2	

### 4-9 SALES TO COMPETITORS (formerly 88-1)

#### Purpose

Digital sells in the highly competitive computer market. The basis of this competition is frequently the proprietary products and technology developed by Digital. To protect this technology investment, we will avoid making these products directly available to our principal competitors until they are generally available in the marketplace.

We also will track the purchase of all products by these competitors for our marketing analysis. This policy establishes a central order point in each Geography to track orders from competitors.

#### Policy Summary

1. Digital will accept an order from a Strategic Competitor only for products that are generally available to Digital's regular customers.
  - a. Strategic Competitors include but are not limited to:
 

Alliant	IBM
Clearpoint	NCR
Concurrent Computer	NEC
Convex Computer	Prime
Data General	Sequent
EMC	Stratus
Emulex	SUN
Fujitsu	System Industries
Hewlett Packard	Tandem
Hitachi	Wang
  - b. The Corporate Operations Committee will approve any changes to the list of Strategic Competitors. Any group within Digital may propose a change. The U.S. Competitor Sales Desk will coordinate and submit requests for changes to the Corporate Operations Committee.
2. Certain Strategic Products will not be available for purchase or license by competitors. Purchase or license is permitted when pre-existing contractual obligations exist.
  - a. Strategic Products are products that give in-depth insight into the design or technology of a proprietary product. Following is the current list of Strategic Products:
    - All Software Source Programs
    - Products not sold to the general market
      - Products sold under restricted terms and conditions
      - Products sold to selected markets or applications



Subject: SALES TO COMPETITORS (formerly 88-1)

Policy No: 4-9

Preparer: John Buckley, Manager

DTN: 297-6309

Organization: U.S. Customer Administration

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- b. A list of Strategic Products will be maintained. Product managers will recommend products to be placed on this list. Any additions or deletions from the list must be approved by the Corporate Operations Committee.
3. Digital will not aggressively sell to Strategic Competitors; Digital will accept orders for generally available products and provide normal services to support these products. The Country Sales Manager is responsible for assigning sales and support personnel to strategic competitors in a manner consistent with this policy.
4. The U.S., Europe, and GIA will set up a central point to review and approve or disapprove all orders from these competitors in their respective Geographies. Information on sales to competitors from these three locations will be collected by the U.S. focal point and reported to Digital management.
  - a. U.S. Business Management will establish a Special Sales Function for all orders from competitors in the U.S. Special Sales will prepare quotations, quote deliveries, and review/approve all terms and conditions of sale.
  - b. Europe and GIA will establish a process to implement this policy in their area.
  - c. On a quarterly basis, Europe and GIA will provide U.S. Competitor Special Sales with a list of all order requests from competitors during that past quarter. This will be consolidated with the U.S. orders and a quarterly report prepared for the Corporate Operations Committee.
  - d. All inquiries from a Strategic Competitor to a local sales office should be referred to the appropriate country central order point for approval to proceed with the sale.
5. Digital will not establish a general reseller relationship with Strategic Competitors. We will accept orders for resale for specific projects only. These sales must be approved by a Vice President for U.S. Sales, Europe, or GIA.
6. There will be no restrictions on sales by Digital's resellers to Strategic Competitors. Resellers are required to sell in accordance with their resellers agreement with Digital.
7. Digital will not provide product Proprietary Information Disclosures (PIDs) to Strategic Competitors.
8. No competitive allowances shall be granted to a Strategic Competitor unless approved by a Vice President for U.S., Europe, or GIA.
9. Each Country should review its product distribution plans to assure that they are consistent with this policy.



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Subject: LARGE PROGRAM REVIEW (formerly 76-2)		Policy No: 4-10
Preparer: Jon Caputo DTN: 297-3873 Organization: Digital Services	DTN: 297-3873 Date: April 1988	Page: 1 of 1

## 4-10 LARGE PROGRAM REVIEW (formerly 76-2)

### Review of Large Programs by SSI and the Executive Committee

All significant large opportunities will be reviewed by the Sales, Services, and International Committee (SSI) to ensure proper utilization of the Company's resources.

