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Form PTO-1595
(Rev. 03/01)

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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

OMB No. 0651-0027 (exp. 5/31/2002)

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Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Advanced Display Systems, Inc.
10901 Airport Blvd., No. 1
Amarillo, TX 79111

2. Name and address of receiving party(ies)

Name: Display Research, Inc.

Internal Address: _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other License Agreement

Street Address: 702 Business Way

City: Wylie State: TX Zip: 75098

Execution Date: 14 February 2002

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s): [See Attachment]

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s) _____

B. Patent No.(s) _____

5625477

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Roger S. Burleigh

Internal Address: Burleigh & Associates

Street Address: 2925 State Street

City: Dallas State: TX Zip: 75204

6. Total number of applications and patents involved: 8

7. Total fee (37 CFR 3.41).....\$ 320.00

Enclosed Credit Card Form Enclosed

Authorized to be charged to deposit account

8. Deposit account number: _____

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9. Signature.

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320.00 OP

Roger S. Burleigh

Name of Person Signing

Roger Burleigh
Signature

10 March 2002

Date

Total number of pages including cover sheet, attachments, and documents: 33

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

PATENT
REEL: 012735 FRAME: 0639

Recordation Form Cover Sheet – Attachment

Schedule of Patents

1. 5,625,477 Issued: 29 April 1997
2. 5,661,533 Issued: 26 August, 1997
3. 5,796,454 Issued: 18 August 1998
4. 5,825,451 Issued: 20 October 1998
5. 5,889,566 Issued: 30 March 1999
6. 5,933,203 Issued: 03 August 1999
7. 5,949,513 Issued: 07 September 1999
8. 6,020,941 Issued: 01 February 2000

FMLCD LICENSE AGREEMENT

BETWEEN

ADVANCED DISPLAY SYSTEMS, INC.

AND

DISPLAY RESEARCH, INC.

This License Agreement ("Agreement") is between Advanced Display Systems, Inc., ("Licensor") represented by Dr. Bao Gang Wu, Chairman and Co-CEO, and Display Research, Inc. ("Licensee") represented by James Lupino, President.

Licensor is a Texas corporation having its principal place of business at 10901 Airport Blvd. No. 1 Amarillo, Texas 79111 USA, with telephone number : (806) 335 - 2255. Licensee is a Texas corporation, a wholly owned subsidiary of ADS ; having its principal place of business at 10901 Airport Blvd. No. 1, Amarillo, Texas 79111 USA, with telephone number: 806-335-2255.

RECITALS

Licensor is the proprietor of certain discoveries, technology and know-how arising from a field of research generally characterized and known to the parties as Fast - Response Multistable Liquid Crystal Display technology ("FMLCD") including certain formulations, methods, circuitry and components for driving and addressing a liquid crystal display ("LCD").

Licensor owns certain United State Patents, and pending United States and foreign patent applications (as defined in Article 2) claiming all or a portion of the FMLCD.

Licensor owns certain valuable Know-How and Confidential Information (as defined in Article 2) related to the FMLCD.

The parties desire that the FMLCD be developed and utilized to the fullest extent such that its benefits can be enjoyed by the general public.

Licensee desires to obtain a license under these Patents and/or Know-How to practice, to commercialize, and to further develop and commercialize the FMLCD.

Licensee is a newly formed wholly owned subsidiary of Licensor formed in part to commercialize new technologies, including but not limited to Black and White FMLCD, as defined in 2.21 and B/W Full-Color FMLCD, as defined in 2.22.

The parties agree, that other collaboration may be potentially desirable, such potential collaboration may include sales and purchase of equipment between the

parties and procurement of and providing services between the parties, including research and development contracts.

Now, Therefore, in consideration of the premises and mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, Licensor and Licensee agree as follows:

ARTICLE 1

AGREEMENT EFFECTIVE DATE

Effective Date. Upon execution of this Agreement by Licensor and Licensee, the Effective Date of this Agreement is **June 18, 2001**.

ARTICLE 2.

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings indicated. Defined terms may be used in the singular or plural.

2.1. Calendar Quarter. "Calendar Quarter" means those successive three (3) month periods ending on the last day of March, June, September, and December, in a calendar year.

2.2. Confidential Information. " Confidential Information " means all information , in whatever form, concerning or relating to Licensed Subject Matter, Licensed Product(s), Licensed Process(es), Licensor's products or prospective products, formulations, drivers, driving waveforms, electronic driving circuits, manufacturing techniques and processes, suppliers, customers and prospective customers, pricing, facility lay-out and equipment, product preparation and packaging methods, computer hardware and software, protocols, research and technology development, notebooks, reports, data, licensing or approval information, areas of research, inventions, discoveries, copyrights, trade secrets, techniques, procedures, methods, processes, Know-How, or any improvement, and specifically all information in whatever form dealing with (without limitation) the proprietary technologies under research and development by or for Licensor.

2.3. Drive Channel. "Drive Channel" means a coated electrode on the Manufactured LCD.

2.4. Earned Royalty. "Earned Royalty" means the royalty as covered by Article 4 (Royalties and Other Fees) and calculated according to Attachment C (Earned Royalty Schedule) which is herein incorporated by reference and made a part of this Agreement.

