Monsanto

FROM (NAME & LOCATION) B2SB C. Paton

DATE : May 3, 1977

SUBJECT : EUC/License of MCS 1588

REFERENCE :

TO : File

cc: ✓ A. Alley
D. Wood
E. T. Mollica
J. J. Zeman
D. Danna
W. H. Duffey

Jim Alley and I spoke to Dick Hauser on May 2. We told him:

1. We had learned about 7-10 days ago about the desire of the major user of MCS 1889 (who buys it under another name) to discontinue its use preferably in the 4th quarter.

2. The reason for this use was odor not safety, quality, environmental or functional performance deficiencies.

3. We were sampling this customer with another product which could be made in the same equipment as MCS 1889.

4. In view of EUC's upcoming visit to St. Louis to get a data package on we felt we should let EUC know about the uncertainty in supply as soon as possible. We offered to visit LaSalle to explain further if necessary. Dick regarded our statement as a bombshell. His reaction was:

   a. He had signed the licensing agreement and felt committed to proceed.

   b. The purpose of the EUC visit to St. Louis as he saw it was to estimate the resources EUC needed to commercialize MCS 1588. He said the personnel coming here would visit me to discuss MCS 1889 some more.

   c. He asked about options. Our response was (in order of preference):

      (1) If the current major MCS 1889 user accepted our replacement this meant continuation of the manufacturing facilities and hence an ability to supply MCS 1889 to EUC if their volume was at least 500M lb./year.

      (2) Supply MIPB (component of MCS 1238) through an outside conversion of MIC biphenyl which we could arrange. Dick agreed that MCS 1238 could be a fall-back option and he would evaluate.

0437429

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PCB-ARCH0753431

(3) Locate an outside converter for MCS 1889 as we had done for TXS. This might not be easy.

5. On questions of price we said we had no idea of the cost of these options at this time.

6. We said the replacement hydrocarbon for MCS 1889 might be suitable technically but absolutely no data was available as a capacitor fluid and EUC would be starting from scratch.

Cumming Paton

P.S. D. Danna/W. H. Duffey

[redacted]

PCB-ARCH0753432

Monsanto

FROM (NAME & LOCATION) B2SB C. Paton

DATE : April 28, 1977

cc: E. T. Mollica
J. J. Zeman
D. Wood

SUBJECT : EUC License/MCS 1588

REFERENCE :

TO : L. A. Miller

I attach a recommendation on a situation which has arisen at EUC. I have discussed with Gene Mollica and he agrees that we need to inform EUC of the potential supply problem on Santosol 100. Also attached are Legal and Patent Department opinions which indicate that our obligation to disclose this information to EUC is ethical rather than legal.

Apart from the $25M license payment EUC also have to undertake expensive environmental acceptability tests on MCS 1588. The options which MIC can offer on hydrocarbon supply in order of preference are:

1. Continue to manufacture Santosol 100 for EUC as long as annual volume is at least 0.5M lb./year and NCR remain on a benzyl aromatic as S.100 replacement.

2. Supply MIPB (through toll-conversion of our biphenyl by Dixie Chemical) so that EUC can replace MCS 1588 with MCS 1238.

3. Locate toll-converter for Santosol 100 if NCR move away totally from benzylated chemistry.

EUC also have the option (which they are still pursuing) of following the rest of the capacitor industry and using DOP to replace Aroclor 1016.

If you support this recommendation, I will arrange to meet Dick Hauser, President of EUC, as soon as possible to inform him of the hydrocarbon supply outlook.

C. Paton 4/29

cs
Att.

OK - I support your recommendation. Please arrange to brief FJF on his return on 5/4 (I'd be out through 5/6)

EX P-3215
Page 3 of 23

IN - 10 REV. 1/72

Monsanto

FROM (NAME & LOCATION) D. Wood - B2SD

DATE April 26, 1977

SUBJECT SANTOSOL 100 (MCS 1889)
EUC LICENSE

REFERENCE

TO : C. Paton
B2SB

CC J. A. Alley - B2SD
D. Danna - E2NB
W. H. Duffey - E2NB
E. T. Mollica - B2SB
R. A. Pohl - B2SB
J. J. Zeman - B2SK

SITUATION:

EUC have licensed Monsanto technology to produce MCS 1588 dielectric. We supply EUC Santosol 100 under the code MCS 1889 as the hydrocarbon base for the dielectric fluid. In the early stages of discussion with EUC we confirmed that MCS 1889 had other applications and was expected to be an on-going Monsanto product for the foreseeable future.

