

hereunder, shall reside in the UNIVERSITY. The programs will be written in machine-independent language, such as ANSI Standard FORTRAN. The programs, test cases, if any, and their results will be transmitted to EPRI on 3.5 inch diskettes in the number of copies set forth in the Schedule. The UNIVERSITY agrees to grant to EPRI a fully paid exclusive license for any computer program developed hereunder, including the right to grant royalty bearing sublicenses as set forth herein. EPRI shall have the obligation under said license to grant nondiscriminatory sublicenses, either on a nonexclusive or exclusive basis, as deemed appropriate by EPRI, to all qualified applicants on a world-wide basis. EPRI will not unreasonably set standards for qualifications of applicants. The net royalty income earned on the licensing of computer programs by EPRI under its exclusive license shall be equally apportioned between EPRI and the UNIVERSITY. Net royalties shall be the gross royalties received less administrative costs directly related to the licensing of the computer programs. Said royalty payments shall be remitted to the UNIVERSITY on or before June 30 and December 31, of each year, accompanied by reporting showing the basis for said royalty in sufficient detail to insure the UNIVERSITY of the accuracy thereof. The term of EPRI's exclusive license shall be five years from the date of delivery to EPRI of the accepted computer program in final form. The exclusive license shall be renewable in five-year increments throughout the life of the copyright in the computer program, provided, however, if the UNIVERSITY determines at the time of renewal of the exclusive license that, in its sole opinion, the exclusive license should not be renewed, it shall so notify EPRI in writing. If upon receipt of such notification, EPRI demonstrates to the UNIVERSITY's satisfaction that it has made diligent efforts towards commercialization of the computer program during the previous period, the exclusive license shall be renewed. The UNIVERSITY will not be unreasonable in assessing EPRI's diligence. EPRI shall submit a written report to the UNIVERSITY which includes a reporting of licenses granted, contracts or negotiations with prospective licenses, such other information as EPRI determines is necessary to demonstrate its commercialization activities. If the parties fail to agree that EPRI has made diligent efforts towards commercialization of the computer program, the matter shall be resolved in accordance with the provisions of Article 18, Arbitration.

7.2 If EPRI's exclusive license is not renewed by the UNIVERSITY at the end of the initial five year period, or any five year extension thereof, EPRI's exclusive license shall be converted to an irrevocable, nonexclusive, fully-paid world-wide license with unlimited world-wide sublicense rights. EPRI shall determine the terms of any such sublicenses, which terms may include royalties, provided the provisions of Subarticle 7.1 regarding royalty-sharing and Subarticle 7.4 regarding security shall be applicable.

7.3 It is understood that the UNIVERSITY remains free to utilize the computer software and supporting documentation in its ongoing and future programs. The UNIVERSITY reserves the right during the period of exclusivity to undertake similar or the same type software developments or perform work utilizing similar or the same type software for third parties, provided it does not disclose the specific computer program generated originally during the course of this Agreement. Subsequent to the period of exclusivity the UNIVERSITY shall be free to use such specific program without restrictions. In the event that the UNIVERSITY utilizes computer programs developed under this Agreement, or substantial portions thereof, in a computer program developed for a third party sponsor to be licensed by either the UNIVERSITY or said sponsor, the UNIVERSITY shall share with EPRI any resulting royalties derived from such licensing. The parties shall mutually determine the split of such royalties between the parties.

7.4 Both parties hereto shall treat any and all computer software and supporting documentation developed under this Agreement as confidential and proprietary. Provided, for purposes of this Article 7, the restrictions imposed on the UNIVERSITY shall not be deemed to include restrictions on the UNIVERSITY's use of algorithms, concepts, or Data contained within computer software programs or supporting documentation generated pursuant to this Agreement, and UNIVERSITY's use of such algorithms, concepts, or Data shall be governed by Article 5, Data. Any disclosure, distribution or transfer of any such materials to any third party by EPRI shall be pursuant to a written license agreement.