2.5. Effective Date. "Effective Date" means the date of this Agreement as defined in Article 1 (Agreement Effective Date)

2.6. FMLCD. "FMLCD" means Fast - Response Multistable Liquid Crystal Display technology.

2.7. Gross Revenues. "Gross Revenues" means grand total gross revenues (less product returned) derived by the Licensee from any source in connection with or related to the Licenses Granted in the Territory. If the Licensee receives nonmonetary consideration for any Licensed Products provided by the Licensee or as a result of sales, transfers or the provisions of any services to or from any affiliated entity of Licensee, the Gross Revenues related thereto shall, for the purposes of computation within this Agreement, be deemed to equal the fair market value in U.S. Dollars of such nonmonetary consideration.

2.8. Invention "Invention" means any idea, design, concept, technique, invention, discovery, or improvement, regardless of patentability, made solely or jointly by Licensee and/or Licensee's employees, or jointly by Licensee and /or Licensee's employees with one or more employees of Licensor, relating to the Licensed Subject Matter, Patents, Know-How, Licensed Product(s) or Licensed Process(es) provided that either the conception or reduction to practice thereof occurs during the term of this Agreement.

2.9. Know-How. "Know-How" means technology, information and data not claimed in the Patents, but nevertheless proprietary, valuable, trade secrets, inventions, discoveries, know-how, processes, procedures, methods, protocols, formulas, techniques, software, designs, drawings, technical and clinical data, or other valuable technical information embodied in the Licensed Subject Matter or Know-How and useful in the development, manufacture, use or sale of Licensed Product(s) or Licensed Process(es), described in more detail in Attachment B, which is herein incorporated by reference and made a part of this Agreement.

2.10 LCD. "LCD" means a Liquid Crystal Display cell. In the Licensed Field, a Liquid Crystal Display cell usually comprises two liquid crystal substrates separated by one or more spacers.

2.11. Licensed Field. "Licensed Field" means the liquid crystal display technologies field.

2.12. Licensed Process(es). "Licensed Process(es)" means processes, methods or procedures in the Licensed Field covered by one or more claims of the Patents or utilizing or incorporating Know-How, or Licensed Subject Matter and specifically: FMLCD manufacturing processes.

2.13. Licensed Product(s). "Licensed Product(s)" means product(s) in the Licensed Field covered by one or more claims of the Patents or produced by a method covered by one or more claims of such Patents or utilizing or incorporating Licensor's Know-How or Licensed Subject Matter and only related to Black and White FMLCD, as defined in 2.21 and B/W Full-Color FMLCDs, as defined in 2.22, and related products provided that such

products include liquid crystal with pitch length effective to reflect light in the non-visible spectrum. Specifically excluded from Licensed Product(s) are monochrome FMLCDs, as defined in 2.20. Further exclusion from Licensed Product(s) are plastic displays, until such time Licensor's exclusive licensee, Avery Dennison Corp., loses such right, at which time Licensor shall immediately notify Licensee.

2.14. Licensed Subject Matter. "Licensed Subject Matter" means FMLCD technologies.

2.15. Licenses Granted. "Licenses Granted" means the collective particular licenses granted in Section 3.1 (License Grant) of this Agreement.

2.16. Manufactured LCD. "Manufactured LCD" means the liquid crystal display cell manufactured before cutting or trimming into finished Licensed Product(s).

2.17. Patents. " Patents" means those United States and foreign patents and patent applications including any and all continuing applications, continuations, divisions, continuations-in-part or reissues thereof, or substitutes therefore, or extensions thereof, or patents of addition, and the Letters Patent that may be issued thereon (including any incidental know-how for practicing the same) claiming all or a portion of the Licensed Subject Matter and which are listed in Attachment A (Patents) which is herein incorporated by reference and made a part of this Agreement.

2.18. Term. "Term" means the term of this Agreement which shall continue in effect as set out in Article 5 (Agreement Term), unless sooner terminated as elsewhere provided in this Agreement.

2.19. Territory. "Territory" means worldwide for marketing in the field of use as defined in Article 3 (License Grant) and for manufacturing the territory means worldwide.

2.20 . Monochrome FMLCD. "Monochrome FMLCD" means FMLCDs produced with liquid crystal fluid with positive dielectric anisotropy and a pitch effective to reflect light in the visible spectrum.

2.21. Black and White FMLCD. "Black and White FMLCD" means FMLCDs produced with liquid crystal fluid that does not have positive dielectric anisotropy and a pitch effective to reflect light in the visible spectrum and do not have color reflectors, color filters, absorbers, lenses or other optical enhancing elements to enable multi-color displays.

2.22. B/W Full-Color FMLCD. "B/W Full-Color FMLCD" means Black and White FMLCD with color reflectors, color filters, absorbers, lenses or other optical enhancing elements to enable multi-color displays.

ARTICLE 3

LICENSE

3.1. License Grant. Licensor hereby grants to Licensee, and Licensee accepts, a nonexclusive and indivisible license to:

- a) practice and exploit the Patents listed on Attachment A;
- b) make, use, and sell, and offer to sell Licensed Product(s);
- c) practice and exploit the Know-How listed on Attachment B for the manufacture, use and sale of Licensed Product(s); and
- d) practice and exploit the Licensed Process(es) for the manufacture, use and sale of Licensed Product(s)

in the Territory during the Term of this Agreement.

3.2. Sublicenses. Licensee shall have the right to grant sublicenses under this Agreement, provided such sublicense is within the scope of the Licensed Products; Licensee shall also have the right to subcontract any work relating to Licenses Granted.

ARTICLE 4

ROYALTIES AND OTHER FEES

4.1. Earned Royalties. This license is royalty free.

4.3. Transfer Fee Payable. None.

ARTICLE 5

AGREEMENT TERM

5.1. Term. The Term of this Agreement shall commence on the Effective Date of Article 1 and will continue in effect and extend, in each country including the United States, for the duration of any valid Patents covering Licensed Product(s) and/or Licensed Process(es) in that country, or in the case of Know-How, for as long as Licensed Product(s) are manufactured unless sooner terminated as elsewhere provided in this Agreement.

