

AGREEMENT
FOR
GLOBAL CLIMATE AND ENERGY PROJECT
(G-CEP)
Effective December 16, 2002

The Board of Trustees of the Leland Stanford Junior University

Exxon Mobil Corporation

General Electric Company

Schlumberger Technology Corporation

Toyota Motor Corporation

TABLE OF CONTENTS

Article	Page
1. The Project	4
2. Project Administration	6
3. The Management Committee	8
4. Advisory Committee, Other Committees, Consultation, and Outreach	11
5. Project Finances	14
6. Project Technology and Project Patent Rights	21
7. Publicity and Limited Confidentiality	25
8. Independent Research and Non-Project Patent Rights	27
9. Warranties and Liabilities	29
10. Relationships of Parties and Others, and Tax Election	31
11. Early Withdrawal and Project Termination	32
12. Export Control	35
13. National Cooperative Research and Production Act	36
14. Addresses and Notices	36
15. English Language	37
16. Successors and Assigns	37
17. Choice of Law	37
18. Arbitration	38
19. Entire Agreement	38

Exhibit	Page
Exhibit A: Core Project Description	44
Part I: Specific Research Programs	44
Part I.A: Portfolio of Specific Potential Research Programs	44
Part I.B: Specific Authorized Research Programs	44
Authorized Program 1: Integrated Assessment of Technology Options	45
Authorized Program 2: Hydrogen Production and Utilization	45
Authorized Program 3: Advanced Combustion Systems	46
Authorized Program 4: Geologic Sequestration of CO ₂	46
Summary of Annual Budget Caps	47
Part II: Termination Date	47
Part III: Cumulative Financial Caps	47
 Exhibit B: Project Charges	 49
Introduction	49
Part I: Direct Charges	49
Part I.A: Selected Activities of University Employees	49
Part I.B: Employee Travel	52
Part I.C: Off-Campus Facilities	52
Part I.D: Renovation of University Facilities	52

Exhibit	Page
Exhibit B Continued	
Part I.E: Materials, Supplies, and Equipment	53
Part I.F: Contract Services	53
Part I.G: Peer-Reviewed Publication Costs	54
Part I.H: Other Expenditures	54
Part II: Indirect Charges	54
Part II.A: Purpose of Indirect Charges	54
Part II.B: Calculation of Indirect Charges	56
Part II.C: Indirect Cost Rates	57
Part II.D: Insurance	57
Exhibit C: Cost Shares of Sponsors	58
Exhibit D: Billing Details	59

AGREEMENT

This Agreement, effective December 16, 2002, is between The Board of Trustees of The Leland Stanford Junior University, an educational institution with its principal place of business at Building 310, Main Quadrangle, Stanford University, Stanford, California 94305-2110, U.S.A. ("University"), and the following businesses (collectively, "Sponsors" and individually, "Sponsor"):

Exxon Mobil Corporation, a New Jersey corporation with its principal place of business at 5959 Las Colinas Boulevard, Irving, Texas 75039-2298, U.S.A. ("ExxonMobil");

General Electric Company, a New York corporation, acting through its Global Research Center at 1 Research Circle, Niskayuna, New York 12309, U.S.A. ("GE");

Schlumberger Technology Corporation, a Texas corporation with its principal place of business at 300 Schlumberger Drive, Sugar Land, Texas 77478, U.S.A. ("STC"); and

Toyota Motor Corporation, a corporation of Japan with its principal place of business at 1, Toyota-Cho, Toyota, Aichi, 471-8572, Japan ("TMC").

Greenhouse gas emissions and other emissions that may contribute to global climate change (collectively, "greenhouse emissions") arise worldwide from various sources, including everyday human activities, especially human energy use. Trends and projections indicate that such energy use will continue to grow, particularly in developing countries, to meet economic and social needs and aspirations, and therefore that greenhouse emissions from such energy use will continue to grow. Managing the long-term risks of climate change may necessitate curtailing global greenhouse emissions dramatically, preferably in ways that preserve opportunities for continued economic growth.

To that end, there is need for extensive, fundamental, pre-commercial research to identify technological options for growth in energy use with reduced greenhouse emissions, and thus to accelerate the ultimate development and implementation of innovative systems for energy supply and use with net greenhouse emissions substantially reduced from current levels. Such systems will need not only to reduce greenhouse emissions, but also to be technically, commercially, and socially practical, and to meet society's objectives for higher energy efficiency, cleaner air, and reduced environmental impacts. In particular, the systems will need to be cost-effective if they are to achieve widespread, global use.

The complexity of that needed research creates an opportunity for long-term collaboration between academic and private concerns to perform the research, research which necessarily will involve numerous academic disciplines, such as engineering, biosciences, chemistry, physics, geology, economics, and sociology, and will involve also the commercial insights, interests, and experiences of businesses from various industries.

The University has expertise in those and other academic disciplines and in project administration, and is willing to undertake a cooperative research project with a select, manageable group of Sponsors with diverse commercial insights, interests, and experiences, and to work with selected third parties, all on the basis described in this Agreement. The Sponsors are businesses in various industries and are willing to participate in such a research project, to share the costs of the project, and to work with selected third parties, all on the basis described in this Agreement.

The project may be referred to as the "Global Climate and Energy Project," "G-CEP," or simply the "Project." The primary objectives of the Project are (a) to identify options for commercially viable, technological systems for energy supply and use with substantially reduced net greenhouse emissions; (b) to identify presently existing barriers to commercializing those options (barriers such as cost, performance, safety, regulation, and consumer acceptance); (c) to identify potential solutions to those

barriers; (d) to conduct pre-commercial research to explore those options, barriers, and potential solutions; and (e) to publicize such options, barriers, solutions, and research.

The fundamental description of the Project, including specific authorized research programs with associated Annual Budget Caps, Project termination date, and cumulative Project financial caps (the Total Project Cap and Total Sponsors Cap), is set forth in Exhibit A and may be referred to as the "Core Project Description." The Project is not intended to encompass the actual development or implementation of specific commercial solutions, and the Project is not structured to generate net cash flow to the Sponsors.

The parties recognize the difficulty of defining at the outset the content and duration of a long-term, pioneering research project. The parties also recognize that, while their individual interests in specific elements of the Project will vary, the ultimate success of the Project will depend on the continual cooperation of the parties, the willingness of each of them to support the entire Project, and their ability to achieve consensus, so that the Project progresses in a cohesive, constructive manner. Accordingly, while the parties are initially committing only to the approximately thirty-two-month Project described in Exhibit A, this Agreement provides mechanisms for the periodic review of the Project and its potential extension year-by-year, and the parties hope that the Project will run for many years. The parties intend to evaluate the Project as it progresses for the purpose of identifying by consensus possible amendments and extensions to the Project that all parties could support in the hope that, as the Project progresses, it will be periodically redefined and extended year-by-year with the concurrence of all the parties. However, at any given point in time, the parties will be legally committed only to the Project as formally defined by Exhibit A, as it may have been amended, and by the rest of this Agreement.

Therefore, the University and the Sponsors agree as follows:

ARTICLE 1
THE PROJECT

1.01 The University and the Sponsors are the parties to this Agreement and will be considered members of the Project; no other entity is a party to this Agreement, and no other entity will be considered a member of the Project or participant in the Project. Additional Sponsors may be added only with unanimous consent of all parties to this Agreement, evidenced either by written amendment of this Agreement or by a superseding Agreement signed by a representative of each party, except that no consent or signature will be required from any Sponsor who has given notice pursuant to paragraph 11.01 of its intent to withdraw from the Project. The University will administer, supervise, and conduct the Project; the Sponsors will provide review and funding, all as described more fully in this Agreement.

1.02 The Project will commence on December 16, 2002, and, unless sooner terminated pursuant to Article 11, or unless extended by agreement of the parties, will terminate on the date specified in Part II of Exhibit A: August 31, 2005. The Project will run on the University's fiscal year: September 1 to August 31 ("Fiscal Year"); for example, Fiscal Year 2003-4 is the period September 1, 2003, to August 31, 2004. Initially, the University will develop and maintain a portfolio of specific potential research programs and will conduct specific authorized research programs, all as described in Exhibit A.

1.03 Because the Project will involve long-term pioneering research that cannot be defined precisely in advance, starting in 2003 the University and the Sponsors will formally review the Project on or before July 1 of each year for the purpose of considering before the end of the then-current Fiscal Year possible revisions to Exhibit A, including a possible one-year extension of the term of the Project. In preparation for those reviews, the University at a minimum will provide the Sponsors on or before June 1 of each year with written summaries and assessments of (a) the results of the Project to date, including annual detailed progress reports on each active, specific authorized

research program; (b) overall progress achieved to date toward identifying and exploring commercially viable solutions; (c) external developments in science, technology, and government policy that may affect the viability of options and solutions considered to date; (d) the scope and adequacy of the current portfolio of specific potential research programs; (e) the scope and adequacy of specific authorized research programs; and (f) any recommendations for revisions to Exhibit A, including revisions to the specific authorized research programs and associated Annual Budget Caps, a one-year extension of the Project term, and related changes to the Total Project Cap and Total Sponsors Cap. The Management Committee described in Article 3 will be the forum for such reviews, but any revisions to Exhibit A, including any extension of the Project term, will become binding only when the new Exhibit A has been signed by a representative of each party, except that no agreement or signature will be required from any Sponsor who has given notice pursuant to Paragraph 11.01 of its intent to withdraw from the Project. Those representatives may be the designated representatives on the Management Committee, or may be others with the authority to bind the parties. When and if the parties fail to extend the Project term at that annual year-end review, the Project will run until the end of its then-current term, with the result that the Project will automatically terminate twenty-four months from the end of the Fiscal Year in which the parties fail to extend the Project, unless the Project terminates earlier pursuant to Article 11 or the parties make other arrangements.

