To the Honorable Commissioner of Patents

1. Name of the conveying party(ies):
   Laser Energetics, Inc.

2. Name and address of receiving party(ies):
   Name: Continental Stock Transfer & Trust Company, as agent for holders of Promissory Notes
   Address: 2 Broadway
   City: New York, State: NY Zip: 10004

3. Nature of Conveyance
   - Assignment
   - Security Agreement
   - Other:__________________________
   Execution Date: August 28, 1998

4. Application or Registration Number(s)
   A. Patent Application Numbers
      5,331,652  4,949,346
      5,321,711  4,944,567
      5,235,606  4,933,946
      5,142,548  4,858,242
      5,009,658  4,835,786
      4,791,927  4,734,913
      4,713,824  4,713,820
      4,484,334  4,475,027
      4,306,427  4,272,733

5. Name and Address of party to whom correspondence concerning document should be mailed:
   Name: Jeffrey A. Baumer, Esq.
   Firm: Gibbons, Del Deo, Dolan, Griffinger & Vecchione
   Address: One Riverfront Plaza
   City: Newark, State: NJ Zip: 07102

6. Total Number of applications and patents involved:
   1

7. Total Fee (37 C.F.R. 3.41)..............$ 720.00
   X Enclosed
   __ Deposit Account

8. Deposit Account Number: 03-38439

9. Statement and Signature:
   To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
   Name: Jeffrey A. Baumer
   Signature: ____________________________ Date: 9/18/98

PATENT
REEL: 9580 FRAME: 0188
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<th>Patent No.</th>
<th>Title</th>
<th>U.S. Expiration Date</th>
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<td>5,331,652</td>
<td>Solid State Laser having Closed Cycle Gas Cooled Construction</td>
<td>March 2013</td>
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<td>5,321,711</td>
<td>Segmented Solid State Laser Gain Media with Gradient Doping Level</td>
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<td>5,142,548</td>
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<td>5,009,658</td>
<td>Dual Frequency Laser Lithotripter (1)</td>
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<td>Conductively Cooled, Diode-Pumped Solid State Slab Laser</td>
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<td>4,944,567</td>
<td>Laser Imaging Fiber Optic Delivery System</td>
<td>November 2007</td>
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<td>Conductively Cooled Solid State Slab Laser</td>
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<td>Improved Unitary Solid-State Laser</td>
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<td>Unitary Solid State Laser</td>
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(1) Joint Ownership with Karl Storz Endoscopy
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<td>Noble-Metal Overcoated, Front Surface Silver Reflectors</td>
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<td>Thermal Lensing-Compensated Lanthanum Beryllate Laser</td>
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<td>4,484,334</td>
<td>Optical Beam Concentrator</td>
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<td>4,475,027</td>
<td>Optical Beam Homogenizer</td>
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<td>4,306,427</td>
<td>Chrysoberyl Gemstones</td>
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<td>4,272,733</td>
<td>Broadly Tunable Chromium-Doped Beryllium Aluminate Lasers and Operation Thereof</td>
<td>October 1998</td>
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AGENCY AGREEMENT

LASER ENERGETICS, INC., a Florida corporation, with offices at 4044 Quaker Bridge Road, Mercerville, New Jersey 08619 ("Debtor"), hereby appoints Continental Stock Transfer & Trust Company, a New York corporation, with offices located at 2 Broadway, New York, New York 10004 ("Agent"), to act on behalf of the holders of the Promissory Notes (the "Creditors") referred to herein, and to hold for the Creditors a first priority security interest in the Collateral (as defined below) now owned by Debtor, as well as any and all thereof that may be hereafter acquired by the Debtor, and in and to all the proceeds and products thereof.

WHEREAS, this Agency Agreement (the "Agreement") is given to facilitate (i) the payment of up to thirty (30) Promissory Notes, each in the principal amount of $50,000.00 (the "Promissory Notes"), executed and delivered by Debtor to Creditors of even date herewith; (ii) the payment and/or performance of all other liabilities due or to become due or which may hereafter be contracted or acquired of Debtor to Creditors; and (iii) the performance by Debtor of the agreements hereinafter set forth (collectively, the "Obligations"); and

WHEREAS, the Debtor has agreed to facilitate the Debtor’s obligations under the Promissory Notes by assigning to the Agent, for the equal and ratable benefit of the Creditors, the Collateral (as defined below).