ARTICLE 6

BEST EFFORTS AND APPROVALS

6.1. Best Efforts. Upon execution of this Agreement, Licensee shall diligently proceed with or use its best efforts to carry out all terms within this Agreement, including but

not limited to proceeding with the manufacture, sale and marketing of Licensed Product(s), and should earnestly and diligently exert its best efforts to create a demand for the Licensed Product(s) and market the same in the Territory within a reasonable time after the Effective Date of this Agreement in quantities sufficient to meet the market demands therefore, and to increase and expand its business in the manufacture, sale, and marketing of the Licensed Product(s) in the Territory.

6.2. Approvals. Licensee, at its expense, shall obtain all necessary approvals or licenses for the manufacture, use and sale of Licensed Product(s).

ARTICLE 7

KNOW-HOW

7.1. Technical Information. Licensor agrees to furnish Licensee during the term of this Agreement with all data and technical information, to the extent available to Licensor, necessary to enable Licensee to manufacture and sell the Licensed Product(s) and/or use the Licensed Process(es). In particular, Licensor will furnish Licensee with the technical information and services listed on Attachment B (Know-How).

7.2. List about technical Information. Licensor shall keep a list about the provided technical information. After obtaining the technical information Licensee shall give Licensor a receipt about the obtained technical information.

7.3. Support. Licensor agrees to support Licensee without any delay in all fields relevant for production.

7.4. Limitations on Disclosure. Anything in this Agreement is contrary notwithstanding, Licensor shall not be required to disclose to Licensee any Know - How: a) regarding matters still under research or development; b) regarding information or data that Licensor is prevented from disclosing to Licensee by any governmental rule, practice or regulation, or c) regarding information or data which under the terms of this Agreement, Licensor is not required to disclose to Licensee.

7.5. Disclosure of Technical Information. The disclosure of the technical information shall be without any costs for the Licensee.

7.6. Licensee Special Service Requests. If Licensor performs special engineering or design services at Licensee's request, or provides personnel at Licensee's request, Licensee shall pay Licensor's charges at Licensor's then standard rates for time, materials, and personnel. Services will be provided using a written quotation-purchase order system.

ARTICLE 8

TECHNICAL ASSISTANCE

8.1. Technical Assistance Included as Part of Agreement. Upon execution of this Agreement Licensor agrees to provide Licensee five (5) business days ("one (1) business week(s)") of training, with the training to be provided at no cost to Licensee, at Licensor's facility subject to an agreed time at both parties convenience. Licensee agrees to bear the cost of any expense incurred with respect to travel and any related expenses associated with the training at Licensor's facility. Additionally, Licensor agrees to provide one business week of free training at Licensee's facility subject to an agreed upon time at both parties convenience. Licensee will pay any travel and related expenses for Licensor with respect to the free training at Licensee's facility.

8.2. Licensor Assistance But No Independent or Additional Development Requirement. Licensor agrees to assist Licensee in all reasonable ways, to solve problems relating to the commercial introduction of the Licensed Product(s) by Licensee. Licensor agrees to remedy apparent or hidden defects as soon as possible. Licensor shall not, however, be required to undertake any independent or additional research and development, unless such is required to remedy a hidden a hidden defect in the Licensed Product.

8.3. Licensor's Liquid Crystal Fluid FormularFormula Assistance. Subject to the terms of this Agreement, Licensor agrees to provide Licensee, as part of the Patents and Know-How licensed under this Agreement, all required formulae for preparing the liquid crystal material, inclusive manufacturers, for the Licensed Products.

ARTICLE 9

EXPORT

9.1. Agreement to Conform to Regulations and Restrictions of US Government. This Agreement is subject to all present and future regulations and restrictions of the United States Government and the agencies thereof. Licensee agrees that Licensee will not ship or divert for use in any country or countries any of the Licensed Product(s) and/or Licensed Process(es) or technical data or information with respect to any of the Licenses Granted in contravention of the laws and regulations of the United States Government and the departments and agencies thereof, or cause or permit such shipping or diversion without appropriate license or approval of the United States Government.

9.2. Licensee is allowed to commerce Black and White FMLCD and B/W Full-Color FMLCD within territory worldwide.

ARTICLE 10

BOOKS AND RECORDS AND CONTROLS

10.1. Books and Records kept by Licensee. Licensee shall keep books and records according to generally accepted accounting principles on a consistent basis accurately

showing all activity regarding the Patents, Know-How, Licensed Process(es); any Manufactured LCD, and Licensed Products manufactured, used, or sold under the terms of this Agreement. Such books and records shall be open to inspection by Licensor, or Licensor's representatives or agents, at reasonable times for the purposes of verifying the accuracy of the quarterly reports. The fees and expenses of the representatives performing such examination shall be borne by Licensor, unless the royalties or fees due and owing hereunder to Licensor are discovered to have been understated by more than five percent (5%) over the period since the last such inspection, in which event Licensee shall pay all the examination fees and expenses.

10.2. Preservation of Books and Records Kept by Licensee. Those books and records kept by Licensee with respect to this Agreement shall be preserved for at least three (3) years from the date of the royalty or fee payment to which they pertain.