NCR's announcement to us on April 19th that they wish to convert away from Santosol 100 in 90 days radically changes the availability and economics of supply of hydrocarbon to EUC. Complete definition of the impact will depend on the anticipated on-going volume of Santosol 100 (MCS 1889) taken by EUC.

If NCR switch to Benzylated Meta Xylene, which we will produce in S100 unit, we will be able to continue campaign production of Santosol 100. At volumes of .5M lbs per year we can operate at higher cost using existing RM and FP storages. At 1 - 1.5M lbs per year we must consider addition of extra RM (Ethyl Benzene) and FP (S.100) separate storages.

If NCR move away from our benzylation technology completely, we can produce modest volumes of Santosol 100 (MCS 1889); but our ability to earn a satisfactory return on capital will be placed in jeopardy.

RECOMENDATION:

I recommend that we advise EUC of our changed situation before they commit $25,000 license fee and undertake to advise them of future position on costs and availability of MCS 1889 as our NCR program develops.

ACTION REQUESTED:

1. Approval to meet with R. Hauser (President EUC) and disclose change in MCS 1889 picture. I propose a meeting prior to May 4 when EUC personnel plan a technology discussion visit to St. Louis as part of the license implementation.

2. We should alert Dr. Miller and Mr. Fitzgerald of our plan since Mr. Hauser is likely to contact them to express his concerns about our changed supply position.

3. Approval of the attached outline for discussion with EUC.

PCB-ARCH0753434

ALTERNATIVES CONSIDERED:

1. Delay advice to EUC until NCR position becomes clearer. I reject this alternative for the following reasons:

   a) EUC are embarking on a high cost part of their development program.

   b) EUC are on verge of large public commitment of their company to MCS 1588.

   c) We are already sure that NCR have decided on a major move away from Santosol 100 and have an obligation to advise EUC of this change to preclude possible legal liability.

I have reviewed this recommendation with Dominic Danna who favors that we hold off advising EUC until the NCR picture becomes more clear and we can become more specific with Hauser on the impact of EUC's business. He cautions that an early warning at this stage would be premature and harm EUC's confidence in proceedings. Danna proposes that when our NCR program is defined we approach EUC with a statement of impact on them and if necessary then offer to assist them in obtaining supplies of toll manufactured Santosol 100 or with supplies of MIPB.

M. Wood

PCB-ARCH0753435

MCS 1889 DISCUSSION WITH EUC (OUTLINE)

1. In discussions in 1976 concerning forward availability of MCS 1889 we advised that there was another application for this chemical, and that we expected to continue marketing for this application for the foreseeable future.

2. The major user for the application has encountered market difficulties with their end product and approached us on April 19th requesting our cooperation in phasing away from MCS 1889 as quickly as possible to an improved product.

3. Request that our discussion of situation be confidential in that it includes another major corporation.

4. Our suggested candidate for such replacement will use the same equipment and would allow us to continue to produce MCS 1889.

5. The reason for product change is odor not safety.

6. If we produce MCS 1889 in same unit as new product, the need for additional storages and the impact on costs will depend on variables such as:

    a) Volume MCS 1889

    b) Volumes of new product

    c) Changed raw material handling practice

    d) Number of production runs per year

    e) Need for additional storages

    f) Acceptability of new product

    These are not as yet defined.

7. We wished to alert EUC to our situation recognizing the status of their MCS 1588 development program.

8. We commit to keeping them advised fully as our program proceeds. We expect to develop a much more defined position in one month.

We have no electrical data on the new product for the traditional application.

(If necessary to make the issue clear, I will, given Hauser's agreement to consider the information confidential, disclose that the problem which has developed relates to odor levels in carbonless paper applications).