1.04 The University will use its own employees to administer the Project and to conduct Project research, but the parties anticipate that the University, with the prior approval of the Management Committee described in Article 3, will engage and supervise third parties ("Project Subcontractors") to perform selected portions of the research. In keeping with the worldwide scope of the problems to be addressed by the Project, the University will use its best efforts to engage as Project Subcontractors distinguished universities and research institutions throughout the world; and the University will actively seek to develop constructive roles for such universities and research institutions as Project Subcontractors. No Sponsor will serve as a Project Subcontractor. The identity and scope of engagement of each Project Subcontractor

will be subject to approval of the Management Committee pursuant to Article 3 below. The University will be responsible for negotiating and entering into written contracts between the University and the Project Subcontractors that are consistent with this Agreement. Any inconsistencies between any such contracts and this Agreement will be subject to approval by the Management Committee, such approval to be consistent with the intent of the parties, expressed in paragraph 10.01, that this Agreement not create an agency, partnership, joint venture, or any other form of association.

1.05 The University will provide office space, laboratories, research facilities, supplies, and equipment for the Project.

1.06 The University will commit adequate resources to the Project, will conduct its activities in a professional manner, in good faith, and in compliance with applicable laws and regulations, but will not have any fiduciary obligations to any Sponsor pursuant to this Agreement. Similarly, the Sponsors will conduct their activities in a professional manner, in good faith, and in compliance with applicable laws and regulations, but will not have any fiduciary obligations to each other or to the University pursuant to this Agreement.

ARTICLE 2 PROJECT ADMINISTRATION

2.01 The University's duties in administering, supervising, and conducting the Project will include without limitation (a) organizing and supervising all work by University employees; (b) developing and applying systematic procedures to facilitate the work (c) proposing Project Subcontractors; (d) negotiating, entering into, and administering contracts with Project Subcontractors; (e) coordinating communications with Project Subcontractors; (f) receiving work product from Project Subcontractors; (g) establishing and administering written understandings with members of the Advisory Committee and peer review committees referred to in Article 4; (h) coordinating communications with the Advisory Committee and peer review committees; (i) formally

reviewing the Project with the Sponsors as described in Article 1; (j) proposing to the Sponsors possible amendments to Exhibit A; (k) conducting the community outreach referred to in Article 4; and (l) all other activities necessary or appropriate for satisfactory completion of the Project in compliance with this Agreement.

2.02 A faculty member of the University ("Project Director") will lead and supervise the Project, will serve as the University's primary representative with respect to the Project, and will receive for the University formal correspondence relating to the Project. The initial Project Director will be Dr. F. M. Orr, Jr. Additionally, another faculty member of the University will serve as Deputy Director and will assist the Project Director and represent the Project Director in the absence of the Project Director. The initial Deputy Director will be Dr. C. F. Edwards. Recognizing that the Project Director and Deputy Director will have duties with the University unrelated to the Project, they will work on the Project at least half-time. In addition to the Project Director and Deputy Director, the University will provide a full-time employee of the University to serve as Managing Director, and two regular employees of the University (not necessarily full-time) to serve as Administrative Manager and Communications Manager, respectively. The Managing Director's primary job will be to assist the Project Director and Deputy Director with the overall administration of the Project. The Managing Director will work on the Project essentially full-time. The primary job of the Administrative Manager will be to assist with administration of the Project, especially with reference to financial and contractual matters. At least one of the Project Director, Deputy Director, Managing Director, and Administrative Manager will possess formal credentials and demonstrated experience in contract negotiation and administration. The Communications Manager will coordinate the outreach activities referred to in Article 4. From time to time the University may change the persons serving as Project Director, Deputy Director, Managing Director, Administrative Manager, and Communications Manager, in consultation with the Management Committee described in Article 3.

2.03 The five Project executives referred to in paragraph 2.02 will be supported by a staff of other employees of the University. Depending on the needs of the Project,

that staff may include postdoctoral fellows, web IT managers, administrative assistants, and others as appropriate. The proposed composition, general duties, and time commitments of that support staff will be subject to annual approval by the Management Committee during the annual budget review process described in paragraph 5.06. Additionally, the University may change the composition, general duties, and time commitments of that support staff during any Fiscal Year, but if the total cost of the support staff would exceed the approved budget for that Fiscal Year, such changes will require the approval of the Management Committee.

ARTICLE 3 THE MANAGEMENT COMMITTEE

3.01 The Sponsors and the University will form a committee whose members will be one designated representative of the University and each Sponsor. The primary purposes of that committee, which will be known as the "Management Committee," will be to provide a formal mechanism for (a) communications between the Sponsors and the University on matters relating to the Project, including without limitation the summaries and assessments, the annual consideration of a possible one-year extension of the term of the Project, and other possible revisions to the Core Project Description of Exhibit A, all described in Article 1; (b) receipt of advice from the Advisory Committee, peer review committees, and other sources referred to in Article 4; and (c) resolution of major administrative matters regarding the conduct of the Project, for example, the specified matters concerning Project Subcontractors (paragraph 1.04); the full-time Project support staff (paragraph 2.03); the Advisory Committee (paragraph 4.01); the peer review committees (paragraph 4.02); charges for off-campus facilities (Exhibit B, Part I.C), charges for renovation of University facilities (Exhibit B, Part I.D), charges for materials, supplies, and equipment (Exhibit B, Part I.E.2), and charges for other designated expenditures (Exhibit B, Part I.H); the detailed execution plans and budgets (paragraph 5.06); Project Technology (paragraphs 5.03, 6.01, and 7.05); and Project Patent Rights (paragraphs 5.03, 6.02, and 6.07).

3.02 The Project Director will be the designated representative of the University on the Management Committee. The Deputy Director will be the University's designated alternate representative to attend Management Committee meetings in the absence of the Project Director, but will not be a member of the Management Committee.

3.03 Each Sponsor will appoint a full-time employee of the Sponsor or an affiliate to serve as that Sponsor's designated representative on the Management Committee. That designated representative will be a member of the Management Committee and will receive for that Sponsor written reports and other formal correspondence relating to the Project. Additionally, each Sponsor will appoint another full-time employee as its designated alternate representative to attend Management Committee meetings and vote for that Sponsor in the absence of that Sponsor's designated representative. Designated alternate representatives will not be members of the Management Committee. Each Sponsor may change its designated representative and alternate from time to time by written notice to the Management Committee.

3.04 Each Sponsor will have one vote on the Management Committee. Sponsors' votes may be cast by their designated representatives or in their absences by their designated alternate representatives. The Project Director will be a non-voting member of the Management Committee. The designated representatives of the Sponsors will serve in rotation as chair of the Management Committee. The order of rotation will be as follows: Sponsor 1: ExxonMobil; Sponsor 2: GE; Sponsor 3: STC; Sponsor 4: TMC. The chair will rotate at the end of each Fiscal Year. Thus, the first chair will be the designated representative of ExxonMobil; effective September 1, 2003, the chair will become the designated representative of GE; effective September 1, 2004, the chair will become the designated representative of STC; and so forth.

3.05 A quorum of the Management Committee is a majority of the members of the Management Committee, either present in person, by telephone, or by video, or represented by designated alternate representatives who are present in person, by

telephone, or by video. The members of the Management Committee will seek to make decisions by consensus where possible. At meetings of the Management Committee at which a quorum is present, all decisions of the Management Committee on the administrative matters referred to in paragraph 3.01, and any similar formal matters, will be by majority vote of the Sponsors, with the vote of the chair serving to break any tie votes. Additionally, the Management Committee may take action without holding a meeting by unanimous written consent of the Sponsors' designated representatives or designated alternate representatives, which consent may be executed in multiple counterparts and delivered by facsimile transmission.

3.06 Meetings of the Management Committee will be at the University's facilities in Stanford, California, U.S.A., unless otherwise agreed by majority vote of the voting members of the Management Committee at the time the meeting is scheduled. The chair will call regular meetings. Additionally, the Project Director may call emergency meetings to deal with administrative matters that cannot wait until the next regularly scheduled meeting. The person calling the meeting will give reasonable advance written notice of each meeting to each member of the Management Committee, which notice will be deemed waived by participation of a party's designated representative or alternate, and will prepare in advance a written agenda for the meeting. The Project Director will cause the agenda to be reviewed by antitrust counsel, such antitrust counsel to be retained by the University to advise the University and Sponsors; and the Project Director will distribute the agenda before the meeting to each party's designated representative. Such antitrust counsel may attend the meetings, as may others needed to address agenda items. The Project Director will cause minutes of the meetings to be taken and distributed to the designated representatives.

3.07 The chair of the Management Committee will call regular meetings at least every six months and will preside over those meetings. Consistent with paragraph 3.01, the primary purposes of those meetings will be to review the progress of the Project, expenditures to date with reference to the approved budget, and other matters relating

to the Project, including possible one-year term extensions and other revisions to the Core Project Description of Exhibit A; receive advice from the Advisory Committee, peer review committees, and other sources; and resolve the major administrative matters referred to in paragraph 3.01. While the Management Committee has the authority to resolve those administrative matters, term extensions and other revisions to the Core Project Description may be accomplished only by formal amendments to Exhibit A signed by representatives of each party, as described in paragraph 1.03 and subject to the exception described in paragraph 11.02.

