PATENT DEPARTMENT - GENERAL OFFICES E2NB

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J. R. Savage - B2SL
David Wood - B2SD

GE TECHNICAL AGREEMENT -
CAPACITORS

W. W. Withers - B2SA

In connection with our current activities on PCB dielectric fluids, David Wood asked me to send you the enclosed copy of the dielectric fluid test agreement between Monsanto and General Electric dated January 1, 1972 and now in its third annual extension.

The $4,000 per month expense incurred by Monsanto under this agreement is a service charge by GE for testing and evaluating candidate dielectric fluids submitted by Monsanto for use in capacitors.

Nothing in the agreement restricts Monsanto from taking candidate dielectric fluids to others nor does it give GE any exclusive rights. Both companies are free to proceed unilaterally in a more rapid fashion if desired, or if new products are found which have the right marketing and profit characteristics.

Nothing in the testing agreement makes reference to AROCLOR® dielectric fluids. In fact, the candidate dielectric fluids heretofore submitted by Monsanto have been non-PCB type fluids.

The third extension of the present agreement expires December 31, 1975. All the terms and conditions of the 1972 agreement were incorporated in each extension by a simple letter understanding.

In view of increased pressure on PCB dielectric fluids, this testing program with GE takes on greater importance.

Besides the enclosed agreement, we have a current non-exclusive license agreement with GE under GE's U. S. Patent 3,362,908. The latter claims the use of certain epoxide scavengers in AROCLOR fluids which improves performance in capacitors and transformers. These fluid compositions are called "PYRANOL II" by GE.

The GE/Monsanto PYRANOL II agreement dates back to October 17, 1950 and was extended several times until USP 3,362,908 issued on January 9, 1968 (the patent expires January 9, 1985).

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As a convenience to certain of our AROCLOR customers, we collect and remit to GE a royalty (now called a "service charge") of 1/2¢ per pound of AROCLOR sold for use in PYRANOL II type compositions (e.g., Westinghouse uses the epoxide in their "INERTEEN" fluids).

Monsanto's minimum annual royalty obligation under the October 17, 1950 license is only $250 per year. We have the right to terminate at end of any calendar year upon 90 days notice. If PCB's are banned I would expect GE to accept termination forthwith. In the worst case Monsanto's residual exposure will not exceed the nominal $250.

I am aware of no other technical or patent agreements now outstanding re AROCLOR fluids.

Call me if you have questions on these matters.

William H. Duffey

WHD:rk
Enc.

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