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Dear Dealer,

I am writing to inform you of our new plans for the restructuring and re-focus of the Acorn Computer Group (ACG). These plans confirm our commitment to the education market, allow us to continue the development of our RISC platforms and provide new markets for our technologies.

A key focus for the change has been a desire to provide appropriate products and services for education. In August we announced changes to the way we sell to education to provide the best possible service for our major customer base. These changes have been reinforced today with the announcement of two new operating divisions, Acorn Education and Applied Risc Technologies. Sadly we have also announced that a number of positions have been made redundant, to make sure that we have an organisation more able to respond to changing markets.

Acorn Education, headed by Mike O'Riordan, will build progressively on our market leadership and strong brand reputation and reduce our dependence on hardware sales. It will provide schools with an increasing range of value added services including networking, systems integration and software, covering both industry standard and proprietary hardware platforms. This specialist educational support coupled with approximately 75 local sales agents will allow us to get closer to the needs of education. Acorn Education is continuing to focus on the sale of RISC OS based computers as the best products for curriculum use. In addition, we will continue to expand our range and add more specialist products based on other leading technologies. This is a continuation of our commitment to supply the most appropriate products, such as the Pocket Book and SchoolServer, to meet the needs of education.

Applied Risc Technologies, headed by Peter Bondar, will seek opportunities with OEMs outside the educational market to exploit our expertise in silicon integration, software and hardware design based predominantly around the ARM microprocessor, while continuing to support our existing and future educational product range.

We welcome the opportunity to discuss the potential that these organisations will bring. Please feel free to contact us if you would like more information. Thank you for your continuing support.

Yours faithfully

Tilly Storr

Sales Operations Manager