/kk

Monsanto

G. F. Barton - B1ND

DATE March 24, 1977

SUBJECT LICENSING OF DIELECTRIC FLUID TECHNOLOGY

REFERENCE

TO F. J. Fitzgerald
L. A. Miller

J. A. Alley
J. K. Clark
W. R. Corey
D. Danna
W. H. Duffey
R. C. Isham
E. T. Mollica
C. Paton
D. Wood

COMPANY CONFIDENTIAL

Attached is a proposed press release concerning the Electrical Utilities Co.'s (EUC) licensing of 1588 from Monsanto Co. EUC is seeking Monsanto's approval of the press release text. With your concurrence, the release would be issued by EUC upon the successful completion of a licensing agreement.

This draft has already been reviewed with D. Danna and [redacted] and J. A. Alley and D. Wood in the product group.

Also attached is a draft preparedness Q&A relating to the EUC news release. The Q&A sheet will be retained by Monsanto and used only in response to possible press queries.

G. F. Barton

GFB:smt

Att.

PCB-ARCH0753437

COMPANY CONFIDENTIAL

FOR IMMEDIATE RELEASE

LASALLE, ILL. -- The Electrical Utilities Co., a manufacturer of oil-filled capacitors, has concluded a licensing agreement with Monsanto Company, St. Louis, Missouri, for a non-PCB capacitor impregnant. The license covers the technology and manufacturing processes necessary for the production of this fluid. This impregnant, which has the EUC tradename EUCANON-4™ is designed to replace PCB (polychlorinated biphenyl) impregnants whose use in the manufacture of capacitors will be totally banned in the U.S. by mid-1979.

According to Electrical Utilities' president, Richard L. Hauser, EUCANON-4 capacitor impregnant is the result of research by Monsanto and continued development by EUC. EUCANON-4 offers significant advantages in both capacitor case height and in higher temperature applications over the non-PCB impregnants being offered by the capacitor industry presently.

EUCANON-4 impregnated capacitors are expected to be suitable as replacements for PCB impregnated capacitors in all applications where PCB impregnated capacitors are presently in use. EUCANON-4 impregnated capacitors are available now in sample and field testing application quantities. Production quantities are expected to be available by mid-April, 1977.

-oOo-

COMPANY CONFIDENTIAL

PCB-ARCH0753438

PROPOSED RESPONSES TO POSSIBLE QUESTIONS ARISING
FROM ELECTRICAL UTILITIES COMPANY NEWS RELEASE ANNOUNCING
LICENSING OF MONSANTO'S TECHNOLOGY

Q: Is Monsanto actively seeking licencees for its non-PCB dielectric fluid technology?

A: No, Monsanto is not seeking licencees for its dielectric technology. The licensing agreement announcement by EUC was the result of an approach by that firm to Monsanto.

Q: Is the Monsanto/EUC agreement an exclusive license?

A: Monsanto's agreement with EUC is a non-exclusive, non-transferrable license for that firm to use Monsanto patents and technical knowhow to produce, use and market a product trademarked by EUC as EUCANON-4™.

Q: Monsanto had been working on at least two dielectric candidates to replace fluid containing chlorinated biphenyls -- MCS 1238 and MCS 1588. Does the technology agreement with EUC involve either of these fluids?

A: The technology involved in the agreement was developed as part of Monsanto's research work on MCS 1588.

Q: Does Monsanto have any plans to market a non-PCB dielectric fluid in the future?

A: Monsanto shelved its development work on environmentally compatible replacements for PCB dielectric materials in early 1976. This decision was based on the electrical industries apparent decision to adopt existing commodity-type compounds to their dielectric needs. There are currently no plans to reestablish development work in this area.

PCB-ARCH0753439

Q: What were the financial terms of the licensing agreement?

A: This information is considered proprietary.

Q: Can you tell me how effective EUCANON-4 is?

A: You should contact Electrical Utilities Company for information concerning capacitor performance.

Q: Does the Monsanto/EUC license agreement involve patented technology?

A: The agreement does include patented technology.

Q: Has safety testing been completed on this PCB replacement product?

