

digital

DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Merrimack, New Hampshire
03050-4303

April 26, 1993

252-70 70

Mr. Robert T. Hamilton - 716-724-7920 - Beth
Vice President and General Manager, U.S. & Canada
Kodak Imaging
Eastman Kodak Company
4545 East River Road
West Henrietta, NY 14650-081

Reed
9290

Washington

703-908-5519

Dear Bob,

I am delighted that we had the opportunity to meet last week. It's always enjoyable to meet with someone who shares the same set of challenges and opportunities.

I was most impressed with the initiative your company has undertaken to integrate the entire management chain and its customer engagement process. I plan to steal as much of this from you as I can. The simplicity of your model almost guarantees its success. Thank you for sharing it with me.

Smoothing out the "relationship spikes" between our two companies is obviously a high priority for me. I sensed from our discussion that you, too, would like to see the relationship between Digital and Kodak continue to improve. The new Digital structure that we are putting in place will allow Mark Phillips and his Account Team to do a better job of focusing on you, the customer. I am confident that it will lead to a better business relationship.

Perhaps after you and I have had some additional time to work to improve the business relationship, then the stage will have been set for a senior management meeting between Kay Witmore, Bob Palmer and their respective management teams.

I do hope we can get together again. When you're in the Boston area please give me a call.

Sincerely,

Russ Gullotti

Russ Gullotti
Vice President, U.S. Area

cc: Mark Phillips
Win Hindle



digital



DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Merrimack, New Hampshire
03050-4303

February 1, 1993

*Beth - Secretary 1 hr.
716-724-9790*

Mr. Robert T. Hamilton
Vice President and General Manager
US and Canada Kodak Imaging
Eastman Kodak Company
4545 East River Road
Rochester, NY 14650-0811

Dear Robert:

It has been suggested that, because the two of us have similar roles and face like challenges, we might get together to explore mutual business opportunities. I think this is an excellent idea and would like to make it happen.

The thought of meeting with you and working towards mutual business objectives for companies is a fine idea.

I will contact your office to find a convenient time and place for us to get together.

Sincerely,

April 21 pm

Russ Gullotti

Russ Gullotti
Vice President, U.S. Area

cc: Win Hindle
Roger Rose
Tom Colatosti
Mark Phillips

- 252-7070

*Wandy - C/B
252-7043*

C/B

March 30 -

April 2 - AM

April 12 - ~~AM~~ all

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 051793
Date: 28-Jan-1993 04:25pm EST
From: MARK PHILLIPS @EEO
PHILLIPS.MARK AT A1 at UNYEM a
Dept: KODAK AGMO
Tel No: 280-3000

t NQO

TO: See Below

Subject: Kodak Visit with Win Hindle

Dear Russ,

Last week Win Hindle hosted a visit with Bob Hamilton, Vice President USA and Canada (sales & Service) Kodak Imaging, and Paul Carman. I contacted your office to see if you would be available to say hello but you had a Woods meeting.

In the meeting it was suggested that you and Bob Hamilton may want to get together given the two of you have just taken on similar roles and face like challenges.

This my request to confirm your participation in such a meeting with Bob. As you know, we are rebuilding the executive relationship at Kodak and I see your involvement as a key part. Bob Hamilton is taking an active role in challenging Kodak's strategic relationships and in his mind, Digital hangs in the balance. I'm confident you could help tip the scale in our favor.

If you agree, I have drafted a letter you may want to send to Bob as follows:

Mr. Robert T. Hamilton
Vice President and General Manager
US and Canada Kodak Imaging
Eastman Kodak Company
4545 East River Road
Rochester, NY 14650-0811

Dear Bob,

My regrets in not being able to meet you during your visit with Win Hindle. I understand the meeting went well.

The thought of meeting with you and working towards mutual business objectives for companies is a fine idea.

I will contact your office to find a convenient time and place we can get together. *for us to get together.*

Best regards,

↑ a set this up P3

He called the day before the mtg - - -

rewrite on back page

Russ Gullotti

Specific agenda items will be provided in advance for both Kodak and Digital. We will be working on a similar meeting later on that would include Bob Palmer and Kay Whitmore.

Thank you for your support.

Mark Phillips

Distribution:

TO: russ gullotti @mko

CC: MARK PHILLIPS @EEO

(PHILLIPS.MARK AT A1 at UNYEM at NQO

)

CC: mary lou welch @mlo

CC: roger rose @aci

CC: tom colatosti @ofo

CC: win hindle @mlo

It has been suggested that, because the two of us have similar roles and face like challenges, we might get together to explore mutual business opportunities. I think this is an excellent idea and would like to make it happen.

cc ~~unnamed~~
Rogan Rose
Tom Calatosti
Paul Phillips

THIS MEMO IS FROM ELEANOR DOYLE AND ERIC THORP
CONFIDENTIAL DOCUMENT

SUMMARY OF TELSTAR AGREEMENTS

*file
Kodak*

On December 17, 1993, Digital will enter into various agreements as a result of the decision to restructure the Telstar Alliance Agreement with Eastman Kodak Company. This restructuring of the Alliance Agreement includes: (i) the transfer of voice network equipment and employees to Northern Telecom Inc., (ii) a restatement and repricing of the services Digital will continue to be required to perform for Kodak, and (iii) an agreement setting forth Digital's and Northern Telecom's service obligations to one another.

