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From johnj Wed Feb 27 15:31:43 1991  
To: richardf  
Subject: FW: Zenith and the Council  
Date: Wed Feb 27 15:33:05 PDT 1991

you should pay particular attention to #2; this is what we had already agreed to do some time ago (back in during kelly's regime). You may recall we asked them to assure us the revenue wouldn't drop so they agreed to put in writing that their mouse buiness would contine..

>From pamelago Wed Feb 27 13:48:27 1991  
To: tomada  
Cc: cwillis darbyw johnj pamelago robj  
Subject: Zenith and the Council

Date: Wed Feb 27 13:46:09 1991

To recap our conversation yesterday with Jack Frank:

1. We want to work with Zenith for our mutual benefit and recognize their concerns with outlays of cash and resources to support marketing programs well in advance of their product release.
2. We propose that Zenith become a Full Member of the Council now by making the commitments required of Full Members, specifically a \$1 million commitment comprised of \$250K cash and \$750K in-kind contributions.
3. The structure for fulfillment of this commitment should be similar to what was agreed to previously but the timing will be changed to be more in line with their product release plans.
  - a. The \$250K is to be taken in the form of a reduction of their minimum commitment level over the entire FY92 year and will consist of 4 quarterly payments of \$62,500 beginning Q1 FY92 (Microsoft's fiscal year). Zenith will commit in writing to additional business (ie. bundling mice) that Zenith is already doing to compensate in part for the revenue reduction. (This in essence means that Zenith is not having to pay additional funds out of pocket for the cash contribution and formally recognizes business they are already doing. You should be sure to make adjustments for this in your FY92 revenue planning).
  - b. The in-kind contributions need to be made prior to December 31, 1992 but do not need to commence until Zenith is ready in conjunction with their product release. The exact in-kind marketing activities may be agreed to in the future and will follow the same line as those already agreed to in their LOI and in the Plan document sent as part of the Council packet. The important thing is that they do agree to provide a \$750,000 in-kind contribution. (You may once again want to point out that many of these activities are things Zenith will want to be doing when they do release a product in late 91/early 92).
4. We want their commitment prior to the March 6th Council Meeting so they can fully participate.
5. The benefits for Zenith are:
  - They do not lose face for pulling out .. or.. they are able to maintain their leadership posture in the industry with regards to Multimedia
  - They benefit from the activities, market research and marketing planning that are part of being a Member of the Council
  - They will receive technical support at the level of Council Member and therefore be more tied into our developments and the information they need for their product planning

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6. The fact that we are making an exception from the payment due on signing because Zenith is an important customer for Microsoft and we want to keep them on the Council should be strongly underscored. This is an exception and should Zenith accept these terms we want the details to remain Confidential.

This pretty much covers what we discussed. Let me know how the meeting goes at Zenith tomorrow and when we should plan on a conference call. Also, if you find that we need Rob to patch into this process, please let me know ASAP so we can adjust his schedule.

Good luck!  
Pamela

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