A: The information which we developed has been shared with EUC. As we have indicated, EUC is continuing product development including any additional safety tests that may be required.

-o0o-

PCB-ARCH0753440

Monsanto

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

July 13, 1976

Mr. Richard L. Hauser, President
Electrical Utilities Company
LaSalle, Illinois 61301

Subject: Confidentiality Agreement

Dear Mr. Hauser:

The Electrical Utilities Company (hereinafter "EUC") has recently been engaged in discussions with Monsanto Company (hereinafter "MONSANTO") on a potential licensing venture regarding certain non-PCB capacitor impregnating fluids of MONSANTO.

If a final agreement is concluded on this licensing venture, appropriate provisions will be made therein for confidential treatment of technical and commercial information of each party.

In the interim, however, it is desirable to have a mutual understanding regarding nondisclosure of the existence and nature of these discussions and negotiations now underway between EUC and MONSANTO.

It is, therefore, understood and agreed that neither EUC nor MONSANTO will, without prior written consent of the other, make any public announcement, make any statement or release to the press, or make any statement to a competitor, customer or other third party with respect to these discussions and negotiations.

EUC and MONSANTO each agree to impose this obligation on their respective employees who were in their employ at the time these negotiations commenced and who are aware of said negotiations.

This obligation on the part of EUC and MONSANTO shall continue for a period of two (2) years from the date first set forth above unless the negotiations become terminated sooner without achieving agreement.

In fulfilling its obligations under this agreement, both EUC and MONSANTO shall employ the same degree of care as they employ to protect their own confidential information.

If the foregoing terms and conditions meet with the understanding and approval of EUC, please show the acceptance and agreement of EUC by executing this letter in duplicate at the place indicated below and return one copy to us.

Very truly yours,

MONSANTO COMPANY

Robert G. Potter, Business Group Director, Functional Products

WHD

Accepted and agreed to:

ELECTRICAL UTILITIES COMPANY

Richard L. Hauser, President

Date:

WHD:rk

0437564

PCB-ARCH0753442

Monsanto

FROM (NAME & LOCATION): D. Wood - B2SD

DATE: April 26, 1977

SUBJECT: SANTOSOL 100 (MCS 1889)
EUC LICENSE

REFERENCE:

TO: C. Paton
B2SB

cc: J. A. Alley - B2SD
D. Danna - E2NB
W. H. Duffey - E2NB
E. T. Mollica - B2SB
R. A. Pohl - B2SB
J. J. Zeman - B2SK

SITUATION:

EUC have licensed Monsanto technology to produce MCS 1588 dielectric. We supply EUC Santosol 100 under the code MCS 1889 as the hydrocarbon base for the dielectric fluid. In the early stages of discussion with EUC we confirmed that MCS 1889 had other applications and was expected to be an on-going Monsanto product for the foreseeable future.

NCR's announcement to us on April 19th that they wish to convert away from Santosol 100 in 90 days radically changes the availability and economics of supply of hydrocarbon to EUC. Complete definition of the impact will depend on the anticipated on-going volume of Santosol 100 (MCS 1889) taken by EUC.

If NCR switch to Benzylated Meta Xylene, which we will produce in S100 unit, we will be able to continue campaign production of Santosol 100. At volumes of .5M lbs per year we can operate at higher cost using existing RM and FP storages. At 1 - 1.5M lbs per year we must consider addition of extra RM (Ethyl Benzene) and FP (S.100) separate storages.

If NCR move away from our benzylation technology completely, we can produce modest volumes of Santosol 100 (MCS 1889); but our ability to earn a satisfactory return on capital will be placed in jeopardy.

RECOMENDATION:

I recommend that we advise EUC of our changed situation before they commit $25,000 license fee and undertake to advise them of future position on costs and availability of MCS 1889 as our NCR program develops.

ACTION REQUESTED:

1. Approval to meet with R. Hauser (President EUC) and disclose change in MCS 1889 picture. I propose a meeting prior to May 4 when EUC personnel plan a technology discussion visit to St. Louis as part of the license implementation.