SSI is to be made aware of all significant opportunities prior to commitment of substantial Digital resources in pursuit of the opportunity.

A significant large opportunity is defined as:

1. Expected lifetime Net Operating Revenue (NOR) greater than \$25M in which \$10M will ship over the first 12 months, or
2. Expected lifetime NOR greater than \$5M and significant non-standard items involved. For example:
  - Uncertified third-party products
  - Commitments to unannounced products
  - Extraordinary product or service commitments
  - Unusual performance guarantees
  - High risk application
  - Non-standard terms and conditions

The Executive Committee will also review programs if the opportunities require, in addition to the above:

1. Modifications of the 12+ plan, or
2. Significant Central Engineering Resources, or
3. Significant non-standard exposure of corporate assets



<div>digital™</div> <div>CORPORATE POLICIES MANUAL</div>		
Subject: INVESTMENT IN OTHER COMPANIES (formerly 87-2)		Policy No: 4-11
Preparer: Ilene Jacobs, Treasurer Organization: Treasury	DTN: 223-3400 Date: February 1990	Page: 1 of 1

## 4-11 INVESTMENT IN OTHER COMPANIES (formerly 87-2)

### Objective

To state the Company's policy on investment in or acquisition of other companies.

### Policy

Digital will consider external investment in or acquisition of other organizations when such an investment supports a significant business opportunity for the Company.

Approval levels are to be based on financial and/or non-financial criteria. Non-financial criteria include, but are not limited to, transactions involving significant business issues such as Company image, trademark infringement, possible legal liability, labor issues, environmental concerns, cross-licensing and other forms of proprietary technology transfer.

Any investment not requiring Board of Directors approval may be brought to the Board as an informational item at the discretion of the Executive Committee.

The Executive Committee is responsible for first approving all investments which ultimately require approval by the Board of Directors and for approving the maximum and minimum parameters for negotiation purposes of investments requiring approval by the Board of Directors.


### References

Corporate Accounting and Reporting Manual

- *Investment in other Companies*, Policy 307-09

*External Investment Process: Guidelines, Policies and Analysis Techniques*, Corporate F&A. (EF-B0045-50)



 <b>CORPORATE POLICIES MANUAL</b>		
Subject: INDUSTRY & STANDARDS COMMITTEES (formerly 75-7)		Policy No: 5-1
Preparer: Gary Robinson, Manager Organization: Corporate Standards	DTN: 223-4094 Date: April 1990	Page: 1 of 2

## 5-1 PARTICIPATION IN INDUSTRY AND STANDARDS COMMITTEES (formerly 75-7)

### MEMBERSHIP ON EXTERNAL COMMITTEES

Digital participates, as an active member, in many national, regional, and international accredited Standards Developing Organizations (SDOs). Participation in these committees is based upon Digital's belief that standards provide a significant business benefit to Digital, its users, and the industry. It is company policy to adhere to standards that serve the business needs of our customers, and to encourage the use of SDO developed standards by national, regional, and international bodies.

The company will not participate in creating or embracing external standards that are expressly created to either restrict competition or limit technology innovation. No activity which may be seen as collusion with another provider nor any activity which may be viewed as anti-competitive will be tolerated in a committee in which Digital participates. No delegate should permit this type of activity to occur in a committee in which Digital participates; if the activity does occur, the Digital delegate is expected to formally protest the action, insure that the protest is registered, and then leave the meeting. Digital employees should not discuss Digital products as part of an SDO meeting, nor should they disclose the intellectual property of the Corporation without explicit permission.

Delegates to standards meetings are represent the corporation; no Digital employee may attend a meeting as an individual. Participation in any external standards committee or SDO must be approved by the Manager of Corporate Standards. The manager of Corporate Standards is responsible for insuring that Digital participation is coordinated and proper, and for insuring that Digital delegates to these meetings are aware of the code of conduct required for delegates. Additionally, the Manager of Corporate Standards should insure that positions taken by delegates are technically sound and mirror the needs and requirements of Digital's standards strategy.

