Hand Copy

Monsanto

MONSANTO INDUSTRIAL CHEMICALS CO.
800 N. Lindbergh Boulevard
St. Louis, Missouri 63166
Phone: (314) 694-1000

July 27, 1976

Received

Mr. R. L. Hauser, President
Electrical Utilities Company
La Salle, Illinois 61301

Dear Mr. Hauser:

As we promised during our visit to your office on July 1, 1976, attached is a copy of our tentative proposal related to the licensing of our MCS-1588 patents and know-how to E.U.C. This is intended for your evaluation and internal discussions. After you have reviewed and assessed your position in this matter, we would welcome your early response and comments.

Sincerely,

Dominic Danna
Manager, Technology Licensing

DD:lm
Att.

cc: Mr. David Wood B2SD

EX P-3187
Page 1 of 5

0256620

PCB-ARCH0749232

[redacted]

MONSANTO COMPANY

Subject: *Tentative licensing proposal to Electrical Utilities Company for use of the Monsanto patents and know-how for the manufacture of dielectric fluids for use in capacitors.*

Monsanto Industrial Chemicals Co.

Dominic Danna
Manager Technology Licensing

7/26/76

0256621

PCB-ARCH0749233

Monsanto Patents

U.S. 3,796,934	*issued 3/12/74*	*(R. H. Munch)*	*use of the dielectric fluids in capacitors*
U.S. 3,811,077	*issued 5/10/74*	*"*	*use of the dielectric fluids in capacitors*
* *U.S. 3,948,787*	*issued 4/6/76*	*"*	*composition of the dielectric fluids*
* *U.S. 3,948,788*	*issued 4/6/76*	*"*	*composition of the dielectric fluids*

* *"Patented Products" referred to in this proposal covers all the various compositions of dielectric fluids contained in these patents.*

PCB-ARCH0749234

LICENSING PROPOSAL

Monsanto (U.S.A.) agrees in principle to license Electrical Utilities Company (U.S.A.), Monsanto technologies, including patents and know-how for the use in manufacturing the various possible dielectric fluids as well as the use of the fluid in capacitors as covered by the subject patents issued to Monsanto. It is understood that the final terms of any agreement must be approved by Corporate Monsanto.

I. TECHNOLOGY PACKAGE

A. Monsanto shall furnish information sufficiently detailed to permit E.U.C. to formulate the Monsanto product MCS-1588. The information shall include needed equipment description as well as operating procedures.

B. Monsanto shall furnish E.U.C. with information describing the equipment and operating procedures, sufficiently detailed to enable E.U.C. or an approved toll manufacturer to produce the Monsanto intermediate known as tolyl xylyl sulfone (TXS); a necessary ingredient in the formulation of MCS-1588.

C. For E.U.C.'s use Monsanto shall make available all existing environmental and medical test reports as they concern MCS-1588 and other dielectric fluids of similar composition.

D. Monsanto shall make available technical consultation and process engineers for the start-up of E.U.C.'s initial TXS and MCS-1588 plants. The time and duration of such assistance and consultation will be agreed on in advance.

II. RIGHTS

1. Monsanto will grant E.U.C. a non-exclusive, nontransferable right to use the reference U.S. patents and know-how to make, use and sell the patented products, this will include rights and know-how for the manufacture of the products MCS-1588 and TXS.

2. Monsanto shall have the royalty free, non-exclusive right to use any unpatentable improvements or modifications of the licensed technology or any applications of the products in the dielectric fluids field that E.U.C. may develop during the term of the agreement.

3. Any patentable inventions that E.U.C. may develop in the field of use (dielectric fluids) resulting from the rights licensed by MC, will be E.U.C. property, but Monsanto shall have the right to a non-exclusive license or the right to purchase such patents from E.U.C. at mutually agreeable terms.

PCB-ARCH0749235

III. LIABILITIES

Since Monsanto has manufactured TXS and MCS-1588 in pilot plant quantities for developmental purposes only, it has not applied for E.P.A. acceptance; such application requires extensive testing. To this end, MC will not accept any responsibilities nor liabilities in connection with manufacture and use of any of the patented products, including TXS and MCS-1588.

IV. ASSIGNMENT

Monsanto reserves the right to assign this entire agreement to any possible purchaser of Monsanto's U.S. business as related to capacitor dielectric fluids, including all substantial rights to Monsanto's U.S. patents, tangible and intangible assets in this product area. Provided, however, that Monsanto's polychlorinated biphenyl products shall not be considered part of said business.

V. COMPENSATION

1) On signature of the Technical Agreement E.U.C. will pay Monsanto ~~$50,000~~ [redacted]

2) After two years from the date of signature if E.U.C. chooses to continue the arrangement, E.U.C. will pay Monsanto -

[redacted]

a) an additional payment of $50,000, plus

b) a running royalty for the remaining life of the patents of 5% of net sales value of the patented products, or if the patented products are used, not sold, E.U.C. will pay 5% of 140% of E.U.C.'s actual manufacturing costs. Minimum annual payments shall be $15,000.

3) Technical consultation and on-site technical assistance expenses by MC shall be reimbursed by E.U.C. (actual salary, overheads and living expenses).

[redacted]

PCB-ARCH0749236