2. We should alert Dr. Miller and Mr. Fitzgerald of our plan since Mr. Hauser is likely to contact them to express his concerns about our changed supply position.

3. Approval of the attached outline for discussion with EUC.

ALTERNATIVES CONSIDERED:

1. Delay advice to EUC until NCR position becomes clearer. I reject this alternative for the following reasons:

   a) EUC are embarking on a high cost part of their development program.

   b) EUC are on verge of large public commitment of their company to MCS 1588.

   c) We are already sure that NCR have decided on a major move away from Santosol 100 and have an obligation to advise EUC of this change to preclude possible legal liability.

I have reviewed this recommendation with Dominic Danna who favors that we hold off advising EUC until the NCR picture becomes more clear and we can become more specific with Hauser on the impact of EUC's business. He cautions that an early warning at this stage would be premature and harm EUC's confidence in proceedings. Danna proposes that when our NCR program is defined we approach EUC with a statement of impact on them and if necessary then offer to assist them in obtaining supplies of toll manufactured Santosol 100 or with supplies of MIPB.

D. Wood

PCB-ARCH0753444

Monsanto

FROM (NAME & LOCATION): D. Wood - B2SD

DATE: April 26, 1977

SUBJECT: SANTOSOL 100 (MCS 1889)
EUC LICENSE

REFERENCE:

TO: C. Paton
B2SB

cc: J. A. Alley - B2SD
D. Danna - E2NB
W. H. Duffey - E2NB
E. T. Mollica - B2SB
R. A. Pohl - B2SB
J. J. Zeman - B2SK

SITUATION:

EUC have licensed Monsanto technology to produce MCS 1588 dielectric. We supply EUC Santosol 100 under the code MCS 1889 as the hydrocarbon base for the dielectric fluid. In the early stages of discussion with EUC we confirmed that MCS 1889 had other applications and was expected to be an on-going Monsanto product for the foreseeable future.

NCR's announcement to us on April 19th that they wish to convert away from Santosol 100 in 90 days radically changes the availability and economics of supply of hydrocarbon to EUC. Complete definition of the impact will depend on the anticipated on-going volume of Santosol 100 (MCS 1889) taken by EUC.

If NCR switch to Benzylated Meta Xylene, which we will produce in S100 unit, we will be able to continue campaign production of Santosol 100. At volumes of .5M lbs per year we can operate at higher cost using existing RM and FP storages. At 1 - 1.5M lbs per year we must consider addition of extra RM (Ethyl Benzene) and FP (S.100) separate storages.

If NCR move away from our benzylation technology completely, we can produce modest volumes of Santosol 100 (MCS 1889); but our ability to earn a satisfactory return on capital will be placed in jeopardy.

RECOMENDATION:

I recommend that we advise EUC of our changed situation before they commit $25,000 license fee and undertake to advise them of future position on costs and availability of MCS 1889 as our NCR program develops.

ACTION REQUESTED:

1. Approval to meet with R. Hauser (President EUC) and disclose change in MCS 1889 picture. I propose a meeting prior to May 4 when EUC personnel plan a technology discussion visit to St. Louis as part of the license implementation.

2. We should alert Dr. Miller and Mr. Fitzgerald of our plan since Mr. Hauser is likely to contact them to express his concerns about our changed supply position.

3. Approval of the attached outline for discussion with EUC.

PCB-ARCH0753445

ALTERNATIVES CONSIDERED:

1. Delay advice to EUC until NCR position becomes clearer. I reject this alternative for the following reasons:

   a) EUC are embarking on a high cost part of their development program.

   b) EUC are on verge of large public commitment of their company to MCS 1588.

   c) We are already sure that NCR have decided on a major move away from Santosol 100 and have an obligation to advise EUC of this change to preclude possible legal liability.

I have reviewed this recommendation with Dominic Danna who favors that we hold off advising EUC until the NCR picture becomes more clear and we can become more specific with Hauser on the impact of EUC's business. He cautions that an early warning at this stage would be premature and harm EUC's confidence in proceedings. Danna proposes that when our NCR program is defined we approach EUC with a statement of impact on them and if necessary then offer to assist them in obtaining supplies of toll manufactured Santosol 100 or with supplies of MIPB.