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions.

   (a) As used herein, the term “Collateral” means all the patents set forth in Exhibit A attached hereto, which shall from time to time be subject to the security interest pursuant hereto.

   (b) Notwithstanding the further expressed definitions set forth herein, all terms used herein which are defined in the Uniform Commercial Code ("Code") shall have the same meaning herein as in the Code.

2. Grant of Security Interest. As security for the payment of all sums due and payable under the Promissory Notes, and the performance of all of Debtor’s covenants and agreements under the Obligations, Debtor hereby grants to the Agent, on behalf of the Creditors, a security interest and first priority lien in, and does hereby assign and pledge to the Agent, on behalf of the Creditors, the Collateral.

3. General Representations and Warranties. The Debtor represents and warrants that:

   (a) The Debtor has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to grant the security interest
granted hereby in the Collateral to the Agent for the equal and ratable benefit of the Creditors, and all of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the Debtor;

(b) The Collateral is used exclusively for the Debtor’s business purposes;

(c) The Debtor is, and as to Collateral acquired after the date hereof, the Debtor shall and will be the owner of all Collateral free from any liens, security interests, encumbrances or other right, title or interest of any other person, firm or corporation, except for the security interest granted hereby and except for any security interest otherwise specifically permitted by the Agent, and the Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Agent and/or the Creditors.

(d) All action, including but not limited to, the filing of financing statements with the appropriate public offices necessary to perfect the security interest granted hereby has been or will be taken.

(e) This Agreement is effective to vest in Agent the security interest in the Collateral as set forth herein.

4. **General Covenants.**

(a) The Debtor will perform all of its obligations under the Promissory Notes referred to above.

(b) The Debtor agrees to pay promptly when due all taxes, assessments and governmental charges upon or against the Debtor or the property or operations of the Debtor, in each case before the same becomes delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings.

(c) The Debtor will not allow the Collateral to be misused, abused or wasted and shall not use it in violation of any provisions of this Agreement, any applicable statute, regulation or ordinance.

(d) The Debtor will not permit anything to be done that may materially impair the value of the Collateral or the security intended to be afforded by this Agreement.

(e) The Debtor shall at all times maintain, in accordance with generally accepted accounting principles consistently applied, complete and accurate books and records concerning the Collateral. Debtor shall permit the Agent to audit the books and records relating to the Collateral upon reasonable notice and at reasonable times.

(f) The Debtor agrees forthwith to execute and (i) file with the U.S. Patent and Trademark Office an assignment for collateral and (ii) deliver such financing statement or
statements, or amendments thereof or supplements thereto, or other instruments as Agent may from time to time require in order to comply with the Code and to preserve and protect the security interest hereby granted ("Financing Statement"). Debtor shall pay all costs and expenses of such filings and Financing Statements. In the event for any reason the law of any other jurisdiction than the State of New York becomes or is applicable to the Collateral or any part thereof, or to any obligation to the Agent, the Debtor agrees to execute and deliver all such instruments and to do all such other things as may be necessary or appropriate to preserve, protect and enforce the security interest and lien of the Agent, on behalf of the Creditors, under the law of such other jurisdiction to at least the same extent as such security interest would be protected under the Code.

(g) The Debtor shall keep the Collateral free from all security interests, liens or other encumbrances, except as provided or permitted hereunder. In the event Debtor shall fail to pay costs and expenses which the Debtor is, under any of the terms hereof, required to pay, or fails to keep the Collateral free from other security interests, liens or encumbrances, Agent, on behalf of the Creditors, may, but shall not be required to, make expenditures for any or all such purposes and the amount so expended shall become immediately due and payable by the Debtor to the Agent and shall have the benefit of and be secured as a first lien by the security interest herein granted and agreed to. All costs and expenses of the Agent in retaking, holding, preparing for sale and selling or otherwise realizing upon any Collateral in the event of any default by Debtor, including court costs and reasonable attorneys’ fees and legal expenses incurred by the Agent where permitted by law, shall likewise constitute additional indebtedness of the Debtor which Debtor promises to pay on demand and which shall be entitled to the benefit of and be secured as a first lien by said security interest.