10.3 Licensee's Use of Licensor's Know-How. Licensee agrees that, except as Licensor may otherwise consent in writing, Licensee will not directly use the Know-How, technical information, or technical data furnished to Licensee hereunder in the manufacture, use, or sale of any products or goods, or any intermediate components or parts of products or goods manufactured, used, or sold by Licensee, except in connection with the manufacture, sale of Licensed Product(s), in accordance with the terms and conditions of this Agreement.

10.4 Licensor's Notification of Defects and Licensee's Correction. Should Licensor notify Licensee that aspects or features of the Licensed Product(s) and/or Licensed Process(es) fail to comply with the aforementioned standards and specifications, Licensee shall promptly proceed to correct such defects in accordance with Licensor's instructions thereto.

10.5 Licensee Required to Sell Only Non-Defective and Safe Licensed Products. No Licensed Products which are altered or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act or regulations thereunder, or which are defective or hazardous or unsafe under any other law, rule or regulation, shall be sold or offered by sale. Licensee shall insure that all Licensed Products are manufactured and sold in compliance with federal, state and governmental laws, rules and regulations.

ARTICLE 11

PATENT PROSECUTION AND MAINTENANCE

11.1. Patent Prosecution and Maintenance by Licensor. Licensor shall have the responsibility for diligently prosecuting and maintaining any and all patent(s) or patent application(s) listed in the Attachment A (Patents). Licensor, in its sole discretion, will decide whether or not a patent application should be filed. Any additional patent(s) or patent application(s) deemed desirably by Licensor and/or requested by Licensee covering all or part of Licensed Subject Matter for prosecution and maintenance are at the sole discretion of Licensor.

11.2. Request for Foreign Patent Protection by Licensee. Licensee may also request that Licensor obtain patent protection on the Licensed Subject Matter in foreign countries. Licensee must notify Licensor in English within ten (10) months (or within four (4) months in the case of design applications) of the filing of the corresponding United States application of its decision to request the procurement of foreign patents. The absence of a decision in writing from the Licensee to Licensor shall be considered an election not to secure foreign rights. Licensor, in its sole discretion, will decide if any foreign patent protection should be secured.

11.3. Patent Prosecution and Maintenance Costs. Unless otherwise agreed upon, Licensor shall pay the actual out of - pocket expenses for the preparation, filing, prosecution and maintenance of all United States and foreign patent applications listed on Attachment A (Patents), or on the Licensed Subject Matter, as well as the maintenance of all resulting patents.

ARTICLE 12

THIRD PARTY PATENTS AND INVENTIONS

12.1 Third Party Patents and Cross - Licensing. The parties recognize that Licensee may encounter patents held by third parties which are superior to both Licensor's patents and Licensed Subject Matter and that a cross - license between Licensor and such third party may be necessary in order to enable Licensee to exercise the Licenses Granted herein. In such event, Licensor, will entertain and if possible enter into a cross - license agreement with such third party and have a cross - license granted to Licensee.

12.2 Inventions Assigned to Licensor. Licensee hereby assigns to Licensor, its successors, and assigns, all Inventions, together with the right to seek protection by obtaining patent rights therefor and to claim all rights or priority thereunder, and the same shall become and remain the Licensor's property regardless of whether such protection is sought. Licensee shall promptly make a complete written disclosure to Licensor of each Invention, specifically pointing out features or concepts that Licensee believes to be new or different. Licensee shall, upon Licensor's request and at Licensor's expense, cause patent applications to be filed thereon, through solicitors designated by Licensor, and shall forthwith assign all such applications over to Licensor, its successors, and assigns. Licensor has the right to file patent applications for Inventions anywhere. Licensee shall give Licensor and its solicitors all reasonable assistance in connection with the preparation and prosecution of any such patent applications and shall cause to be executed all such assignments or other instruments or documents as Licensor may consider necessary or appropriate to carry out the intent of this Agreement.

12.3 Inventions License Grant to Licensee. Licensor agrees to grant, and does hereby grant, Licensee, free of payment of any additional royalty, for a term

co-existent with the Term of this Agreement, a license commensurate in scope with that provided in Section 3.1 (License Grant) above, to manufacture, use, sell or offer to sell, any and all Inventions in and to the Licensed Products, or any method or apparatus of making the same, under any patent filed, obtained, or acquired by Licensor or under which Licensor shall have the right to grant such a license.

ARTICLE 13

CONFIDENTIAL INFORMATION

13.1. Confidential Information From Licensor. From time to time, Licensor may provide its own Confidential Information, whether or not in writing, to Licensee in connection with the work to be performed by Licensee. Such information shall be designated as confidential upon or prior to disclosure by Licensor. In addition, the preparation and specifications of the Licensed Products and/or Licensed Process(es) shall in all instances be treated as confidential, unless and until disclosed publicly by Licensor. All confidential written materials shall be marked before delivery with the legend "LICENSOR - Confidential" or a legend similar in nature by Licensor. This marking shall be kept by Licensee.

13.2. Restrictions on Licensee with Licensor's Confidential Information. Licensee agrees that all Confidential Information received from Licensor shall be maintained in strict confidence. Licensee agrees not to use for its own benefit, nor to disclose or reveal to third parties, nor to publish, any such Confidential Information received from Licensor. Licensee's sole use of Licensor's Confidential Information shall be to perform work under this Agreement hereunder. The foregoing restrictions shall not apply to information that Licensee can demonstrate: (1) to have been generally known prior to the date hereof; (2) has been in Licensee's possession prior to the date hereof as evidenced by written records; (3) becomes generally known through no act or omission by the receiving party; (4) is supplied to Licensee subsequent to the date hereof by a third party not under an obligation of confidentiality; or (5) was independently developed by employees or agents of Licensee without reference to or knowledge of any information, data, or disclosures made or developed hereunder as evidence by written records.

