



FACSIMILE COVER SHEET
OFFICE OF TECHNOLOGY LICENSING
STANFORD UNIVERSITY

TO: Jim DeGraw

591-500

Stanford Docket Number

FROM: Imelda Oropera / Mary Watanabe

Facsimile: 650-725-7295 Phone: 650-723-0651

Originals to follow?

By Regular Mail

By Federal Express

REMARKS:

Jim,

The following is a letter on royalty sharing for Sondius + Joncius XG that went out to inventors on 4/9/99.

Best,

Imelda

TOTAL NUMBER OF PAGES: 4 (including cover sheet)

If you experience problems please call 650-723-0651 immediately.

November 9, 1999

Dr. Alex Strong
52 Fermier Road
Willington, CT 06279

Dear Alex,

As a result of our latest advisory committee meeting, we are going forward with a distribution plan for the Sondius® and Sondius-XG™ royalties. Sondius and Sondius-XG royalties are distributed differently. The Sondius program includes only Stanford technology. The Sondius-XG program is a partnership between Stanford and Yamaha Corporation in which we license a substantial portfolio of Yamaha's intellectual property along with our Stanford technology.

Sondius-XG Distribution

Net Sondius-XG Royalties = Gross Sondius-XG royalties, less 15% for OTL, less Yamaha's share

Net Sondius-XG Royalties are divided by 2:

- 50% goes to pay back the ~\$1.35M non-patent Sondius/Sondius-XG investment to date
- 50% is distributed in a weighted manner per ratings from the anonymous 3-person panel of experts (see attached document). Docket-related expenses are subtracted per normal procedure prior to distribution of royalties to inventors, departments, and school.

Sondius Distribution

Net Sondius Royalties = Gross Sondius Royalties, less 15% for OTL

Net Sondius Royalties are divided by 2:

- 50% goes to pay back the ~\$1.35M non-patent Sondius/Sondius-XG investment to date
- 50% is distributed based upon licensees' reports - licensees specify which patents are used in their products. Docket-related expenses are

subtracted per normal procedure prior to distribution of royalties to inventors, departments, and school.

After the Sondius/Sondius-XG non-patent expenses are recovered, the amount of Net Royalties allocated to the Sondius/Sondius-XG docket will be reduced from 50% to 15%. This 15% will then be split 50/50 between the two original investing parties, CCRMA and Dean of Research. The remaining 85% will be divided amongst the dockets, per the details outlined above.

We are looking forward to the continued success of these programs!

Best regards,

Mary K. Watanabe
Senior Associate

cc: K. Ku