ARTICLE 4
ADVISORY COMMITTEE, OTHER COMMITTEES, CONSULTATION,
AND OUTREACH

4.01 The University will establish a formal advisory committee ("Advisory Committee") composed of individual persons who are knowledgeable in climate and energy issues and who are unaffiliated with the University and Sponsors. The primary purpose of the Advisory Committee will be to provide constructive, informed, broad-based advice to the University and Sponsors on the content, direction, quality, and progress of the Project. The University will select the members of the Advisory Committee in consultation with the Management Committee. Each member of the Advisory Committee will serve at the pleasure of the University, and the University will be responsible for establishing written understandings between the University and each member of the Advisory Committee regarding the role and tenure of each member, payment of expenses, fees, nonconfidentiality, intellectual property rights, and similar issues. The University will be responsible for ensuring that such written understandings are consistent with the terms of this Agreement; any inconsistencies between any such written understandings and this Agreement will be subject to approval by the Management Committee, such approval to be consistent with the intent of the parties, expressed in paragraph 10.01, that this Agreement not create any agency, partnership, joint venture, or any other form of association. The University will charge to the Project Account referred to in Article 5 the agreed, reasonable expenses and fees of each

member of the Advisory Committee. The members of the Advisory Committee will serve in their individual capacities, not as representatives of their employers, if they have employers. The members of the Advisory Committee will not be considered members of the Project or participants in the Project, will not be obligated to support the Project financially, and will not receive by virtue of their participation on the Advisory Committee any licenses to any results of the Project.

4.02 At the request of the Management Committee, the Project Director from time to time will constitute one or more peer review committees to provide to the University and Sponsors independent technical peer review of selected aspects of the Project, for example, proposed research projects. No member of a peer review committee will be an employee of the University, any related entity, any Sponsor, or any affiliate of any Sponsor. Each member of each peer review committee will serve at the pleasure of the University, and the University will be responsible for establishing written understandings between the University and each peer review committee member regarding the role and tenure of the member, payment of expenses, fees, nonconfidentiality, intellectual property rights, and similar issues. The University will be responsible for ensuring that such written understandings are consistent with the terms of this Agreement; any inconsistencies between any such written understandings and this Agreement will be subject to approval by the Management Committee, such approval to be consistent with the intent of the parties, expressed in paragraph 10.01, that this Agreement not create any agency, partnership, joint venture, or any other form of association. The University will charge to the Project Account referred to in Article 5 the agreed, reasonable expenses and fees of each member. The members of each peer review committee will serve in their individual capacities, not as representatives of their employers, if they have employers. The members of the peer review committees will not be considered members of or participants in the Project, will not be obligated to support the Project financially, and will not receive by virtue of their participation on a peer review committee any licenses to any results of the Project.

4.03 In order to facilitate the Project, the Project Director or Management Committee from time to time may constitute other committees of University employees, or Sponsor employees, or both, but all such other committees will be subordinate to the decision-making powers of the Project Director and the Management Committee.

4.04 University employees and Sponsor employees will remain free to engage informally in appropriate communications regarding the Project with each other, with members of the Advisory Committee, with members of the peer review committees, and with employees of Project Subcontractors, with such informal communications being outside of the formal structures of the committees describe in this Article 4. All such communications will be subject to the limited confidentiality provisions of paragraph 7.03 and to the other provisions of this Agreement, and will not create any agency, partnership, joint venture, or any other form of association.

4.05 In addition to the informal communications referred to in paragraph 4.04, the parties anticipate that University employees working on the Project, in accordance with normal academic custom and practice, will communicate informally from time to time with colleagues at other universities and with other third-party members of the scientific and academic communities about Project issues. All such informal third-party communications will be explicitly on an unpaid, nonconfidential basis. In order to prevent the parties from becoming encumbered by information received in confidence from others in the course of such informal third-party communications, or by related claims for compensation, the University will maintain during the course of the Project a formal system for ensuring that its employees working on the Project are aware that all such informal consultations must be on an unpaid, nonconfidential basis. When such third-party consultations are to be on a paid or confidential basis, the University will first engage the third party in question as a Project Subcontractor pursuant to paragraph 1.04.

4.06 Since the Project is intended to promote open exchange of ideas regarding its subject matter, as part of the Project the University will conduct formal

seminars, workshops, and other outreach activities to present results from the Project to selected members of the academic and scientific communities and others, as appropriate. All such formal seminars, workshops, and other outreach activities will be subject to the limited confidentiality provisions of paragraph 7.03 and to the other provisions of this Agreement, and will not create any agency, partnership, joint venture, or any other form of association.

ARTICLE 5 PROJECT FINANCES

5.01 The University will establish and maintain unique accounting subaccounts to capture Project income, costs, and expenditures. Those accounts may be collectively referred to as the "Project Account." The University will credit the Project Account with all funds it receives for the Project from all sources. Any income that the University realizes pursuant to Article 6 from granting to third parties rights with respect to Project Technology or Project Patent Rights will not be considered funds for the Project and will not be credited to the Project Account. The University will charge to the Project Account all direct and indirect costs and expenditures that are properly chargeable to the Project as Direct Charges or Indirect Charges pursuant to Exhibit B. Those Direct Charges and Indirect Charges may be collectively referred to as "Project Charges." The University will use its best efforts to administer, supervise, and conduct the Project so that the cumulative Project Charges over the life of the Project do not exceed the Total Project Cap specified in Exhibit A, as it may be amended from time to time.

5.02 Subject to the agreed Annual Budget Caps and Total Sponsors Cap specified in Exhibit A, as it may be amended from time to time, as complete compensation to the University under this Agreement, the Sponsors will pay to the University the participation fees described in paragraph 5.04, plus any applicable wind-down expenses specified in paragraph 5.05. The Sponsors will never be obligated to pay the University collectively more than the agreed Total Sponsors Cap specified in

Exhibit A, as it may be amended from time to time. Any shortfall will be covered by the University or by agreed third-party payments, if any, that the University accepts pursuant to paragraph 5.03.

5.03 The University may accept third-party funding for the Project, but only with the consent of all Sponsors, except that no consent will be required from a Sponsor who has given notice pursuant to paragraph 11.01 of its intent to withdraw from the Project. The University will be responsible for ensuring that any conditions attached to the acceptance of third-party funding are consistent with all the terms of this Agreement. The third party in question will not be a party to this Agreement and will not be considered a member of or participant in the Project. Unless the Management Committee unanimously votes otherwise, such third party will receive rights to the results of the Project only to the extent unilaterally granted by the University or a Sponsor pursuant to and subject to the limitations of Article 6.

5.04 The total participation fee to be paid by each Sponsor will be that Sponsor's cost share times the net cost of the Project, where that Sponsor's cost share is the applicable percentage listed in Exhibit C, and where the net cost of the Project is the sum of all Project Charges properly charged to the Project under Exhibit B, less all funds received by the University from third parties pursuant to paragraph 5.03, provided that the net cost of the Project for purposes of calculating the participation fee of each Sponsor will never exceed the Total Sponsors Cap. For example, since the Total Sponsors Cap is \$20,000,000 and ExxonMobil's cost share is 44.44%, unless the Total Sponsors Cap or ExxonMobil's cost share changes by amendment or operation of this Agreement, ExxonMobil's participation fee will never exceed \$8,888,000. Similarly, on that premise GE's and TMC's participation fees will never exceed \$4,444,000 each; and STC's participation fee will never exceed \$2,224,000. The obligations of the Sponsors to pay the participation fees will be several, not joint, meaning that no Sponsor will be responsible to anyone for the participation fee of any other Sponsor.

5.05 If the Sponsors terminate the Project early without cause pursuant to paragraph 11.04, in addition to paying the agreed participation fees relating to the Project up to its termination, the Sponsors will reimburse the University for the reasonable expenses the University actually incurs in winding down the Project after the Project's termination, with such wind-down expenses to be calculated according to Exhibit B, to the extent applicable, and to be shared by the Sponsors according to the cost shares of the Sponsors in effect at the time of such early termination. The obligations of the Sponsors to pay wind-down expenses will be several, not joint, meaning that no Sponsor will be responsible to anyone for any other Sponsor's share of the wind-down expenses. The University will be entitled to such wind-down expenses only if the Sponsors terminate the Project early and without cause pursuant to paragraph 11.04. If the Project terminates under paragraph 11.06 (a) through (f), this paragraph 5.05 will not apply.

5.06 Prior to commencing research under the Project, the University will prepare and submit to the Management Committee in writing for comment and approval a detailed execution plan and budget for the initial term of the Project, that is, through August 31, 2005. That plan and budget will cover for each Fiscal Year the costs and expenditures of the four Project executives referred to in paragraph 2.02, and the composition, costs, and expenditures of the full-time Project support staff referred to in paragraph 2.03. The plan and budget will also cover for each Fiscal Year the development and maintenance of the portfolio of specific potential research programs described in Exhibit A, Part I.A, and will cover details of the specific authorized research programs described in Exhibit A, Part I.B. The plan and budget will be consistent with and subject to Exhibits A and B, and will identify for each specific authorized research program investigators, milestones, completion dates, deliverables, and budget by Fiscal Year. Once the Management Committee approves the plan and budget, amended as appropriate, the applicable portion will become the agreed plan and budget for the Project through August 31, 2003, and the remaining portions will provide an agreed planning basis for the following two Fiscal Years. Starting in 2003, on or before June 1 of each year the University will prepare and submit with that year's written summaries

and assessments described in paragraph 1.03 a corresponding plan and budget that will provide the same level of detail as the first plan and budget and will be consistent with any recommended revisions to Exhibit A, including one-year extensions of the Project, revisions to the specific authorized research programs with associated Annual Budget Caps, and changes to the Total Project Cap and Total Sponsors Cap. Once the Management Committee approves the new plan and budget, amended as appropriate, the applicable portion will become the agreed plan and budget for the next Fiscal Year, and the remaining portions will provide an agreed planning basis for the following two Fiscal Years.