13.3. Return of Confidential Information. Upon termination of this Agreement, or sooner upon written demand by Licensor, all Licensor's Confidential Information received by Licensee shall be delivered to Licensor or its designee.

13.4. Confidentiality Agreement Required for Access to Licensor's Confidential Information. With respect to the Licensee's employees and other persons who require access to the Licensor's Confidential Information for participation of Licensee's work under this Agreement, Licensee agrees to obtain from all such persons a written confidentiality agreement, obligating such persons to observe the same confidentiality contained herein. Such agreements shall contain terms sufficient for Licensee to comply with all provisions of this Agreement and to support all grants and assignments of rights and ownership hereunder.

13.5. Non-Disclosure of Licensor's Confidential Information. The obligations not to disclose Licensor's Confidential Information shall continue in full force and effect until such time as the foregoing Licensor's Confidential Information becomes part of the public domain other than by an act or omission by Licensee.

13.6. No Third Party Commitment Representation by Licensee. Licensee warrants and represents that Licensee has no commitment to any third party under which Licensee is obligated to assign to such third party any invention, and the work product developed from this Agreement, or Licensor's Confidential Information or rights therein, in conflict with this obligations to Licensor hereunder.

ARTICLE 14

TERMINATION

14.1 Termination Without Cause. This agreement may not be terminated without cause, unless both parties agree in writing.

14.2 Automatic Termination of Licenses Granted. The Licenses Granted herein shall terminate automatically and immediately if:

- a) Licensee ceases to cause the manufacture of Licensed Products;
- b) Licensee ceases to cause the marketing and/or selling of Licensed Products;
- c) Licensee's assets are levied upon by virtue of a writ of a court of competent jurisdiction;
- d) Licensee becomes insolvent or bankrupt, any assignment occurs by Licensee for the benefit of creditors, or the institution by or against Licensee of proceedings of any kind whatsoever which would result in the appointment of a Trustee or Receiver for Licensee or for a substantial part of its property;
- e) Licensee files articles of voluntary dissolution;
- f) Procedures are initiated for involuntary dissolution of Licensee; or
- g) Licensee ceases to do business in any manner.

14.3 Licensor Termination for Cause. If Licensee should fail to make any payment at the time that the same should be due, substantially ceases to manufacture, market or sell Licensed Products, or if Licensee should violate or fail to perform any covenant, condition or undertaking of this Agreement on its part to be performed hereunder, then and in such event, Licensor may give written notice of such deficiency to Licensee. If Licensee should fail to substantially correct such deficiency within thirty (30) days from the receipt by it of such notice, Licensor shall have the option to terminate the Agreement herein by written notice to the Licensee. Upon delivery of such notice to the Licensee, the license granted herein shall terminate. Such termination shall not relieve the Licensee of its obligations to pay any fees or royalties due or owing at the

time of such termination and shall not impair any accrued right of either party.

- 14.4 **Licensee Termination For Cause.** Licensee shall have the right to terminate this Agreement and the Licenses Granted herein if Licensor should significantly violate or fail to substantially perform an covenant, condition or undertaking of this Agreement on its part to be performed hereunder, then and in such event, Licensee shall give written notice of such deficiency to Licensor. If Licensor should fail to substantially correct such deficiency within thirty (30) days from the receipt by it of such notice, Licensee shall have the option to terminate the Agreement herein by written notice to the Licensor. Upon delivery of such notice to the Licensor, the Licenses Granted shall terminate. Such termination shall not relieve the Licensee of its obligation to pay any fees or royalties due or owing at the time of such termination and shall not impair any accrued right of either party.
- 14.5 **Survival Terms.** Licensor's Confidential Information shall continue in full force and effect until such time as the Licensor's Confidential Information becomes part of the public domain other than by an act or omission by Licensee. Furthermore, upon termination of any kind under this Agreement, the following articles shall survive, Article 13 (Confidential Information), Article 12.2 and 12.3 (Inventions), Article 16 (Infringement), Article 15 (Arbitration Provision Governing All Disputes); Article 21.16 (Payment of Taxes).

ARTICLE 15

ARBITRATION PROVISION GOVERNING ALL DISPUTES

- 15.1 **Settlement of Issues by Arbitration.** In the event of any dispute, difference, claim or question between the parties in connection with this Agreement of whatever nature, including but not limited to those arising out of or relating to this Agreement, or any clause or the construction thereof, or the rights duties, or liabilities of either party, whether such claim existed prior to or arises on or after the date of this Agreement, the parties agree to submit to binding arbitration to resolve the controversy in accordance with Attachment E, Binding Arbitration Agreement between ADS and DRI, which is herein incorporated by reference and made a part of this Agreement.

ARTICLE 16

INFRINGEMENT

- 16.1 **Notice of Knowledge of Infringement.** In the event that either party shall learn of a substantial infringement of any patent or misappropriation of any technology contemplated by this Agreement, that party shall call the other party's attention thereto in writing and shall provide such other party with reasonable evidence of such infringement or misappropriation. Both parties

shall use their best efforts in cooperation with each other to terminate such infringement or misappropriation without litigation. If the efforts of the parties are not successful in abating the infringement or misappropriation within thirty (30) days after the infringer or misappropriator has been formally notified of the infringement or misappropriation, Licensor, at its sole discretion, shall have the right to commence suit on Licensor's own account for misappropriation or infringement of rights owned by Licensor. Licensor shall give notice in writing to Licensee within thirty (30) days after said thirty (30) day period of Licensor's election, and Licensee shall use its best efforts to cooperate with Licensor in the event of such litigation.