(h) The Debtor shall advise the Agent promptly in writing, in sufficient detail, of any change in the Collateral or the occurrence of any event which would have an adverse effect on the value of the Collateral as a whole or on the lien and security interest granted hereby.

5. Other Rights and Obligations of the Agent.

(a) The Agent, on behalf of itself and/or the Creditors, shall have the power (but not the obligation) to institute and to maintain such suits and proceedings as it may, in its absolute discretion, deem expedient to prevent any impairment of the Collateral by any act which may be unlawful, in violation of this Agreement, and to preserve and protect its interest and the interests of the Creditors in the Collateral.

(b) The Debtor agrees to pay the Agent an acceptance fee of Five Thousand Dollars ($5,000) and Five Thousand Dollars ($5,000) per year for the Agent’s services. Additionally, the Debtor agrees to pay the Agent all out-of-pocket expenses (including reasonable expenses for legal services and management fees of any kind) of, or incident to, the preparation of this Agreement and the enforcement of any of the provisions of this Agreement or performance by the Agent of any obligations of the Debtor in respect of the Collateral which the Debtor has failed or refused to perform, and for the care of the Collateral and defending or asserting rights and claims of the Agent in respect thereof, by litigation or otherwise. To the
extent that the Agent does not recover said expenses from the Debtor, the Agent shall have the right to deduct said reasonable expenses from the proceeds of the Collateral before disbursing such proceeds to the Creditors.

(c) The Debtor agrees to give notice to the Agent in the event that the Debtor shall fail timely to perform any covenant hereunder required to be performed by it hereunder. The Agent is hereby authorized to take all action reasonably necessary to cause such covenant to be performed.

(d) The Agent shall be conclusively deemed to have exercised reasonable care in relation to the Collateral if the Collateral is accorded treatment substantially similar to that which the Agent accords its own property.

(e) The Agent shall collect all principal and interest due and payable under the Promissory Notes and shall forward the same, without deduction, except for its unpaid fees and expenses, to the Creditors within three (3) days after receipt thereof.

(f) The Agent shall take any action permitted to be taken pursuant to this Agreement as is requested in writing by the Holders of at least a majority of the principal amount of the Promissory Notes then outstanding.

6. **Indemnification of the Agent.** The Debtor agrees to indemnify and defend the Agent from and against any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in its capacity as such in any way relating to or arising out of this Agreement, or any action taken or omitted to be taken by the Agent hereunder; provided that the Debtor shall not be liable for any portion of such liabilities, obligations, losses, claims, damages, penalties, actions, judgments, costs, expenses or disbursements that have resulted from the gross negligence, willful misconduct, or fraud of the Agent. Such indemnification shall survive the termination of this Agreement and the resignation or removal of the Agent.

7. **Dispositions and Releases of Collateral.** The Agent will determine the circumstances and manner in which the Collateral shall be disposed of, including, without limitation, determining whether to release all or any portion of the Collateral from the security interest granted hereby. The Agent, on behalf of the Creditors, shall release all Collateral from the security interest granted hereby in the event the Promissory Notes are paid in full, and shall execute all appropriate releases in such event.

8. **Successor Agents.** The Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Creditors, with a copy of such notice to the Debtor. The Agent may be removed at any time by the holders of a majority of the outstanding principal amount of the Promissory Notes by written notice thereof to the Agent, the Debtor and the other Creditors at least ten (10) business days prior to the effective date of such removal. Upon any such resignation or removal, the holders of a majority of the outstanding principal amount of the
Promissory Notes shall have the right to appoint a successor to the Agent with the prior written consent of the Debtor (which consent shall not be unreasonably withheld). If no successor Agent shall have been so appointed by the holders of a majority of the outstanding principal amount of the Promissory Notes or shall have accepted such appointment within 30 days after the notice of resignation or notice of removal, as the case may be, then the resigning or removed Agent may, on behalf of the Creditors with the prior written consent of the Debtor (which consent shall not be unreasonably withheld), appoint a successor Agent. If the resigning or removed Agent does not appoint a successor Agent, the Debtor may appoint a successor Agent. Any successor Agent shall be a commercial bank or trust company organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $25,000,000. Upon the acceptance of its appointment as Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the resigning or removed Agent, and the resigning or removed Agent shall be discharged from its duties and obligations hereunder. After any resigning or removed Agent’s resignation or removal hereunder, the provisions of this Section shall inure to its benefit as to any action taken or omitted to be taken by it while it was an Agent.