5.07 In support of the Project Account, the University will keep and maintain in accordance with generally accepted accounting principles and practices true and correct accounting records of all income, costs, and expenditures for the Project, as well as all other information necessary or proper for the settlement of accounts between the University and the Sponsors and for their compliance with applicable income tax and other laws. The University will keep and maintain separate subaccounts for each specific research program and for Project administration and management. The University will maintain those accounting records in U.S. Dollars and will show any conversion of currencies into or from U.S. Dollars at the rates actually experienced in the conversions. The University will separately identify any currency exchange gains or losses as such and credit or charge such gains or losses to the Project Account.

5.08 Promptly after the Management Committee approves the initial execution plan and budget pursuant to paragraph 5.06, the University will submit an initial invoice to each Sponsor for that Sponsor's share of one-fourth of the University's estimated cash requirements in U.S. Dollars for the initial Fiscal Year. In each successive year, after the Management Committee approves pursuant to paragraph 5.06 an amended execution plan and budget, the University will submit annually to each Sponsor additional invoices for that Sponsor's share of one-fourth of the University's estimated cash requirements in U.S. Dollars for the upcoming Fiscal Year. Those initial invoices, based on estimates of the approved budgets to which they pertain, may be referred to

as "Advance Cash Calls." Any Sponsor may advance any portion of its share of the University's estimated cash requirements before such advance is required pursuant to this Agreement.

5.09 Promptly after the end of each quarter of each Fiscal Year (that is, after the end of each November, February, May, and August), the University will submit to each Sponsor an invoice for that Sponsor's pro rata share of the net cost of the Project actually incurred by the University during the preceding quarter, calculated in accordance with Exhibits B and C. The last of those four invoices will reflect credit for the Advance Cash Call payments made at the beginning of the Fiscal Year in question, the objective being to balance the Project Account with respect to each Fiscal Year at the end of each Fiscal Year and to repeat the process for each subsequent Fiscal Year.

5.10 If the Sponsors terminate the Project early pursuant to paragraph 11.04, the University's invoices following that termination will include wind-down expenses pursuant to paragraph 5.05, if applicable.

5.11 The University's invoices, and settlements between the University and Sponsors, will be on a cash basis, meaning that the Direct Charges will be based only on costs actually paid and revenue actually received by the University (or estimates of the same, in the case of Advance Cash Calls). Those invoices will be supported by certified, quarterly, expenditure statements of the costs actually incurred by the University during the prior quarter, indicating by appropriate accounting classification their nature, the corresponding budget categories, and the portion of such costs charged to each of the Sponsors, all as is described more fully in Exhibit D. Upon request, the University will provide the Sponsors with detailed descriptions of the University's accounting classifications.

5.12 The University will mail all invoices to the Sponsors at the addresses provided pursuant to paragraph 14.02. Invoices will be due and payable in U.S. Dollars thirty days after a Sponsor's receipt thereof, except that no payment of an Advance

Cash Call will be due before the beginning of the Fiscal Year to which it relates. Each Sponsor will reference the invoice number on all payments and will mail the payments to the University at such address as the University specifies, or will wire the payments to the University's account at such bank in the United States as the University may specify. Any related fees for wire transfers and similar charges will be borne by the Sponsor and will not be directly or indirectly passed on to the University. Unpaid amounts more than thirty days overdue will accrue daily interest at the rate of 1.00% per month. Any such interest will be separately invoiced by the University to the Sponsor, will be payable to the University, and will not be charged or credited to the Project Account.

5.13 The University will maintain all Project Account funds in interest-bearing accounts of the University's choosing. Interest on such funds will be for the benefit of and credited to the Project Account.

5.14 Subject to any applicable government regulations, the University will have the right to convert Project Account funds to non-U.S. currencies to the extent such currencies are required for Project activities. The costs of such conversions will be charged to the Project Account.

5.15 All of the University's invoices, financial reports, accounting records, and other financial records relating to the Project will reflect accurately the facts about all activities and transactions, and each Sponsor may rely on all such records as being complete and accurate in any further recordings and reportings made by any Sponsor for any purpose. If the University becomes aware that any such records are inaccurate or incomplete, the University will promptly notify the Sponsors in writing and provide accurate and complete information.

5.16 For each Fiscal Year, the University will preserve all Project financial records until at least thirty-six months following the end of that Fiscal Year. At all times from the effective date of this Agreement to the end of thirty-six months after the end of the Project, on at least sixty days notice to the University and all Sponsors, the

University will make the Project financial records that it has retained available for audit by any Sponsor or any independent accounting firm hired by one or more Sponsors for the purpose of verifying compliance with this Agreement and for other reasonable purposes. The cost of each such audit will be borne by the Sponsors requesting the audit. Sponsors will make reasonable efforts to conduct joint or simultaneous audits to reduce the inconvenience to the University. If the University employs a public accounting firm to audit the Project Account, the University may charge the cost of the audit to the Project Account, and will furnish a copy of the audit report to each Sponsor.

5.17 The University will facilitate audits by or for Sponsors by furnishing to the auditors in advance of the audit information normally used in pre-audit work, such as trial balance, general ledger, and sub-ledger data. The University will give the auditors reasonable access to the University's employees, facilities, and offices. At the conclusion of each audit, the parties to this Agreement will endeavor to settle outstanding matters expeditiously. To this end, any Sponsor making a claim will make the claim promptly, in writing, with supporting documentation. The University will respond to each such claim promptly and in any event no later than ninety days after receipt of each claim.

5.18 Payment of an invoice will not prejudice the right of any Sponsor to protest or question its accuracy, provided that no Sponsor will have the right to question the correctness or accuracy of an invoice after thirty-six months following the end of the Project. The University will promptly reflect in the Project Account all adjustments to invoices or to the Project Account, and the University will promptly report all such adjustments to the affected Sponsors.

5.19 Each Sponsor will be responsible for its own expenses of participating in the Project, for example, for the expenses of its employees attending meetings of the Management Committee or the expenses of publishing in peer-reviewed professional journals and other appropriate publications pursuant to paragraph 7.05.

5.20 If any Sponsor contributes any technology or other information to the Project, such information will be free of charge. In that event, the contributing Sponsor will send a written summary of the information being contributed to each member of the Management Committee. The contribution will not be a transfer of ownership, but a license to use the information in the Project and include it with Project Technology pursuant to Article 6.

ARTICLE 6 PROJECT TECHNOLOGY AND PROJECT PATENT RIGHTS

6.01 Subject to any exceptions agreed to in advance in writing by the University and the Management Committee respecting technology developed by third parties in the course of working on the Project, the University will hold formal legal title to all technology, including without limitation all research results, raw and reduced data, technical information, inventions, discoveries, improvements, know-how, trade secrets, software, and other technical information, whether copyrightable or not, whether patentable or not, that is and are conceived, developed, reduced to practice, or acquired in or for the Project from any source, including without limitation any such technology conceived, developed, or reduced to practice by any employee of the University, of any Sponsor, of any Project Subcontractor, or any member of the Advisory Committee, a peer review committee, or other formal committee, alone or jointly with one or more others, in the course of working on the Project (collectively, "Project Technology"). Additionally, the University will hold formal legal title to all copyrights in and to written and other tangible expressions of Project Technology, provided such expressions were developed in the course of the Project, and subject to exceptions agreed to in writing by the University and Management Committee respecting publications developed by third parties.

6.02 Primarily in order to promote freedom of operation by the parties and to establish a platform for licensing Project Technology to third parties, the University will seek patent coverage in the United States of America on all significant Project

Technology that is patentable. Subject to any exceptions agreed to in advance in writing by the University and the Management Committee respecting inventions, discoveries, and improvements of third parties working on the Project, the University will hold formal legal title to all patent applications and patents, United States and non-United States, on any inventions, discoveries, and improvements conceived, developed, or reduced to practice by any employee of the University, of any Sponsor, of any Project Subcontractor, or any member of the Advisory Committee, a peer review committee, or other formal committee, alone or jointly with one or more others, in the course of working on the Project (collectively, "Project Patent Rights"). The University will consult with the Management Committee regarding which inventions, discoveries, and improvements are significant and in which jurisdictions other than the United States, if any, patent coverage should be sought; in the absence of consensus, the Management Committee will decide such issues. The Management Committee will notify the University of its desire for one or more patent applications within sixty days after the University first discloses the subject Project Technology in tangible form to the Management Committee.

6.03 All costs that the University incurs in filing, obtaining, and maintaining Project Patent Rights will be charged to the Project Account until the end of the Project; and during the Project, the University will not abandon or permit to lapse a substantive Project Patent Right without the unanimous, prior, written consent of the Sponsors. From and after the end of the Project, such costs will be shared equally by the Sponsors who continue to be licensed under Project Patent Rights, and the University will not abandon or permit to lapse any such Project Patent Rights without the unanimous, prior, written consent of such Sponsors. A Sponsor not wishing to share in such post-Project costs may terminate its licenses under such Project Patent Rights. The University will not transfer legal title to any Project Patent Rights without the unanimous consent of the Sponsors, and any such transfers will be subject to the rights of the Sponsors and their licensees, sublicensees, and recipients of immunities from suit, if any.

6.04 The University may enforce any Project Patent Right at its own expense; and at the request of any Sponsor, the University will enforce a Project Patent Right on such terms as the University and that Sponsor may separately agree regarding sharing expenses of enforcement and any net recoveries. Any such separate agreement will be outside this Agreement, and any payments made pursuant to such separate agreement will not affect the financial obligations of the parties pursuant to this Agreement.

6.05 Subject to paragraphs 6.07 and 8.04, the University and each Sponsor will have, without restriction and in its sole discretion and without conferring with or accounting to anyone, a perpetual, nonexclusive, worldwide, irrevocable, royalty-free right and license to use, disclose, publish, republish, distribute, copy, prepare derivative works, sell, or otherwise transfer without limitation to any third party, whether affiliated or not, all or any part of the Project Technology, with or without extending to that third party the right to sublicense, sell, or otherwise transfer the Project Technology to other third parties.