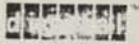
Delegates are expected to make a reasonable effort to influence the standard into agreement with the Corporate architectural strategy and the business and technical needs of their engineering group. The Delegate should understand what compromises in the technical specification of the standard may be necessary and which compromises Digital can accept. In no case should a Digital delegate attend to merely slow or stop progress of a standard; if the proposed standard is not acceptable to Digital, the delegate must either counterpropose to the committee and convince them to adopt a standard more friendly to Digital or alert the impacted engineering group within Digital that a incompatibility exists between Digital's architecture and the solution proposed by the market.



Subject: INDUSTRY & STANDARDS COMMITTEES (formerly 75-7)		Policy No: 5-1
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Finally, delegates should understand that participation in an SDO is a strategic business issue for the corporation, and that decisions made in SDOs are decisions that Digital will have to deal with for many years.



 <b>CORPORATE POLICIES MANUAL</b>		
Subject: PHASE REVIEW (formerly 79-1)		Policy No: 5-2
Preparer: Walt Soltysik Organization: Engineering Product Planning	DTN: 223-5119 Date: April 1990	Page: 1 of 1

## 5-2 PHASE REVIEW (formerly 79-1)

### Background

The Phase Review Process provides a framework that enables various functional groups within the Company to develop and communicate mutual commitments to product strategies and plans, and to execute those plans in support of the Company's commitment to quality and customer satisfaction, by producing excellent products, delivered on time and within budget.

### Policy

The Phase Review Process applies to the Life Cycle Management of all Digital products, including buyouts and external alternatives or technologies, that are selected to complement Digital's capabilities and support its strategies.

Life Cycle Management of products is represented by six distinct phases:

- Phase 0 - Strategy and Requirements
- Phase 1 - Planning and Preliminary Design (Business Plan of Record)
- Phase 2 - Implementation and Design
- Phase 3 - Qualification
- Phase 4a - Ramp-Up
- Phase 4b - Steady-State Operation
- Phase 5 - Product Retirement (Service Continues)

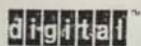
This segmentation of the product life cycle provides:

- A means to set expectations and define deliverables that cross functional boundaries
- A common language and measurement criteria to efficiently communicate and address cross-functional issues
- A means for management to approve the level of investment at defined major decision points

### References

- *Corporate Phase Review Process Guide*, December 1988.  
Document Identifier ELCP356-00-0, Rev. B.
- *Digital Services Administration Phase Review Process*
- *Digital Guide to Software Development*





# CORPORATE POLICIES MANUAL

Subject: BUSINESS CONTROLS (formerly 81-2)		Policy No: 5-4
Preparer: John Walsh Organization: Corporate Financial Reporting	DTN: 244-6201 Date: February 1991	Page: 1 of 2

## 5-4 BUSINESS CONTROLS (formerly 81-2)

### Policy

- A. The Foreign Corrupt Practices Act of 1977 requires that all companies listed with the Securities and Exchange Commission have a system of internal controls in place. It is Digital's practice to maintain a system of business and accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions executed and recorded in accordance with Digital's policies for conducting business. This system includes policies requiring adherence to ethical business standards and compliance with all laws to which the Company is subject. The business controls process is continuously monitored by direct management review and an internal audit program under which periodic independent reviews are made.
- B. It is Digital policy that management within each operating unit establish and maintain a process of business controls to provide reasonable assurance that:
  - Operational efficiency is promoted and achieved
  - Company policy and philosophy are adhered to
  - Access to assets is permitted only in accordance with management's general or specific authorization
  - Transactions are executed in accordance with management's general or specific authorization
  - External financial statements conform to generally accepted accounting principles (GAAP)
  - The recorded accountability of assets is compared with the physical existence of the assets at reasonable intervals
- C. Each unit is required to document its operation and business controls. The focus of the business controls process is at the operating unit level where controls are implemented.
- D. Controls should be reviewed on an ongoing basis, at a minimum annually, and should be tested for compliance at least every other year. Compliance tests should be designed to provide reasonable assurance the business controls are working as intended.



