Report of Meeting with Electrical Utilities Co.
in St. Louis, May 28, 1976

Present for EUC: Richard L. Hauser, President
Albert O. Hauser, Retired Chairman of Board

Present for Monsanto: R. G. Potter
T. H. Lafferre
D. Wood
J. A. Alley

EUC wants to look at as many non-PCB alternatives as possible. They have experienced good technical results with Monsanto's MCS 1588 and do not wish to eliminate it from consideration if there is a means of their producing limited volumes economically under license from Monsanto. They proposed a licensing agreement that could allow Monsanto to re-enter the business as a supplier of 1588 should industry commodity approaches such as phthalate esters fail. Some of EUC's customers are still pursuing 1588 in face of phthalate esters. EUC still has life tests running on 1588.

EUC proposed the following procedure to allow them to develop the use of MCS 1588.

1) Monsanto sell EUC MCS 1889 (hydrocarbon base stock for 1588) and TXS.
2) Monsanto supply "know-how" on manufacture and blending of 1588.
3) Monsanto allow current and former Monsanto personnel such as Ralph Munch to assist EUC in developing manufacturing capability for 1588.
4) It would be helpful if Monsanto made our research pilot blending facility available for sale to EUC.
5) License agreement would involve a limited royalty payment to Monsanto, recognizing the potential benefits to us if EUC successfully developed MCS 1588 technology. Further, the license would be negotiable if EUC's efforts created a wider demand for MCS 1588 and Monsanto wished to revive commercialization of the TXS technology.

Monsanto response to the EUC proposal is summarized below.

We are willing to discuss licensing EUC, but feel obliged to bring to their attention some major obstacles that we see to small scale production of TXS based fluids.

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1) Potentially, a non-exclusive license could be granted to EUC for the manufacture of 1588 and its use in capacitors. We were not able to quote a firm license fee at this meeting, but the annual cost to EUC could be greater than $100,000.

2) There would be an initial fee for the transmission of data estimated at $50 M or more.

3) Due to demands of other projects for space in "W" Bldg., the research facility will have to be dismantled soon, following two short runs of MCS 1588 and MCS 1475 in June/July.

4) The cost of the research unit was estimated at $>$$50 M and $<$$100 M.

5) Monsanto could supply MCS 1889 for approximately 80¢/lb., drums and 75¢ lb., bulk.

6) TXS is a problem area. The TXS ingredient has no other use today and is not produced commercially. Monsanto was not able to supply TXS commercially at a level of approximately 250 M lbs./yr. Monsanto would release process for making TXS only by secrecy agreement with a toll converter. Cost of TXS from toll converter was estimated at $5-7 per pound.

7) The environmental data on 1588 is not complete and the cost would be fairly substantial ($100-180 M). EUC requested consideration by Monsanto of assistance in completing environmental data. We stated that this would represent new Monsanto investment in a project which we had concluded had little chance of success and we could not undertake to support financially completion of cancelled program.

8) If EUC wished to have Dr. Munch consult for them, they should first detail the areas of technology involved. Dr. Munch could then discuss with Monsanto any potential conflicts of interest.

9) EUC confirmed that although their chief objective would be to have MCS 1588 available for their own use, they could foresee a possible supply to other capacitor producers who might become interested if EUC had surplus capacity to produce. We indicated that we had not considered granting EUC rights to resale or to sub-license and were not in favor of licensing as broadly as this.

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10) Conversion costs could be of the order of 10¢ per pound.

11) Quality control costs for raw materials and finish product should be taken into account.

EUC thought the equipment costs for the research pilot plant were high. They requested we consider out of pocket costs involved in this equipment. They could see substantially greater costs than they had imagined. RGP told EUC that we were not seeking to make a major profit from licensing them, but we could not at this time reinvest in the TXS technology given its current chance of successful commercialization.

Dick Hauser wants to meet with his Board of Directors to discuss Monsanto's reaction to the EUC proposal. Hauser was told Monsanto would not take further action unless we hear from EUC.

Dick Hauser anticipates EUC will have further questions and and proposals to make to Monsanto in the near future.

J. A. Alley

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