6.06 Subject to paragraph 8.04, the University and each Sponsor will have a perpetual, nonexclusive, worldwide, irrevocable, royalty-free right and license under all Project Patent Rights to make, have made, use, have used, offer for sale, sell and import apparatus and compositions, and to practice and have practiced methods covered by such Project Patent Rights. Also subject to paragraph 8.04, the University at any time may extend to any entities controlled by the University the right and license described in the preceding sentence and each Sponsor at any time may extend to any of its affiliates the right and license described in the preceding sentence, and each such affiliate may in turn extend such right and license to any other affiliates of that Sponsor. In this context, "affiliate" means any corporation, partnership, or other legal entity which, directly or indirectly, at the time in question controls, is controlled by, or is under common control with the Sponsor. In this context, "control" means direct or indirect ownership of fifty percent or more of the voting interest, economic interest, or equity interest of the entity in question (or the maximum interest permitted under local law in countries where fifty percent ownership by a foreign entity is not permitted), or the right

to determine the membership of the board of directors or equivalent governing body of the entity in question.

6.07 Subject to paragraph 8.04, from and after (but not before) (a) five years have elapsed from the issuance of a Project Patent Right, or (b) in each case where a Project Patent Right is a member of a patent family, five years have elapsed from the first issuance of any member of that patent family, whichever date is earlier, the University and each Sponsor may grant to nonaffiliated third parties licenses, sublicenses and immunities from suit with respect to that Project Patent Right and with respect to all other members of the patent family in question. In this context, a "patent family" means all patents and patent applications that have common claims of priority. By unanimous vote, the Management Committee may waive or reduce the five-year period referred to above for a given Project Patent Right or patent family. The University and each Sponsor may grant such licenses, sublicenses, and immunities without restriction, in its sole discretion, and without conferring with or accounting to anyone. However, as a courtesy in each such case, within thirty days after the day the license, sublicense, or immunity is executed, the University or Sponsor in question will give written notice to all the other parties to this Agreement. Such notice will identify each Project Patent Right that is the subject of the license, sublicense, or immunity; the signatory entities and beneficiaries of the license, sublicense or immunity; the duration of the license, sublicense, or immunity; and any geographic or field-of-use limitations in the license, sublicense, or immunity. Additionally, each Sponsor may extend to any of its affiliates, as defined in paragraph 6.06, the right to grant to third parties sublicenses and immunities with respect to Project Patent Rights, as described and limited by this paragraph 6.07, provided that each such Sponsor will be obligated to give the notices described in the immediately preceding two sentences for all such sublicenses and immunities granted by its affiliates to nonaffiliated third parties.

6.08 At the request of any Sponsor, the University will transfer specific Project Technology to that Sponsor in written or other tangible form, such transfer to be non-exclusive, meaning that the University may use that Project Technology and transfer

other copies to others. Each Sponsor will hold legal title to the specific copies of all reports, papers, computer programs, and other tangible works that it receives from the University or any Project Subcontractor. Individual Sponsors will pay the expenses of reproduction for extensive or costly transfers. Consistent with the rights and licenses described above in this Article 6, subject to paragraph 8.04, each Sponsor will have the right and license to use, disclose, publish, republish, distribute, copy, sell, and otherwise transfer all such tangible works, and prepare derivative works based on such works, without restriction and without accounting to anyone.

ARTICLE 7 PUBLICITY AND LIMITED CONFIDENTIALITY

7.01 The existence of the Project; its general character, scope, and duration; the identities of the University and the Sponsors; and the terms and text of this Agreement will all be nonconfidential. However, no party is authorized to use such information to characterize any positions or policies of any other party.

7.02 Consistent with the basic purposes of the Project, the parties anticipate that they will discuss the Project in many venues and will publicize the Project and ideas flowing from the Project. During the life of the Project, the University in cooperation with the Sponsors will take the lead in publicizing the Project. To that end the University will make appropriate University employees available for media training, will lead a communications team that will include representatives from the Sponsors, will provide spokespersons, will participate in media interviews, and will issue press releases, press response statements, and similar materials on behalf of the University and the Sponsors. During the life of the Project, the University will obtain from the Management Committee prior approval of such press releases, press response statements, and similar materials before issuing those materials publicly. Each Sponsor is entitled to issue in its own name (and not on behalf of the University or other Sponsors) its own press releases, press response statements, and similar materials directed to the Project, but during the life of the Project each Sponsor will obtain prior approval from the

Management Committee of such materials before issuing those materials publicly. However, no party need obtain from any other party prior approval of press releases, press response statements, or similar materials that mention the Project in a summary or incidental fashion, or that describe the Project consistently with previously approved materials. No party is authorized in its press releases, press response statements and similar materials to assume or create any legal obligations for, or make any legal representation or warranty on behalf of, or legally bind any other party, or characterize any positions or policies of any other party.

7.03 Neither the University nor any Sponsor will be obligated to hold the Project Technology in confidence, except that the University and each Sponsor will hold Project Technology in confidence as a trade secret until sixty days after the University first distributes the Project Technology in question in tangible form to the Management Committee. The purpose of that limited period of confidentiality is to allow time for discussions between the members of the Management Committee about filing patent applications on the Project Technology. If a decision to file is made, at the University's request the Sponsors will hold the Project Technology in question in confidence for such additional, reasonable time periods as may be necessary to enable the University to get patent applications on file before nonconfidential disclosure of such Project Technology.

7.04 Any information disclosed by the Sponsors or their affiliates in the course of the Project and any information, including technical data, contributed by the Sponsors to the Project will be nonconfidential and may be freely used and disclosed by the other parties, subject only to valid claims regarding patents derived from independent work conducted outside the Project before, during, or after the Project, with such patent claims being subject to the provisions of Article 8.

7.05 Publication of Project Technology in appropriate professional journals will further the objectives of the Project. Accordingly, the University and each Sponsor is specifically authorized and encouraged to publish Project Technology in peer-reviewed professional journals and other appropriate publications, subject only to the limitations in

paragraph 7.03. Related costs and expenses incurred by the University (but not Sponsors) may be charged to the Project Account to the extent provided in Article 5 and Exhibit B. Additionally, the University is specifically authorized and encouraged to use Project Technology to educate and train students, post-doctoral research scientists, faculty, and other members of the University community; however, such use of Project Technology will not be considered part of the Project, and related costs and expenses will not be charged to the Project Account, unless specifically authorized in writing by the Management Committee. Nothing in this Agreement will preclude University students, post-doctoral researchers, and other University employees from being compensated by the University for their work on the Project, provided that such compensation will be charged to the Project Account only to the extent provided in Article 5 and Exhibit B.

ARTICLE 8

INDEPENDENT RESEARCH AND NON-PROJECT PATENT RIGHTS

8.01 The University and each Sponsor reserve and retain their rights to carry out their own independent research, individually or cooperatively with others, apart from the Project, even if directed towards the objectives of the Project and even if similar to or overlapping with the Project.

8.02 The University and the Sponsors recognize the desirability of being able to conduct the Project without infringing each other's independently developed patents or patent applications. The University and Sponsors also recognize the desirability of being able to design the Project with a knowledge of patents owned or controlled by each other that might dominate and perhaps limit the usefulness of the results of the Project. The University and Sponsors also recognize the difficulty of monitoring the Project and the Project Technology with respect to their own independently developed patents and patent applications, and those of entities related to the University and those of affiliates of the Sponsors (collectively, "Non-Project Patent Rights"), especially in light

of the broad scope of the Project and the large sizes of the University and the Sponsors. Accordingly, the University and Sponsors agree as follows:

- (a) The University hereby grants persons and entities acting in the course of the Project an immunity from suit and indemnity for such activities with respect to all Non-Project Patent Rights owned or controlled by the University or any related entity. That immunity and indemnity do not extend to activities outside the Project, including without limitation the practice of Project Technology outside of the Project.
- (b) Each Sponsor hereby grants persons and entities acting in the course of the Project an immunity from suit and indemnity for such activities with respect to all Non-Project Patent Rights owned or controlled by that Sponsor or any affiliate. That immunity and indemnity do not extend to activities outside the Project, including without limitation the practice of Project Technology outside of the Project.
- (c) If the Project Director, Deputy Director, Managing Director, Administrative Manager, or Communications Manager becomes personally aware that any Non-Project Patent Right owned or controlled by the University or a related entity covers any Project Technology, the Project Director will advise the Management Committee promptly in writing, so that all parties will be aware of that Non-Project Patent Right.
- (d) If a Sponsor's designated representative on the Management Committee or designated alternate representative becomes personally aware that any Non-Project Patent Right owned or controlled by the Sponsor or an affiliate covers any Project Technology, the designated representative will advise the Management Committee promptly in writing, so that all parties will be aware of that Non-Project Patent Right.

8.03 The Project Director, Deputy Director, Managing Director, Administrative Manager, Communications Manager, designated representatives, and designated alternate representatives of the Sponsors will be under no affirmative obligation to

inform themselves of the contents of the patent portfolios of their employers, related entities, and affiliates. However, if one of them knowingly and intentionally fails promptly to disclose a Non-Project Patent Right personally known to them, as required by paragraph 8.02, each other party to this Agreement will have a perpetual, nonexclusive, worldwide, irrevocable, royalty-free right and license under such Non-Project Patent Right, and all foreign counterparts, to make, have made, use, have used, offer for sale, sell, and import apparatus and compositions, and to practice and have practiced methods covered by such Non-Project Patent Right, and counterparts, along with the right to sublicense any or all such rights to any third party, without restriction and without accounting to anyone, except that if the Non-Project Patent Right cannot be so licensed the affected parties will negotiate another equitable resolution. That right and license is for the sole purpose of allowing the parties to this Agreement and their licensees and sublicensees to practice the rights granted under this Agreement with respect to Project Technology and Project Patent Rights. No right or license to a Non-Project Patent Right will be extended to other, independent activities of any entity.