9. Liability of Agent.

(a) Neither the Agent nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by any of them hereunder, except for its own gross negligence, willful misconduct or fraud.

(b) The Agent may consult with legal counsel, independent public accountants and any other experts selected by it. Neither the Agent nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by any of them in good faith reliance upon the advice of such counsel, independent public accountants or other experts selected by the Agent except as set forth in Section 9(a).

(c) The Agent shall be entitled to conclusively rely on any notice, consent, certificate, statement or other document (including any telegram, cable, telex, facsimile or telephone transmission) believed by it to be genuine and correct and to have been signed and/or sent by the proper persons, and shall not be liable for any of the consequences of such reliance. Without limiting any obligation of any Creditor to confirm in writing such telephonic notice permitted by this Agreement, the Agent may act without liability upon the basis of any telephonic notice believed in good faith by it to be from an authorized officer of any Creditor, representative or any agent thereof prior to receipt of such written confirmation.

(d) As to any matters not expressly provided for herein, the Agent shall act or refrain from acting until it has received instructions from the holders of a majority of the outstanding principal amount of the Promissory Notes in its own absolute discretion. The Agent shall not be obligated to follow any such written directions to the extent that it shall reasonably determine, based on the written opinion of its counsel, that such directions are in conflict with any provision of any applicable law or regulation.

(a) (i) Upon an Event of Default under its Promissory Notes (as defined in such Promissory Notes) secured by the Collateral assigned to the Agent hereunder and upon receipt of written notice of a vote of the majority of the outstanding principal amount of the Promissory Notes approving the Agent’s action, or (ii) upon receipt of written notice of a vote of the holders of a majority of the outstanding principal amount of the Promissory Notes that any warranty by Debtor is untrue in any material respect, the Agent shall have all of the rights and remedies of a secured party under the Code or other applicable law and all rights provided herein, or in any other applicable security or loan agreement, all of which rights and remedies shall, to the full extent permitted by law, be cumulative. Any requirement of the Code for reasonable notice to the Debtor shall be met if such notice is mailed, postage prepaid, to the Debtor at the address shown at the commencement of this Agreement, at least three (3) days before the time of the sale, disposition or other event or thing giving rise to the required notice.

(b) On the occurrence of any Event of Default and the satisfaction of the provisions of Section 10(a), and at any time thereafter, Agent may, in its absolute discretion:

i. declare any and all of the Obligations secured by the Collateral assigned to the Agent under this Agreement immediately due and payable; and the Agent’s rights and remedies with respect to the Collateral shall be those of a secured party under the Code and under any other applicable law, as the same may from time to time be in effect, in addition to those rights granted herein; and

ii. require Debtor to liquidate such Collateral in a timely manner and make the proceeds thereof immediately available to the Agent, or, if Debtor shall fail to liquidate such Collateral within three months of notice by the Agent, require Debtor to assemble the Collateral and make it available to the Agent at such place, to be designated in said notice, as is reasonably convenient to both parties.

(c) After any declaration of default under this Agreement, any payments on or other proceeds of accounts received by Debtor shall be held by Debtor in trust for the Agent, on behalf of the Agent and the Creditors, in the same medium in which received, shall not be commingled with any assets of Debtor and shall be distributed to the Agent following their receipt in the manner provided for in this Agreement. Debtor shall also promptly notify the Agent of the return to or repossession by Debtor of any inventory or goods underlying any account, and Debtor shall hold the same in trust for the Agent, on behalf of the Agent and the Creditors, and shall dispose of the same as the Agent directs. After any default, the Agent may also demand, collect and sue on the accounts in either Debtor’s or its own name at the latter’s option, with the right to enforce, compromise, settle or discharge any account, and may endorse Debtor’s name on any and all checks, commercial paper and any other instruments pertaining to the accounts.