Subject: BUSINESS CONTROLS (formerly 81-2)		Policy No: 5-4
Preparer: John Walsh	DTN: 244-6201	Page: 2 of 2
Organization: Corporate Financial Reporting	Date: February 1991	

### Responsibilities

Ultimate responsibility for the business controls program is with the Board of Directors, who must assure that management acknowledges its responsibility regarding the Company's financial statements and the system of business controls. The Business Unit Vice Presidents of each operation ensure that business controls are adequate and operating effectively within their function. Responsibility for controls passes down to each operating unit where business controls are an integral part of day to day operations. It is the responsibility of all managers to ensure an environment conducive to a good system of business controls.

### Related Documentation

Corporate Policies Manual

*Digital Business Ethics*, Policy 2-2

Corporate Accounting and Reporting Manual

*Business Controls*, Policy 301-01

*Investigation and Reporting of Fraud*, Policy 301-04

*Business Ethics*, Policy 301-23

*Balance Sheet Reviews*, Policy 306-09



<b>digital</b>			<b>CORPORATE POLICIES MANUAL</b>	
<b>Subject:</b> HOST MANAGEMENT (formerly 81-1)			<b>Policy No:</b> 5-5	
<b>Preparer:</b> Dick Fishburn, Vice President <b>Organization:</b> CFP&A		<b>DTN:</b> 276-9895 <b>Date:</b> February 1991	<b>Page:</b>	1 of 2

## 5-5 HOST MANAGEMENT (formerly 81-1)

- A. Many Digital locations have more than one function operating within the local facility or cluster of facilities. Often the primary reporting line for these groups is to functional management outside of the location. In such circumstances there are clear benefits from having a designated "Host Manager" with administrative responsibility to:
1. Provide a clear, management focal point for the total location. This includes making sure that the combined operations are conducted in a uniform manner according to Digital policies, local laws, and sound business practices, so that we can be proud of the way the total location represents Digital to customers, employees, government and the surrounding community.
  2. Insure that there is a positive environment of teamwork at the location so that support services are shared rather than duplicated by the functions operating at the location, and that each group receives its fair share of support.
  3. Assure that Digital employees and assets are adequately protected. An individual at each site should be asked to accept appointment as the site's designated Security manager or Security coordinator. Appointment should be made in writing and clearly communicated to the workforce.
  4. Apply common sense in determining what degree of sharing should take place. However, examples of sharable services might include:
    - Facilities Management
    - Space Planning
    - Office Services
    - Administration
    - Telecommunications
    - Personnel
    - Accounting
    - Information Services
    - Purchasing
    - Community and Government Relations
    - Security
    - Public Relations






## CORPORATE POLICIES MANUAL

Subject: HOST MANAGEMENT (formerly 81-1)		Policy No: 5-5
Preparer: Dick Fishburn, Vice President Organization: CFP&A	DTN: 276-9895 Date: February 1991	Page: 2 of 2

- B. The Host Manager must make sure that the above support groups have long-range plans that fit the needs of the functions residing at the location, and that, to the extent possible, varying needs are addressed and consolidated into an organizational or site-wide program. The Host Manager should also ensure that the support groups are integrated into the local management structure so that they are responsive to both local needs and Corporate functional policies.
- C. A cluster or facility council made up of Host Manager, other Tenant Managers, and site Personnel, Security, and Facility Managers should meet regularly to raise issues and concerns and resolve problems relating to services in the facility.
- D. The role of Host Manager should be seen as a part of the general management responsibilities of the location's functional management team, and not as a new layer of management. The designated Host Manager has broad general responsibility to "wear the corporate hat" and to question and "push back" on any aspect of the location's operations which seems inappropriate. Additionally, the Host Manager should be a strong influence on the groups having direct spending responsibilities for the location so that their expenditures produce maximum benefit in terms of both work environment and business efficiency for the total company.
- E. Some multiple facility locations may require a Host Manager for each facility and/or an overall Host for the cluster. The CFP&A Organization will make recommendations as to the requirements for host management at individual locations, and will maintain a listing of designated Host Managers for each of Digital's locations.



