

11/12/87

Hank:

John Chowning and I talked together about the possibility of Yamaha making the gift of a chair to Stanford largely based on these observations:

1. Many Japanese companies have endowed (I understand not fully endowed) chairs at MIT based upon close ties with MIT;
2. Yamaha has a close tie (our FM license) with Stanford;
3. Our technology has contributed very strongly to their significant market share; and
4. Yamaha's basic musical instrument has hit a \$900K annual ceiling; without the ceiling, we can estimate they would be paying several hundred thousand dollars more per annum. (Other royalty categories have no ceiling. We took a \$250K minimum annual payment years ago in exchange for the ceiling. Total royalty income this fiscal year will be about \$1.5 million. All of these numbers are confidential.)

We have not discussed the gift with Yamaha. They do not appear to have University gift support as any policy. The gifts John has gotten have largely been equipment -- and they have given (I believe) only because they saw a benefit to Yamaha in doing so.

I sense they are both uncomfortable and intrigued by the compositions of John and his colleagues at CCRMA. It could be best to simply promote a chair in music; you should talk with John.

As to who should approach Yamaha, it probably should be someone at a high level such as yourself and probably in concert with John and/or me. But you are the expert in these things.

Niels

cc: David Glen (PA.DMG)
Larry Lollar (CT.LJL)
Henry Riggs (CT.HER)