16.2 Expense of Legal Action. Such legal action if decided upon and commenced under Section 16.1 (Notice of Knowledge of Infringement) shall be at the expense of Licensor, and all recoveries recovered thereby shall belong to Licensor.

16.3 Effect of Royalty Payments If Infringement. If royalties based on the sale, use or manufacture of products or processes found to infringe Patents or constitute misappropriation of Know-How, such recoveries shall be deemed that royalties for such are invalid or unenforceable, no royalties shall be due or owing for such invalid or unenforceable patent claims or patentably indistinct claims as of the date of such decision. Licensor shall not, however, be required to refund any royalties theretofore paid or accrued prior to the date of such decision. Licensee shall not be relieved from paying royalties that are based on any patent or claim or Know-How not involved in such decision, unless the basis for invalidity would render that patent or claim invalid or unenforceable also. In the event the making, using or selling of Licensed Products is determined by a court of competent jurisdiction to infringe one or more claims of a valid subsisting patent owned by a third party, no royalty payments shall be due Licensor from the time such lawsuit is filed.

ARTICLE 17

MARKING OF PRODUCTS

Marking. Licensee shall mark or cause all Licensed Products made, used or sold under the terms of this Agreement, or their containers, to have the necessary and requisite approvals according to U.S. labeling law.

ARTICLE 18

USE OF NAMES, TRADE NAMES AND TRADEMARKS

No Use of Any Name, Trade Name or Trademark of Licensor by Licensee. Nothing contained in this Agreement shall be construed as conferring any right to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of Licensor (including any contraction, abbreviation or simulation of any of the foregoing).

ARTICLE 19

LIMITATION OF LIABILITY

Limitation of Liability. The liability of Licensor to Licensee and the liability of Licensee to Licensor for any claim whatsoever related to the Licensed Subject Matter or this Agreement, including but not limited to any cause of action sounding in contract, tort, or strict liability, shall not exceed the greater of (1) One hundred thousand dollars (100,000.00 US \$) or (2) the total amount of all payments minus the transfer fee of US \$0) made under this Agreement by Licensee to Licensor. This limitation of liability shall not be applicable when one party is acting with gross negligence or intention.

ARTICLE 20

LICENSOR'S RIGHT TO BUY PRODUCTS OF LICENSEE

Licensor's Right to Buy Licensee's Products. It is understood and agreed that Licensor has the right to buy from the Licensee, Licensed Products at prices to be negotiated between the parties. For those sold Licensed Products Licensee shall not be obliged to pay any Agreement fees.

ARTICLE 21

GENERAL

21.1. Conflicting Laws. In the event that any provision, term, condition, or object of this Agreement may be in conflict with any law, measure, ruling, court judgement (by consent or otherwise), or regulation of the Government of the United States of America, or any department thereof, and the legal counsel of either party shall advise that in their considered opinion such conflict, or a reasonable possibility of such conflicts exists, then either party may propose to the other appropriate modifications of this Agreement to avoid such conflict.

21.2. Entire Understanding. This Agreement shall constitute the entire agreement of the parties on the subject matter hereof superseding any prior oral or written representation or agreements. No amendment or modification hereof shall be valid or binding upon the parties unless made in writing in English and signed as aforesaid.

21.3. Force Majeure. The parties hereto shall not be liable for failure of performance hereunder if occasioned by war, declared or undeclared, fire, flood, interruption of transportation, embargo, accident, explosion, inability to procure or shortage of supply of materials, equipment, or production facilities, prohibition or import or export of the goods covered hereby, governmental orders, regulations, restrictions, priorities or rationing, or by strike, lockout, or other labor troubles interfering with the production or transportation of such goods or with the supplies of raw materials enter into their production or any other cause beyond the control of the parties. Any

suspension of performance by reason of this section shall be limited to the period during which such cause of failure exists, but such suspension shall not affect the running of the Term.

21.4. Foreign License Registration or Other Legal Compliance. Licensee agrees to register this Agreement when required by local national law, to pay all costs and legal fees connected therewith, and to otherwise insure that the local national and/or regional laws affecting this Agreement are fully satisfied. Additionally, Licensee shall give Licensor written notification of any local, national or regional interaction that may be necessary with respect to this Agreement, any registration required or any other type of satisfaction that may be required by local, national, or regional laws that Licensee or Licensor may be subject to by this Agreement.

21.5. Governing Law. The substantive laws of the the State of Texas, U.S.A shall govern the validity, construction, enforcement and interpretation of this Agreement.

21.6. Headings. The headings and arrangement of the paragraphs hereof are for convenience only and shall not be deemed to limit or in any way affect the scope, meaning or intent of this Agreement or any portion thereof.

21.7 Legal Fees. In the event of a default by Licensee in any of the terms of this Agreement, including but not limited to payment of any royalties or fees due Licensor, and it becomes necessary for Licensor to undertake legal action to cure such default including but not limited to, collecting said royalties or fees, the Licensee shall pay all reasonable legal fees and costs incurred by Licensor in connection therewith.

21.8. Mutual Consent. As to all matters in this Agreement to be determined by mutual agreement between the parties, or as to which the approval or consent of the parties is required, the parties shall not unreasonably withhold such agreement, approval or consent.

21.9. No Assignment. This Agreement is personal to Licensee. This Agreement may not be assigned, and the duties may not be delegated, in any manner by Licensee without the prior written consent of Licensor. Additionally, this Agreement may not be assigned to any successors or assigns of Licensee without the written consent of Licensor.

