GENERAL ELECTRIC

INDUSTRIAL AND POWER
CAPACITOR PRODUCTS
DEPARTMENT

GENERAL ELECTRIC COMPANY, JOHN STREET, HUDSON FALLS, NEW YORK 12839
Phone (518) 747-3341

February 14, 1974

Mr. Howard Bergen
Monsanto Company
800 N. Lindbergh Boulevard
St. Louis, Missouri 63166

Dear Howard:

We have given very serious consideration to the three proposals you left with us during your last visit here. We thought the matter might be clearer and more concise if the three proposals were folded into one agreement. Enclosed is a copy of this for your review and comment, if this form of agreement is otherwise acceptable. We have kept as much of the wording and format of the prior Monsanto-General Electric agreement as was appropriate.

To summarize this draft agreement, it includes the following major factors:

1. It carries on our prior Evaluation agreement at the same rate of $4,000 per month, and with the same provision that the agreement is renewable on a yearly basis. This satisfies your final proposal.

2. A Qualification phase has been added, which will require agreement of both parties on details. The Maximum cost to Monsanto for the initial part of this phase will be the $25,000 which Monsanto originally proposed. This will not cover the potential costs as discussed in the next item.

3. The total Evaluation and Qualification procedure could be quite comprehensive for a successful impregnant, as indicated in our previous discussion. Our present estimate is that the total costs leading to Qualification in both power and small industrial capacitors may possibly reach $500,000. One of the reasons this total figure exceeds the value I indicated during our last meeting is that I did not include any market penetration costs.

0438836

3. (Continued)
   We would be willing to take a full share of the qualification costs in return for a greater share of Monsanto's final sales of any Qualified impregnant. Independent of the $48,000 Evaluation phase, we would share equally the Qualification costs in excess of $25,000. The details and extent of continuing Qualification testing before committing to additional expenditures beyond the $25,000 would be subject to prior agreement by both parties.

4. If an impregnant becomes successfully Qualified and is available for adoption, use and sale throughout the industry, and we continue to provide improvement Technical Information to Monsanto, then Monsanto should agree to pay to General Electric a service charge of 10% of their net sales of the Qualified impregnant.

A particular factor which is still under consideration is an appropriate license agreement if a Qualified impregnant should be covered by any of the presently existing patents or applications of our Companies. We would have liked to include this in the present draft, but the details have yet to be assembled and perhaps 3.01 is satisfactory at this time.

Obviously, we should meet and discuss these things as soon as possible since we are prepared to move ahead with this agreement, perhaps faster than the legal people work out their end. This agreement will require a close and continued cooperation and current exchange between representatives of the parties and we feel this can be accomplished.

We are forwarding this draft with the understanding that it has not yet had our corporate legal review.

Sincerely,

A Pozefsky

A. Pozefsky
Manager - Technology Planning

-ps
Enc.
cc: L. P. Hart, Jr.
    J. J. Lichiello