8.04 Except for the patent licenses granted in paragraphs 8.02 and 8.03, no party to this Agreement will have by virtue of this Agreement any rights, express or implied, to the results of the independent research or to independently developed patents or patent applications of any other party or related entity or affiliate.

ARTICLE 9 WARRANTIES AND LIABILITIES

9.01 The research to be carried out in the Project is pioneering, and the University does not guarantee the results. However, the University does warrant that it will use its best efforts to commit adequate resources to the Project, to the extent that sufficient funding has been provided by the Sponsors and any third parties supporting the Project pursuant to paragraph 5.03, that it will administer, supervise, and conduct the Project in a professional manner in good faith, and in compliance with applicable laws and regulations, that it has the right to grant to Sponsors the rights it is granting in

this Agreement, and that its arrangements with its employees are consistent with this Agreement. ALL OTHER WARRANTIES, INCLUDING WITHOUT LIMITATION ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE ACCURACY, RELIABILITY, OR UTILITY OF THE PROJECT TECHNOLOGY AND THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, USAGE OF TRADE, AND FREEDOM FROM INFRINGEMENT OF THIRD-PARTY PATENTS OF THE PROJECT TECHNOLOGY ARE HEREBY EXPRESSLY DISCLAIMED. THE UNIVERSITY WILL PROVIDE THE PROJECT TECHNOLOGY TO THE SPONSORS ON AN "AS IS" BASIS, WITHOUT WARRANTY OF ANY KIND.

9.02 EXCEPT FOR CLAIMS BASED ON WILFULL MISCONDUCT, NO PARTY WILL BE LIABLE TO ANY OTHER PARTY OR ANY OTHER PERSON FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, OR INCIDENTAL DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF ANTICIPATED REVENUES OR PROFITS, ARISING FROM ANY CLAIM RELATING TO THIS AGREEMENT, THE PROJECT, OR ANY PROJECT TECHNOLOGY, WHETHER SUCH CLAIM IS BASED ON CONTRACT, TORT, STATUTE, OR OTHER LEGAL THEORY, EVEN IF A REPRESENTATIVE OF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SAME.

9.03 Each Sponsor hereby agrees to defend, indemnify, and hold harmless the University and all other Sponsors against all claims, demands, losses, damages, causes of action, and other liabilities of every kind (whether based on contract, tort, statute, or other legal theory) by any and all third parties for personal injury, death, property damage, or other loss or damages arising out of or resulting from (a) any use of any Project Technology or Project Patent Rights by that Sponsor or any third party to whom that Sponsor has extended the right to use any Project Technology or Project Patent Rights; or (b) any breach of that Sponsor's warranties set forth in this Agreement.

9.04 The University hereby agrees to defend, indemnify, and hold harmless the Sponsors against all claims, demands, losses, damages, causes of action, and other

liabilities of every kind (whether based on contract, tort, statute, or other legal theory) by any and all third parties for personal injury, death, property damage, or other loss or damages arising out of or resulting from (a) any use of any Project Technology or Project Patent Rights by the University or any third party to whom the University has extended the right to use any Project Technology or Project Patent Rights; or (b) any breach of the University's warranties set forth in this Agreement.

ARTICLE 10 RELATIONSHIPS OF PARTIES AND OTHERS, AND TAX ELECTION

10.01 The relationships of the parties respecting the Project are defined by this Agreement. This Agreement is not intended to create an agency, partnership, joint venture, or any other form of association, for tax purposes or otherwise, between and among the Sponsors, the University, Project Subcontractors, the members of the Advisory Committee, the members of any peer review committee, or any other persons or entities connected with the Project in any way, and all such persons and entities will be independent contractors in relation to each other, except to the limited extent described in paragraph 10.02 and Article 13. Further, none of such persons and entities connected with the Project will have any authority, express or implied, to assume or create any legal obligation of any kind for, or to make any legal representation or warranty on behalf of, or to legally bind any other such person or entity, except to the limited extent described in paragraph 10.02 and Article 13. The University is authorized in Article 7 to issue press releases, press response statements, and similar materials on behalf of the Sponsors, but not in a way that would assume or create any legal obligation for, or make any legal representation or warranty on behalf of, or legally bind any Sponsor, or characterize any positions or policies of any Sponsor. The University's employees will at all times be employees of the University, not any Sponsor, and the University will determine and be responsible for their compensation, benefits, and other terms of employment. The Project is not structured to generate net cash flow to the Sponsors.

10.02 As recited in paragraph 10.01, the University and Sponsors intend that the Project not be treated as a partnership for income tax purposes. However, if the United States Internal Revenue Service ("IRS") determines that the Project is a partnership for federal income tax purposes, the University and each Sponsor hereby elect to be excluded from the provisions of Chapter 1, Subchapter K of the Internal Revenue Code of 1986, as amended, such election being intended to meet the requirements of Section 1.761-2(b)(2)(ii)(a) of the Treasury Regulations. The University is hereby authorized and agrees to submit to the IRS or any related federal agency all appropriate evidence of this election. If any present or future applicable state income tax laws or any future United States income tax law contains provisions similar to Chapter 1, Subchapter K of the Internal Revenue Code of 1986, the University and each Sponsor agree to make a similar election to be excluded, and the University will submit similar evidence of that election.

ARTICLE 11

EARLY WITHDRAWAL AND PROJECT TERMINATION

11.01 Any Sponsor may withdraw individually from the Project without cause, even if the other parties elect to continue the Project, by failing to agree to an extension of the Project term. The Sponsor who is withdrawing will give the other parties at least twenty-four months notice, meaning that it will give such notice no later than the regular, annual deadline for extending the then-current term of the Project pursuant to paragraph 1.03. Such notice will be in writing and preferably will give reasons for the withdrawal. If a Sponsor knows before the deadline that it will withdraw at the end of the term to which it currently is committed, that Sponsor is encouraged to give the other parties more than twenty-four months notice, so that they may plan accordingly. Such withdrawal will be effective at the end of the then-current Project term to which the parties are committed, or when the Project terminates, if it terminates earlier. For example, if a Sponsor gives notice in May 2003 of its intent to withdraw and in May 2003 the then-current end of the Project is August 31, 2005, such withdrawal will be effective August 31, 2005, unless the Project terminates earlier.

11.02 Until the effective date of the withdrawal (August 31, 2005, in the example), the withdrawing Sponsor will have all rights and obligations of any other current Sponsor, except that (a) the withdrawing Sponsor will lose its membership on the Management Committee and the rotation specified in paragraph 3.04 will be accelerated to fill the gap, with regular rotation at the end of each Fiscal Year continuing as described in paragraph 3.04; and (b) from and after the date a Sponsor gives notice of its intent to withdraw, that Sponsor's agreement or consent with amendments to the Core Program Description in Exhibit A and other actions requiring unanimous agreement or consent of the Sponsors will no longer be required, provided that (c) the remaining Sponsors may not unilaterally increase the withdrawing Sponsor's obligations under this Agreement; and (d) the withdrawing Sponsor's consent to the Project Patent Rights matters specified in paragraph 6.03 will still be required. The withdrawing Sponsor's continuing obligations will include without limitation its participation fee, described in paragraph 5.04, based on the Project Charges up to the effective date of the withdrawal (August 31, 2005, in the example). After the effective date of the withdrawal, the withdrawing Sponsor's rights and obligations under paragraphs 5.15-5.17, Articles 6-10, paragraph 11.08, and Articles 12-18 will continue, except that the withdrawing Sponsor's rights to Project Technology and Project Patent Rights will be limited to Project Technology conceived, developed, reduced to practice, or acquired before the effective date of the withdrawal (August 31, 2005, in the example) and to related Project Patent Rights. The withdrawing Sponsor will remain liable after it withdraws for its share of any Project Charges that the University subsequently makes for filing, obtaining, and maintaining Project Patent Rights under which the former Sponsor continues to be licensed. If the former Sponsor does not wish to share such Project Charges, it may terminate its licenses under such Project Patent Rights.

11.03 When and if a Sponsor withdraws pursuant to paragraph 11.01, after the effective date of the withdrawal, unless the remaining Sponsors decide to terminate the Project, the Project will continue with the remaining Sponsors, with automatic pro rata

adjustments to their Exhibit C cost shares, or with such other cost shares as the continuing Sponsors may agree to.

11.04 At any time, the Sponsors may terminate the Project unanimously without cause, meaning not based on a material breach of this Agreement by any party, by giving the University at least ninety days written notice signed by each Sponsor who is still in the Project and has not previously given notice of its intent to withdraw. In that event, the parties will work together for the orderly wind-down of the Project well before the end of the then-current term of the Project, and the Sponsors will pay the University pursuant to paragraph 5.04 the applicable participation fees and additionally will reimburse the University for its wind-down expenses described in paragraph 5.05. In event of such early termination, the University will consult and cooperate with the Sponsors in order to mitigate and keep to a minimum all wind-down expenses.

11.05 If a Sponsor materially fails to meet its financial obligations to the University under Article 5, the University may terminate the Project for cause, but only if (a) the University first gives all the Sponsors at least ninety days written notice of the breach and the University's intention to terminate the Project; and (b) the University works with the non-defaulting Sponsors during those ninety days to try to make alternate arrangements with them to continue the Project or to wind it down in an orderly fashion; and (c) the University gives all the Sponsors a second written notice after the end of the ninety days terminating the Project, with such termination to be effective ten days after the date such second notice is delivered.