21.10. Notices. Unless specified elsewhere in this Agreement, any notice or other communication required or permitted to be given to either party hereto shall be deemed to have been properly given and to be effective on the date of delivery if it is in writing in English, delivered in person or when mailed by first class certified mail, postage paid, to the respective address given below, or to such other address as it shall designate by written notice in English given to the other party as follows.

If to Licensor then to Licensor at the following address:

Office of Chief Executive

Advanced Display Systems, Inc.

10901 Airport Blvd., No. 1

Amarillo, Texas 79111

If to Licensee then to Licensee at the following address:

President

Display Research, Inc.

10901 Airport Blvd., No. 1

Amarillo, Texas 79111

21.11. Parties Bound. The terms, conditions, provisions, and covenants contained in this Agreement shall apply to, inure to the benefit of, and shall be binding upon the parties hereto and their respective successors, heirs, representatives, and permitted assigns.

21.12. Performance of Contract. This Agreement has been executed and made performable in Potter County, State of Texas.

21.13. Relationship of Parties. No agency relationship of any kind is involved or created with respect to this Agreement.

21.14. Severability. If any provision of this agreement is held to be illegal, invalid or unenforceable under present or future laws in effect during the term hereof, such provisions shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions in this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision, and there shall be added automatically as part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

21.15. Waiver. No waiver by either party of any breach of this Agreement shall be deemed to be a waiver of any other then existing or subsequent breach, nor shall any such waiver by any party be deemed to be a continuing waiver. No delay or omission by any party in exercising any right hereunder, at law or in equity, or otherwise, shall impair any such right, or be construed as a waiver thereof, or any acquiescence therein, nor shall any single or partial exercise of any right preclude or further exercise thereof, or the exercise of any other right.

21.16. Payment of Taxes. All taxes resulting by operation of this Agreement shall be borne by the party required by applicable law to do so, independently of whether one party is obliged to pay the taxes of the other.

IN WITNESS WHEREOF, the parties have caused their duly authorised representatives to execute this Agreement in duplicate English originals effective as provided above.

LICENSOR:

Advanced Display Systems, Inc.

By: W. B. F.

Printed Name: Dr. Bao Gang Wu

Title: Chairman and Co-CEO

Date: June 15 / 2001

LICENSEE:

Display Research, Inc.

By: James Lupino

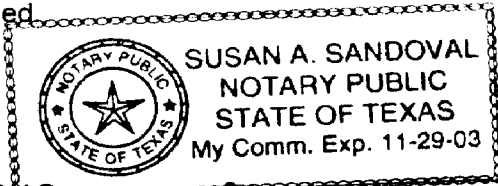
Printed Name: James Lupino

Title: President

Date: June 15 / 2001

STATE OF TEXAS §
COUNTY OF Randall §

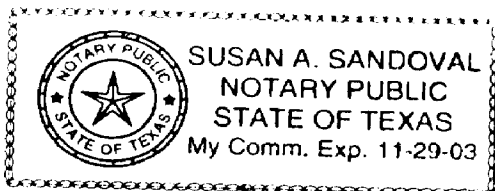
On this 15 Day of June, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared Bao-Gang Wu, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.



Susan Sandoval
Notary Public
My Commission Expires: 11-29-03

[Affix Seal]
STATE OF TEXAS §
COUNTY OF Randall §

On this 15 Day of June, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared James Lupino, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.



Susan Sandoval
Notary Public
My Commission Expires: 11-29-03

[Affix Seal]

ATTACHMENT A
PATENTS
LICENSOR—Confidential.

1. 5,625,477, Zero Field Multistable Cholesteric Liquid Crystal Displays, April 29, 1997
2. 5,661,533, Ultra Fast Response, Multistable, Reflective Cholesteric Liquid Crystal Displays, August 26, 1997
3. 5,796,454, Cholesteric Liquid Crystal Display Employing Circular Polarizer and Methods of Operation and Manufacture Therefor, August 18, 1998
4. 5,825,451, Methods of Manufacturing Multi-Color Liquid Crystal Displays Using In Situ Mixing Techniques, October 20, 1998
5. 5,889,566, Multistable Cholesteric Liquid Crystal Devices Driven by Width-Dependent Voltage Pulse, March 30, 1999
6. 5,933,203, Apparatus For and Method of Driving a Cholesteric Liquid Crystal Flat Panel Display, August 3, 1999
7. 5,949,513, Methods of Manufacturing Multi-Color Liquid Crystal Displays Using In Situ Mixing Techniques, September 7, 1999
8. 6,020,941, Stereographic Liquid Crystal Display Employing Switchable Liquid Crystal Materials of Two Polarities in Separate Channels, February 1, 2000

ATTACHMENT B
KNOW-HOW
LICENSOR—Confidential.

The technical information of the Licensor made available to the Licensee hereunder is subject to export control under the Export Administration Regulations of the United States Department of Commerce, or export control regulations of other United States Government agencies including the Department of State and Department of Treasury. The Licensee agrees that it will not export the technical information, or the direct product thereof, directly or indirectly, to any countries which such export is not or hereafter becomes illegal under any such regulations.

(1) The Licensor shall within four (4) weeks after the effective date of this Agreement commence, and continue *from* time to time during the term of this Agreement, to furnish the Licensee information pertaining to the Licensed Subject Matter consisting of:

- (a) Calculation and design sheets;
- (b) basic design data including design drawings;
- (c) drawings;
- (d) process specifications;
- (e) material specifications;
- (f) performance specifications;
- (g) purchasing specifications;
- (h) operating instructions;

and similar data generally known as engineering and manufacturing information and, at the Option of the Licensor, designs and specifications relating to manufacturing equipment, tools, dies, jigs, fixtures, but shall include only such information as is available in the records of the Licensor or its affiliated companies and applicable to the Licensed Subject Matter.