(d) The Debtor agrees to pay all costs and expenses actually incurred by the Agent in enforcing this Agreement, in realizing upon any Collateral and in enforcing and
collecting any of the Obligations hereunder, including reasonable attorney’s fees and expenses. The Agent is hereby granted a first lien on any Collateral in its possession to secure the payment of such costs and expenses, it being understood and agreed that such lien shall rank prior to the security interest in the Collateral assigned to the Agent on behalf of the Creditors.

(e) No act, delay, omission or course of dealing between Debtor and the Agent shall be a waiver of any of the Agent’s rights or remedies under this Agreement. A waiver by the Agent of any rights or remedies under the terms of this Agreement or with respect to any of the Obligations hereunder on any occasion shall not be a bar to the exercise of any right or remedy on any subsequent occasion. The Agent may, in its absolute discretion, remedy any default by Debtor hereunder or with respect to any of the Obligations hereunder in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor.

(f) This Agreement creates an agency relationship between the Agent and the Creditors and not a relationship of trustee and beneficiaries between them. Accordingly, nothing herein contained shall impose any fiduciary upon the Agent or any other duties except as expressly set forth herein. This Agreement and all rights and liabilities hereunder and in to any and all Collateral shall inure to the benefit of the Agent, for itself and on behalf of the Creditors, and its successors and assigns, and shall be binding upon the Debtor and its successors and assigns.

(g) If any provision of this Agreement is invalid or unenforceable under any law, such provision is and will be totally ineffective to that extent, but the remaining provision shall be unaffected.

(h) Article headings used in this Agreement are for convenience only and are to be given no substantive meaning or significance whatever in constructing the terms and provision of this Agreement.

(i) Any requirement of giving notice to Debtor or Agent may be satisfied by mailing the notice, postage prepaid, to such party at the address provided herein or its last known address.

(j) This Agreement and the transactions evidenced hereby shall be interpreted, construed, applied and enforced in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, as such laws may from time be in effect, without giving effect to such state’s principles respecting the conflict of laws. In the event that any legal proceedings are commenced in any court with respect to any matter arising under this Agreement, the parties hereto specifically consent and agree that the courts of the State of New York and/or the Federal Courts located in the State of New York shall have jurisdiction over each of the parties hereto and over the subject matter of any such proceedings and the venue of any such action shall be in New York County, New York and/or the U.S. District Court for the Southern District of New York.
(k) This Agreement, together with the Promissory Notes, constitutes the entire understanding between the parties with respect to the transactions contemplated hereby; and no modification, rescission, release, amendment or waiver that materially and adversely affects the rights of the Creditors (except as provided by this Agreement) of any provision of this Agreement shall be made except by a written agreement subscribed by the Debtor and the Agent, provided that the Agent receives the written approval of the holders of 80% of the outstanding principal amount of the Promissory Notes of such revision.

(l) All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

(m) The exercise by the Agent or failure to exercise any authority granted it hereunder shall in no way affect Debtor’s liability to the Agent hereunder or to the Creditors under the Promissory Note; and the Agent shall not be under any obligation or duty to exercise any of the powers hereby conferred upon it, and it shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights with regard to, any of the Collateral.
This Agreement is executed as of this 28th day of August, 1998.

Debtor: LASER ENERGETICS, INC.

By: ______________________

Robert D. Batti
President and Chief Executive Officer

Agent: CONTINENTAL STOCK TRANSFER & TRUST COMPANY

By: ______________________

Steve Nelson
President
This Agreement is executed as of this 28th day of August, 1998.

Debtor: LASER ENERGETICS, INC.

By: ________________________________
    Robert D. Battis
    President and Chief Executive Officer

Agent: CONTINENTAL STOCK TRANSFER
       & TRUST COMPANY

By: ________________________________
    Steve Nelson
    President