11.06 The Project will terminate when the first-to-occur of the following events occurs, unless the parties agree otherwise: (a) when the Project reaches the end of its term, as described in paragraph 1.03; or (b) when the Project research is finished; or (c) when the cumulative Project Charges over the life of the Project reach the Total Project Cap referred to in Article 5; or (d) when the aggregate participation fees of the Sponsors over the life of the Project reach the Total Sponsors Cap referred to in Article 5; or (e) when the University and the Sponsors who are still in the Project and have not

previously given notice of intent to withdraw, terminate the Project by unanimous agreement; or (f) when the University terminates the Project for cause pursuant to paragraph 11.05; or (g) when the Sponsors terminate the Project without cause pursuant to paragraph 11.04. When the Project terminates, the University will provide to each Sponsor within ninety days of termination a final report summarizing any Project Technology not previously disclosed to the Sponsors. The Management Committee, the Advisory Committee, any peer review committees, and all other committees will automatically dissolve when the Project is terminated.

11.07 After the University charges to the Project Account all Project expenditures authorized by Article 5, the University will refund any remaining Project Account funds to all Sponsors who are in the Project when the Project terminates, with the amounts of such refunds being pro rata based on the cost shares of those Sponsors in effect at the time of termination, with appropriate adjustments for any amounts that a Sponsor has advanced pursuant to paragraph 5.08.

11.08 After the Project terminates, the University and the Sponsors who continue to be licensed under Project Patent Rights will negotiate a separate agreement consistent with Articles 5 and 6 covering the sharing of charges related to filing, obtaining, and maintaining Project Patent Rights, accounting for such charges, and similar matters.

ARTICLE 12 EXPORT CONTROL

12.01 The University and each Sponsor will comply with any applicable provisions of the Export Administration Regulations of the United States Department of Commerce and any other applicable United States Government laws or regulations governing the export or reexport of U.S.-origin technical data and the direct products thereof, as those laws and regulations may from time to time be amended.

ARTICLE 13

NATIONAL COOPERATIVE RESEARCH AND PRODUCTION ACT

13.01 Each Sponsor hereby authorizes the Project Director to make, on behalf of the University and each Sponsor, all appropriate filings and disclosures regarding the Project with the United States Department of Justice ("Justice Department") and the United States Federal Trade Commission ("FTC") under the National Cooperative Research and Production Act of 1993 ("NCRPA"), 15 U. S. Code Sections 4301-4306. Given the requirements of the NCRPA, the University should receive in the normal course of the Project all information necessary for such filings and disclosures. However, if the University needs for that purpose additional information about the Sponsors, the Sponsors will provide that information to the University.

13.02 Within ninety days after the University and the Sponsors sign this Agreement, the Project Director will give, on behalf of the University and the Sponsors, written notice of the Project to the Justice Department and the FTC. The notice will include the name of the Project, the identities of the University and the Sponsors, a brief description of the purposes of the Project and the research that is planned, and a draft notice for the Federal Register. Within ninety days after each amendment to Exhibit A, change in the Sponsors, or other significant change to the Project, the University will give, on behalf of the University and Sponsors, written notice of such change to the Justice Department and the FTC.

ARTICLE 14

ADDRESSES AND NOTICES

14.01 Written notices to the University may be given to the Project Director at the address indicated above or at such other address as the University may designate from time to time, and will be effective when delivered to that address.

14.02 Each Sponsor will provide the University and each other Sponsor in writing with the names and addresses of its designated representative on the Management Committee and designated alternate representative, and will promptly notify the Management Committee of any changes. Written notices to a Sponsor may be given to its designated representative at the indicated address, and will be effective when delivered to that address.

ARTICLE 15
ENGLISH LANGUAGE

15.01 The English language will be used in the Project Account, invoices, notices, and other formal communications between the parties.

ARTICLE 16
SUCCESSORS AND ASSIGNS

16.01 This Agreement will bind and inure to the benefit of the parties and their successors and permitted assigns. The University may assign this Agreement only with the prior written consent of all the Sponsors, excepting only Sponsors who have given notice of intent to withdraw pursuant to paragraph 11.01. Any corporate Sponsor may assign this Agreement to any wholly owned affiliate, but any other assignment without the written consent of all the other parties (withdrawing Sponsors excepted) will be void. No assignment will relieve any party of its previously accrued obligations under this Agreement.

ARTICLE 17
CHOICE OF LAW

17.01 This Agreement and the legal relationships between the parties will be governed by the applicable laws of the United States of America and the laws of the State of California, U.S.A., without reference to California's choice of law rules.

ARTICLE 18
ARBITRATION

18.01 The parties agree that all disputes between them arising out of or relating to this Agreement will be arbitrated before a sole arbitrator under the International Arbitration Rules of the American Arbitration Association ("AAA"). If an arbitration is commenced, the parties to the arbitration will attempt to agree on the selection of the arbitrator. If they have failed to select the arbitrator within thirty days of commencement of the arbitration, the AAA will make the selection. The arbitration will take place in the County of Santa Clara, California, U.S.A. The language of the arbitration will be English. The arbitrator will apply the substantive law specified in Article 17. The Federal Arbitration Act of the United States of America will apply to the arbitration. The arbitrator will not have the power to award special, consequential, punitive, exemplary, or incidental damages that the parties have waived in paragraph 9.02. Any monetary portion of the arbitrator's award will be in U.S. Dollars. Judgment on the award may be entered in any court of competent jurisdiction.

18.02 The parties may unanimously amend paragraph 18.01 to arbitrate a specific dispute pursuant to the rules of an organization other than the AAA; the parties also may unanimously amend other provisions of paragraph 18.01 as they apply to that specific dispute. Any such amendments will be effective only when made in writing signed by all the parties. In the absence of any such amendments, paragraph 18.01 will apply by its terms to all disputes arising out of or relating to this Agreement.

ARTICLE 19
ENTIRE AGREEMENT

19.01 This Agreement replaces and supersedes the prior, similar agreement of even date between the University, ExxonMobil, GE, and STC, and that prior agreement is of no continuing force or effect. This Agreement constitutes the entire understanding

of the parties with respect to the Project. No prior draft of this Agreement, summary of this Agreement, correspondence about this Agreement, or other documentation or information relating to this Agreement in being before this Agreement is signed by all parties will be used in construing this Agreement.

IN WITNESS WHEREOF, the University and Sponsors have signed this Agreement in multiple originals to be effective on the date indicated at the beginning of this Agreement. For convenience, the University and Sponsors may bind themselves to this Agreement by signing and exchanging by facsimile separate signature pages, and each signature transmitted by facsimile will be deemed an original signature.

The Board of Trustees of the Leland Stanford Junior University

By _____
C. H. Kruger

Vice Provost and Dean of Research

Date:

(Four signature pages follow.)

EXHIBIT B
PROJECT CHARGES
As of December 16, 2002

INTRODUCTION

The Direct Charges and Indirect Charges (collectively, "Project Charges") defined in this Exhibit B represent an agreed application to the Project of the University's general system for billing for research. The Project Charges are the vehicles for compensating the University for all its costs and expenditures under this Agreement. The Project Charges will be interpreted and applied so that no cost or expenditure is covered more than once. Only charges expressly set forth in Part I (Direct Charges) or Part II (Indirect Charges) will be charged to the Project Account and thus to the Sponsors. If during the life of the Project the University materially changes its general system for billing non-University entities for research, for example, if the University changes its basic financial and accounting arrangement with the United States Office of Naval Research, the University and the Sponsors will endeavor to renegotiate the financial and accounting provisions of this Agreement to take such changes into account on an equitable basis.

PART I: DIRECT CHARGES

Direct Charges to the Project Account will consist exclusively of the following out-of-pocket costs and expenditures actually paid by the University explicitly for the Project:

A. Selected Activities of University Employees

Actual, net, out-of-pocket expenditures for salaries, wages, and related costs of University employees performing the activities listed in A.1 below, to the extent and only to the extent such salaries, wages, and related costs are properly allocated to the activities listed in A.1. Related costs are the costs to the University of such

employees' earned vacations; holidays and sick leave; tuition remission; living and housing allowances; other customary allowances; and fringe benefits.

A.1 The exclusive list of activities for which salaries, wages, and related costs may be charged to the Project Account is:

1. The activities of the Project Director, Deputy Director, Managing Director, Administrative Manager, and Communications Manager, while they are working on the Project and only on the Project;
2. The activities of the Project support staff referred to in paragraph 2.03, while they are working on the Project and only on the Project;
3. The activities of other University employees while they are performing research for the Project and only for the Project;
4. The activities of University employees while they are performing non-routine administrative tasks for specific authorized research programs described in Exhibit A, Part I.B, and only for those programs.
5. The activities of University employees while they are conducting seminars, workshops, and other outreach activities pursuant to paragraph 4.06 for the Project and only for the Project;
6. The activities of University employees while they are filing, obtaining, and maintaining Project Patent Rights pursuant to paragraph 6.02;
7. The activities of University employees while they are preparing articles or the equivalent on Project Technology for publication in peer-reviewed professional journals and other appropriate publications pursuant to paragraph 7.05, or using Project Technology to educate or train the

University community, but only to the extent specifically authorized in writing by the Management Committee pursuant to paragraph 7.05.

The salaries, wages, and related costs of other employees who may contribute to the Project (for example, by providing audit, accounting, procurement, media relations, or other support) will be covered by the Indirect Charges described in Part II of this Exhibit B.