D. Wood

PCB-ARCH0753446

Monsanto

FROM (NAME & LOCATION): J. A. Alley - B2SD

DATE: January 26, 1977

SUBJECT: MCS - 1588 License

REFERENCE:

TO: D. Wood
C. Paton
T. H. Lafferre
R. G. Potter

1. Attached is a draft of the licensing agreement between Monsanto and Electrical Utilities Company (EUC) on MCS-1588. Also, I have attached the approval to license EUC signed by M. C. Throdahl/F. J. Fitzgerald

2. This draft agreement has been reviewed by D. Wood, H. N. Brandstetter, J. J. Zeman, D. Danna, E. P. Grattan, and their suggested changes have been incorporated into the text of the agreement.

3. If EUC signs the license agreement, we expect that they will make their decision shortly thereafter on purchase of the Monsanto blending facility and our inventory of tolyl xylyl sulfone (TXS).

4. Your approval of this draft agreement is requested before it is sent to EUC.

J. A. Alley

tmc

enclosure

0437906

EX P-3215
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PCB-ARCH0753447

Monsanto

FROM (NAME & LOCATION): David Wood-St. Louis-B2SD

NOV 17 1976

DATE: November 17, 1976

cc: J. Alley
D. Danna
W. Duffey
C. Paton

SUBJECT: EUC MEETING
NOVEMBER 11, 1976

REFERENCE:

TO: FILE

Please advise asap on EXS recommendation

FOR EUC: R. Hauser, President

FOR MONSANTO: D. Danna
W. Duffey
C. Paton
D. Wood

(1) We discussed EUC's letter November 3, 1976, and established that a "grant back" clause was required. Bill Duffey gave Hauser the attached definitions to use with his patent counsel.

(2) We established that we had no intention of pyramiding royalties and this was also covered in Duffey's handout.

(3) We insisted that $25,000 front end payment was not negotiable further and Dick understood this.

(4) We confirmed a willingness to sell the pilot blending equipment at $25,000, f.o.b. St. Louis with any packing preparation costs for EUC's account.

(5) We outlined to Hauser what consultation would be available to him as outlined in my Nov. 5th memo.

(6) Hauser felt that a front end $25 M plus $25 M for equipment gave an acceptable front end total risk of $50 M. He accepted the 5% royalty rate.

(7) At this point, Hauser raised the question of TXS initial supply. We had quoted EUC a price of $3.00 per lb. on a residual stock of 5 M lbs. of TXS. Hauser asked us to give him this material within the initial payment. I responded that he could not assume that he was the only party interested and besides if we did not have any surplus, he would have had to purchase this volume from his toll converter. Further, this was a raw material which would be applied in capacitors which could be priced to cover the TXS cost. In short, the TXS purchase should be outside any license arrangement and we should maintain our previously quoted price.

I can't see his toll converter (Anderson) making an initial run for under $15M.

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Hauser said he would like a final response later when we had considered the situation further. I recommend that we stick to our original quote of $3.00 per lb.

Next Steps

1. Hauser to discuss Duffey definitions with patent counsel. If there are any minor difficulties, his lawyer will contact Duffey.

2. D. Wood tell EUC final decision on TXS.

3. Hauser to make recommendation to his board.

4. [redacted]

5. [redacted]

6. After Corporate approval granted, establish details of moving blend equipment to EUC.

We held a separate discussion on EUC interest in surplus dielectric test equipment (D. Wood follow-up).

Hauser confirmed G. E. license terms for DOP as $250 M down and 1½% on capacitor selling price.

David Wood

/deb

PCB-ARCH0753449

Monsanto

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

July 13, 1976

Mr. Richard L. Hauser, President
Electrical Utilities Company
LaSalle, Illinois 61301

Subject: Confidentiality Agreement

Dear Mr. Hauser:

The Electrical Utilities Company (hereinafter "EUC") has recently been engaged in discussions with Monsanto Company (hereinafter "MONSANTO") on a potential licensing venture regarding certain non-PCB capacitor impregnating fluids of MONSANTO.