 <b>CORPORATE POLICIES MANUAL</b>		
Subject: PURCHASE OF COMPETITIVE EQUIPMENT		Policy No: 6-1
Preparer: Murvin Lackey, Manager Organization: Corporate Purchasing	DTN: 223-9237 Date: October 1991	Page: 1 of 1

## POLICY 6-1 PURCHASING OF COMPETITIVE HARDWARE OR SOFTWARE (formerly CPM 84-1)

The nature of Digital's business encourages many of our groups to acquire computer hardware or software from competitors for various reasons.

Competitive hardware or software is defined as the full range of computer hardware (from CPU through Add-on Memory) to software and options such as printers and terminals that competes with hardware or software made or distributed by Digital.

Groups which need access to competitive hardware or software should investigate the following alternatives:

1. Free use at a customer site
2. Timesharing service
3. Rent or lease

Acquisition of such hardware or software should be for one of the following purposes.

1. Technological assessment (architecture);
2. Performance testing for marketing positioning and pricing of Digital products; OR
3. Coexistence with competitive systems.

Any technological assessment of software should be conducted in accordance with existing guidelines or copyright law.

Groups should adequately justify the need to acquire competitive hardware or software to their Business Vice President and control the physical existence of hardware or access to the software once acquired.

The Business Vice President responsible for the group proposing the acquisition of competitive hardware and software must approve of the purchase in writing in advance.

In dealing with competitors, the Law Department should review all terms and conditions (other than Digital's standard terms and conditions) which impose confidentiality obligations on Digital or attempt to restrict Digital's ability to create similar hardware or software products. The Law Department's review of other terms and conditions applicable to a competitive purchase should be governed by those Purchasing Policies and Procedures which apply to all purchases generally.

This policy does not apply to competitive hardware or software embedded in other purchased equipment, or to competitive hardware or software purchased for resale or in support of Digital Services' non-Digital product services or Enterprise Integration Services. In such cases, only the approvals necessary for capital asset or inventory acquisition are required.



<b>digital</b>			<b>CORPORATE POLICIES MANUAL</b>	
<b>Subject:</b> AGREEMENTS TO ACQUIRE SOFTWARE (formerly 85-3)			<b>Policy No:</b> 6-2	
<b>Preparer:</b> Murvin Lackey, Manager <b>Organization:</b> Corporate Purchasing		<b>DTN:</b> 223-7327 <b>Date:</b> April 1989		<b>Page:</b> 1 of 1

## 6-2 AGREEMENTS TO ACQUIRE SOFTWARE (formerly 85-3)

The importance of software to Digital is increasing and we frequently must acquire the rights to use, distribute or sell software which is owned by others. These rights are granted and documented in a software license agreement. These agreements are complex and may place the Corporation in a position of serious operational, financial and/or legal risk.

Software that is owned by others may not be brought into Digital or used for Digital's benefit by Digital's employees, consultants or agents of Digital without a software license.

To maintain proper control in this area, the organization desiring a software license must specify the technical requirements. Software License rights must then be negotiated, acquired and approved by Purchasing.

Prior to execution, all software license agreements must go through a formal approval process as defined in the respective geographies by the U.S. Software Acquisition Policies and Procedures Manual, European Software Acquisition Reference Manual, and General International Area Reference Manual.

A corporate officer must execute software license agreements. Corporate officers may delegate this signatory authority by notifying, in their respective geographies, Corporate Software Acquisition Resources (CSAR), European Software Acquisition (ESA) or General International Area Software Acquisition (GIASA) in writing of the names of the delegates. The responsibilities of these organizations are defined in their respective policies, procedures, and reference manuals.

Any waivers, exceptions or modifications to the above policy must be approved in writing or electronically by Purchasing.