- A.2** The University will charge the salaries, wages, and related costs described in A.1 to the Project Account on an actual basis in accordance with the University's usual practices.
- A.3** Fringe benefits will include retirement, insurance, tuition grant and sabbatical programs, staff development, and benefits counseling for the University's regular employees, contingent employees, post-doctoral affiliates, and graduate students with research assistantships, teaching assistantships, or fellowships. Annually, the University will determine a fringe benefit rate for each of those four categories of employees and will apply those rates to the direct salaries and wages, including earned vacations, holidays, and sick leave, properly charged to the Project. Regular employees are those faculty and staff who are eligible for the University's retirement and health and welfare benefits programs. Contingent employees are those whose appointments are so brief that they are ineligible for the University's retirement and health and welfare benefits programs. Post-doctoral affiliates are nonmatriculating students employed by the University to perform services related primarily to the University's research projects. Graduate students are matriculated students who are pursuing post-bachelor's degrees. Undergraduate students are not entitled to fringe benefits.
- A.4** To the extent the employees identified in A.1.1 - A.1.7 are engaged in other activities in addition to Project activities, the University will allocate the costs

of such employees on an equitable basis. Such allocations will be subject to audit under Article 5.

B. Employee Travel

Actual, net, out-of-pocket expenditures for employee travel for the Project, to the extent such travel is specifically identifiable to Project activities and such expenditures are reimbursed to the employees under the University's usual practices.

C. Off-Campus Facilities

Actual, net, out-of-pocket expenditures for leasing and maintaining non-University space explicitly for Project activities, provided that the University will not charge to the Project any expenditures for leasing and maintaining non-University space without the prior approval of the Management Committee. If such facilities serve activities in addition to Project activities, the University will allocate the costs on an equitable basis, subject to audit. Compensation for use of University space for Project activities is covered by the Indirect Charges described in Part II of this Exhibit B; there will be no Direct Charges for use of University space.

D. Renovation of University Facilities

Actual, net, out-of-pocket expenditures for renovating University facilities explicitly for Project activities, provided that the University will not charge more than \$50,000 to the Project Account for any construction or remodeling of office space, laboratories, or research facilities without prior approval of the Management Committee. If such renovated facilities serve activities in addition to Project activities, the University will allocate the expenditures on an equitable basis, subject to audit.

E. Materials, Supplies, and Equipment

Actual, net, out-of-pocket expenditures, net of discounts received by the University, for materials, supplies, and equipment purchased or furnished by the University for the Project. Such expenditures will include the cost of the materials, supplies, and equipment, plus related export brokers' fees, transportation charges, loading and unloading fees, export and import duties, taxes, and license fees, and in-transit losses, if any, not covered by insurance. So far as is reasonably practical and consistent with efficient and economical operation, the University will purchase and charge to the Project Account materials, supplies, and equipment only when they are required for use on the Project.

- E.1** The University may furnish materials, supplies, and equipment from its stock, provided they are charged to the Project Account as if the University had purchased them just prior to transfer, with the amounts charged to the Project Account never exceeding current market price.
- E.2** Each capital or expense item in excess of \$50,000 for materials, supplies, and equipment must be approved by the Management Committee before it may be charged to the Project Account.
- E.3** If the University purchases any equipment for the Project, it will own such equipment and be entitled to keep it after the Project terminates.

F. Contract Services

Actual, net, out-of-pocket expenditures for services provided by third parties which have contracted with the University to perform services with respect to the Project. Those expenditures include, but are not limited to, direct, out-of-pocket monies paid by the University to Project Subcontractors; to antitrust counsel, counsel assisting with filing, obtaining, and maintaining Project Patent Rights pursuant to Article 6,

counsel advising on the NCPRA pursuant to Article 13, and other counsel providing legal advice with respect to the Project for the joint benefit of the University and the Sponsors; and to members of the Advisory Committee, peer review committees, and any other formal committees for their authorized expenses and fees.

G. Peer-Reviewed Publication Costs

Actual, net, out-of-pocket expenditures that the University incurs in publishing Project Technology in peer-reviewed professional journals and other appropriate publications, as described in paragraph 7.05.

H. Other Expenditures

Any other actual, net, out-of-pocket expenditures by the University that are explicitly approved by the Management Committee as Direct Charges. The purpose of this Part 1.H is to provide a vehicle for covering unforeseen Project expenditures that should be repaid to the University as Direct Charges at the discretion of the Management Committee.

PART II: INDIRECT CHARGES

A. Purpose of Indirect Charges

Indirect Charges under this Part II are for all costs and expenditures incurred by the University for the Project that are not explicitly covered by Part I of this Exhibit B, including without limitation pro rata costs of and expenditures for general assistance and support services provided by the University that are not specifically identified with the Project or any other specific research activities. No cost or expenditure included as a Direct Charge under Part I will be included or duplicated under this Part II. Indirect Charges under this Part II are based on the application of specified rates to selected Direct Costs, all as described in Part II.B. Indirect Charges are not

subject to audit under this Agreement, other than to verify that the correct rates have been applied correctly to the correct Direct Charges. Indirect costs covered by Indirect Charges fall in one of the following categories:

- **Depreciation:** depreciation of the University's buildings, land improvements, and equipment.
- **Operation & Maintenance:** the University's costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of the University's physical plant. This category includes the costs of utilities, repair and maintenance, insurance, public safety, and environmental health and safety.
- **General & Administrative:** the University's costs incurred for the general executive and administrative offices of the University, and similar expenses of a general nature. This category includes costs of Faculty & Staff Services, Controller's Office, President's Office, and Provost's Office.
- **Sponsored Projects Administration:** the University's costs incurred by separate University organizations primarily to administer Sponsored Projects, including this Project. This category includes costs incurred by the University's Office of Research Administration.
- **Departmental Administration:** the University's costs incurred for administrative and support services that benefit common or joint departmental activities or objectives in the University's deans' offices, academic departments and divisions, organized research institutes, study center, and research centers.
- **Student Administration and Services:** the University's costs incurred for the administration of student affairs and for services to students, including expenses of the Dean of Students, Admissions, the Registrar, Counseling and Placement Services, Student Advisors, and Student Health Services.
- **Library:** the University's costs incurred for the operation of the University's library system, including the cost of books and materials.

B. Calculation of Indirect Charges

The University will calculate Indirect Charges for a given Fiscal Year by applying the Facilities and Administrative Rates ("F&A Rates", also known as "Indirect Cost Rates") for that year to certified Modified Total Direct Costs ("MTDC") in that year as follows:

Indirect Charges = Indirect Cost Rates x MTDC

where

Indirect Cost Rates are **either** (a) the applicable rates for the Fiscal Year in question established by negotiations between the University and the United States Office of Naval Research (ONR), **or** (b) any applicable lower rates for that Fiscal Year that have been approved for one or more for-profit entities not affiliated with the University by the University's Vice Provost and Dean of Research and Graduate Policy (or equivalent or higher level of authority within the University) for any research project other than clinical trials, provided that the Direct Charges for such other research project in that Fiscal Year exceed \$1 million, **whichever rate is lower**

and

Modified Total Direct Costs (MTDC) consist of all Direct Charges properly charged to the Project Account pursuant to Part I above, except (a) any and all charges for contract services under Part I.F in excess of \$25,000 for each individual contract referred to in Part I.F (from its inception, in whatever Fiscal Year), and (b) any and all charges for capital equipment, capital expenditures, patient care, tuition remission, rental costs, scholarships, and fellowships referred to in other sections of Part I of this Exhibit B.

The University will communicate to the Management Committee quarterly and in writing any lower rates approved by the University during the term of the Project, for entities not affiliated with the University, provided that the University may summarize such data for not-for-profit entities.

C. Indirect Cost Rates

Subject to Part II.B of this Exhibit B, during Fiscal Year 2002-3 and Fiscal Year 2003-4 the following Indirect Cost Rates will apply to applicable Direct Charges under Part I of this Exhibit B:

Fiscal Year 2002-3	58% (on campus)	30% (off campus)
Fiscal Year 2003-4	60% (on campus)	30% (off campus)

The Project will be considered a Sponsored Project, and the Project research will be considered Organized Research for the purposes of applying the University's Indirect Cost Rates.

For Fiscal Year 2004-5, the explicit Indirect Cost Rates listed in this Part II.C will be automatically adjusted to the corresponding Indirect Cost Rates that the University adopts for that Fiscal Year.

D. Insurance

Since the Indirect Charges cover the costs of insurance, the University will be responsible for all damages and losses to buildings, materials, supplies, and equipment associated with the Project, except any uninsured in-transit losses covered by Part I.E. The University may cause each Project Subcontractor to be contractually responsible for all damages and losses to buildings, materials, supplies, and equipment owned by that Project Subcontractor and used for Project activities.

EXHIBIT C
COST SHARES OF SPONSORS

As of December 16, 2002

<u>Sponsor</u>	<u>Cost Share</u>
ExxonMobil	44.44%
GE	22.22%
STC	11.12%
TMC	22.22%
	<hr/>
	100.00%

EXHIBIT D
BILLING DETAILS

Expenditure statements supporting invoices will contain, at a minimum, the following information, and such other information as the Sponsors reasonably request:

1. Summaries of Project Charges and credits to the Project Account, including advances made on Advance Cash Calls, on a current-quarter, fiscal-year-to-date, and inception-to-date basis (such Project Charges and credits to be grouped by the categories designated in the applicable approved budget in order to facilitate comparison of actual expenditures against the budget, and with such credits to show all funds received from third parties pursuant to paragraph 5.03),
2. Each Sponsor's share of the net cost of the Project and participation fees paid, on a current-quarter, fiscal-year-to-date, and inception-to-date basis,
3. Each Sponsor's current account balance,
4. Details of unusual Project Charges and credits to the Project Account,
5. A detailed description of the allocation procedures that the University followed to allocate activities, costs, or expenditures between the Project and other activities,
6. The basis of any estimates by the University of future foreign currency expenditures expressed in U.S. Dollars, with such estimates to be based on the exchange rates prevailing at the time of the estimates.