If a final agreement is concluded on this licensing venture, appropriate provisions will be made therein for confidential treatment of technical and commercial information of each party.

In the interim, however, it is desirable to have a mutual understanding regarding nondisclosure of the existence and nature of these discussions and negotiations now underway between EUC and MONSANTO.

It is, therefore, understood and agreed that neither EUC nor MONSANTO will, without prior written consent of the other, make any public announcement, make any statement or release to the press, or make any statement to a competitor, customer or other third party with respect to these discussions and negotiations.

EUC and MONSANTO each agree to impose this obligation on their respective employees who were in their employ at the time these negotiations commenced and who are aware of said negotiations.

This obligation on the part of EUC and MONSANTO shall continue for a period of two (2) years from the date first set forth above unless the negotiations become terminated sooner without achieving agreement.

PCB-ARCH0753450

In fulfilling its obligations under this agreement, both EUC and MONSANTO shall employ the same degree of care as they employ to protect their own confidential information.

If the foregoing terms and conditions meet with the understanding and approval of EUC, please show the acceptance and agreement of EUC by executing this letter in duplicate at the place indicated below and return one copy to us.

Very truly yours,

MONSANTO COMPANY

Robert G. Potter, Business Group
Director, Functional Products

WHP

Accepted and agreed to:

ELECTRICAL UTILITIES COMPANY

Richard L. Hauser, President

Date: _____

WHD:rk

E.U.C. License file

Monsanto

COMPANY CONFIDENTIAL

FROM (NAME & LOCATION): D. Danna - E2NB General Offices

DATE: July 14, 1976

SUBJECT: E.U.C. LICENSING PROPOSAL
(Revised Draft)

REFERENCE:

TO: David Wood B2SD

cc: W. H. Duffey E2NB
E. P. Grattan E2NB
W. C. Hammann T3A
T. H. Lafferre B2SB
C. Paton B2SK
J. J. Zeman B2SK

Attached is a revised draft of the tentative licensing proposal intended to be transmitted to E.U.C. for their review. As we discussed, the changes suggested by your product group management are herein incorporated; however I feel obligated to give my opinion on some of the suggested changes and offer my views in writing for careful review. From my viewpoint and the tone of the initial conference with E.U.C., these changes may cause negotiations to deteriorate, leaving us with the alternative of shelving our patents and know-how, freezing the vested monies that they represent.

After you and your group have reviewed the attachments, I would be happy to meet with you to answer any questions.

In any event, we should have a tentative proposal in E.U.C.'s hands in the very near future.

Dominic Danna

DD:lm
Att.

IN - 10 REV. 1/72

PCB-ARCH0753452

Monsanto

COMPANY CONFIDENTIAL

FROM (NAME & LOCATION): D. Danna - E2NB General Offices

DATE: July 7, 1976

SUBJECT: E.U.C./MCS-1588

REFERENCE:

TO: David Wood B2SD

cc: W. H. Duffey E2NB
E. P. Grattan E2NB
W. C. Hammann T3A
T. H. Lafferre B2SB
C. Paton B2SK
J. J. Zeman B2SK

JUL 7 RECD

Note my comment pertaining to I.D. JJZ

Pursuant to our visit with E.U.C., concerning the licensing of our TXS and MCS-1588 patents and know-how, I drafted the attached exhibit for transmittal to E.U.C. Will you and your group review this draft of a tentative licensing proposal and give me your comments by July 13.

As you can see, the proposal is structured to allow E.U.C. to pursue the manufacture, use and sale of the MCS-1588 type dielectric fluids for capacitors, while retaining control of the patented technology, permitting MIC to re-enter this business area at any time. You will note that no guaranteed annual payments are included; this is intentional. If MIC re-enters this business area, becoming a competitor of E.U.C., it would be logical for E.U.C. to stop manufacture and purchase from MIC; thus a minimum annual payment is not warranted.

Please expedite your management's approval and/or comments so we can forward the tentative proposal to E.U.C. as soon as possible.

Dominic Danna

DD:lm
Att.

0438049

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PCB-ARCH0753453