The following outlines and summarizes the contractual agreements which Digital will enter in connection with this transaction:

1. Transfer Agreement between Digital and Northern Telecom Inc. ("NTI")

Pursuant to this Agreement Digital will transfer to NTI (i) equipment (ii) materials in inventory (iii) certain third party agreements (maintenance supplier agreements) (iv) records and (v) 68 Digital employees (all of whom were former Kodak employees). NTI will pay Digital the purchase price in the total amount of \$15,913,363.23 for these assets.

The significant terms of the agreement include:

(i) The assets are transferred "AS IS" with no warranties on condition or performance. (Digital will warrant that it is transferring good and marketable title to the equipment.) With the exception of a limited category of the equipment (i.e., the telephone switches and desktop equipment) there is no warranty that the equipment, as listed on Digital's equipment lists, actually exists. Thus, no adjustments may be made to the purchase price after the closing unless a piece of equipment included in the limited category is not actually in existence (a very low probability).

(ii) With respect to the employees who accept the offer (as of this date all employees have in fact accepted employment with NTI), the agreement provides that they will be hired at a salary rate equal to their Digital rate for a period of one year and at a position comparable to their current job at Digital, which will be guaranteed for a period of 120 days unless certain conditions

arise. Effective on their first day of employment, all employees will become eligible for NTI benefits, without restriction, which are similar to those provided by Digital. Service with Digital and Kodak will be recognized under the NTI pension plan for purposes of eligibility and vesting. NTI service will be recognized under the Digital pension plan for the purpose of determining the early retirement benefit under the Digital plan (subject to approval of such an amendment to the plan by the Digital Board). The employees' account balances in the SAVE plan will be transferred to the NTI savings plan. The agreement further provides for cross indemnifications, whereby Digital is responsible for claims by a transferred employee that relate to events occurring prior to the date of transfer and NTI is responsible for claims relating to events occurring on or after the transfer date.

(iii) Each party's total liability to the other for claims under the agreement is limited to \$5 million. Standard disclaimers of incidental and consequential damages apply. Subject to this limitation of liability, Digital will indemnify NTI against claims by third parties relating to Digital's use of the assets and its provision of the services to Kodak which arise prior to the effective date of the agreement. Similarly, NTI will indemnify Digital against third party claims arising after the effective date.

2. Amendment to Telstar Alliance Agreement between Digital and Kodak

This agreement amends the original agreement between the parties and includes the following:

(i) The Service Description is completely revised to reflect that Digital will no longer be responsible for operation of the voice network switches, voice and data equipment installations and MAC's (moves, adds and changes) and voice equipment repair services (these services heretofore to be provided by NTI pursuant to NTI's direct agreement with Kodak). Digital will continue to be responsible for wide area network consulting and management services, video services, data network engineering and access services, radio services and data equipment repair services. The Services Description defines a service level i.e., the In-Scope Services which will be provided for the pre-determined Monthly Base Charge. All services outside of the defined service level will be Out-Of-Scope Services subject to additional charges.

(ii) The Pricing schedule is completely revised to provide for payment of the Monthly Base Charge ("MBC" = \$962 K) for all In-Scope Services. The MBC was calculated by reference to actual

historical volumes and projected volumes agreed to by Kodak and includes a Digital approved profit margin. The MBC will remain constant for the balance of the term of the contract regardless of whether actual volumes fall short of projected volumes used in calculating the charge. The pricing schedule further sets forth a mechanism for determining additional charges for Out-of-Scope Services which includes increased volumes.

(iii) The term of the original agreement is not extended by this amendment (i.e., February, 1995). However, notice of Kodak's intent to terminate the agreement has been extended from February, 1994 to August 1, 1994. If Kodak does not give such notice, the parties will begin to negotiate an agreement to take effect in February, 1995. If such agreement cannot be reached, Digital's obligations under the original agreement (as amended) will continue until August, 1995 subject to payment of the MBC.

(iv) The following significant terms in the original agreement will be amended and will be effective whether or not the transfer to NTI is consummated:

- (a) Digital no longer has any obligation to maintain a pool of monies for the provision of capital equipment (i.e., the "capital pool"). All equipment requested by Kodak will be paid or financed by Kodak. Similarly, Digital has no obligation to upgrade any equipment unless Kodak requests and finances such upgrade.
- (b) Digital no longer has any obligation to provide additional technology assistance at no additional charge to Kodak. Engineering consulting would be subject to additional charges.

3. Operating Agreement between Digital and NTI

In order to keep the total cost to Kodak as low as possible, the parties (Digital and NTI) each agreed to contract independently with Kodak for each party's service obligations rather than to establish a prime-subcontracting relationship. However, each party's obligations to Kodak are, in certain respects, dependent on the other party's performance of its obligations to Kodak. The Operating Agreement is intended to outline the services of each upon which the services of the other are dependent. The agreement provides for mutual indemnification, subject to a \$5 million limit of liability, against claims by Kodak where such claims arise out of one party's failure to perform its services as outlined in this agreement.

Please refer any questions concerning the details of these agreements to the Law Department, Eleanor Doyle, (DTN 352-2893) or Eric Thorp (DTN 223-9249).