(2) For the better fulfilment of the provisions of subsection (1) of this section, the Licensor shall, at the Licensee's expense, except as otherwise provided in subparagraph (d) hereof, during the term of this Agreement:

- (a) generally assist the Licensee in an advisory capacity and explain the Licensor's Know-How in the manufacture, use, and adaptation of the Licensed Products, including but not limited to, the preliminary stages of production, and the solution to such production or adaptation problems as may subsequently arise;
- (b) render such other assistance as the Licensee may from time to time reasonably request;
- (c) allow personnel of the Licensee to visit the plants of the Licensor or its affiliated companies for the study of systems, procedures, practices, methods, and know-how by the Licensor or its affiliated companies in the manufacture and adaptation of the Licensed Products. The Licensor or its affiliated companies shall permit such personnel free access to those portions of their respective plants where the licensed products are being manufactured and shall furnish such personnel all reasonable assistance in the fulfilment

of their functions. Such personnel shall be required to abide by all the plant rules, secrecy, confidentiality, and regulations of the Licensor or its affiliated companies.

(d) The Licensor shall, at the specific request of the Licensee, provide technical specialists to direct and supervise the beginning of production at the plant of the Licensee, for which, the Licensee will pay the Licensor a reasonable remuneration on a cost-plus basis to be agreed upon by the parties when the services are rendered.

**ATTACHMENT C
EARNED ROYALTY SCHEDULE
LICENSOR—Confidential.**

THIS LICENSE AGREEMENT IS ROYALTY FREE.

**ATTACHMENT D
TRANSFER FEE PAYABLE SCHEDULE
LICENSOR—Confidential.**

NO TRANSFER FEE IS PAYABLE FOR THIS LICENSE.

ATTACHMENT E
BINDING ARBITRATION AGREEMENT

EFFECTIVE DATE: June 18, 2001

BINDING ARBITRATION AGREEMENT

This Binding Arbitration Agreement ("Agreement") is between Advanced Display Systems, Inc. ("ADS") and Display Research, Inc. ("LICENSEE"). ADS is a Texas corporation having its principal place of business at 10901 Airport Blvd. No. 1, Amarillo, Texas 79111 USA, with telephone number: (806) 335-2255. LICENSEE is a Texas corporation having its principal place of business at 10901 Airport Blvd., No. 1, Amarillo, Texas, 79111. with telephone number: 806-335-2255.

RECITALS

ADS is the proprietor of certain discoveries, technology and know-how arising from a field of research generally characterized and known to the parties as Fast-Response Multistable Liquid Crystal Display technology ("FMLCD"). ADS owns certain United States Patents, and pending United States and foreign patent applications as well as certain valuable Know-How and Confidential Information related to the FMLCD.

LICENSEE is a new company, wholly owned by ADS, formed in part to commercialize new technologies including but not limited to Black and White FMLCD and B/W Full-Color FMLCD and related products.

LICENSEE desires and has obtained a license under these Patents and/or Know-How from ADS to practice, to commercialize, and to further develop and commercialize the FMLCD in a certain License Agreement dated June 18, 2001 by and between ADS and LICENSEE.

The parties desire to enter into this Binding Arbitration Agreement to set out the terms and conditions for resolving any disputes relating to or arising out of that certain License Agreement dated June 18, 2001 between ADS and LICENSEE.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, ADS and LICENSEE agree as follows:

ARTICLE 1.

AGREEMENT TO GOVERN ISSUES UNDER LICENSE AGREEMENT

1.1. *Agreement to Govern Issues of License Agreement.* This Agreement will govern terms and conditions for resolving including but not limited to any issues, disagreement, claims, or disputes relating to or arising out of that certain License Agreement dated June 18, 2001 between ADS and LICENSEE ("License Agreement") which is herein incorporated by reference and made a part of this Agreement.

ARTICLE 2.

AGREEMENT EFFECTIVE DATE

2.1. *Effective Date.* Upon execution of this Agreement by ADS and LICENSEE, the Effective Date of this Agreement will be same effective date as that of the License Agreement.

ARTICLE 3.

AGREEMENT TERM

3.1. *Term of Agreement.* This Agreement will remain in effect through the life of the License Agreement and beyond the term of the License Agreement until any and all disputes, or disagreements relating to or arising out of the License Agreement are resolved.

ARTICLE 4.

ARBITRATION PROVISION GOVERNING ALL DISPUTES

4.1. *Settlement of Issues by Arbitration.* In the event of any dispute, difference, claim or question between the parties in connection with the License Agreement or this Agreement of whatever nature, including but not limited to those arising out of or relating to the License Agreement, or any clause or the construction thereof, or the rights, duties, or liabilities of either party, whether such claim existed prior to or arises on or after the date the License Agreement, the parties agree to submit to binding arbitration to resolve the controversy.

4.2. *Notice of Arbitration.* In the event of the occurrence of Section 4.1 (Settlement of Issues by Arbitration), the party desiring arbitration will provide written notification of the demand for arbitration to the other party. The notification of the demand for arbitration will be in writing in English and sent to the other party according to the notice provision under the License Agreement Section 21.10 (Notices), or if arbitration pertains to this Agreement under Section 6.9 (Notices) of this Agreement, except that the notification of the demand for arbitration will be sent registered or certified mail. A notification of the demand for arbitration shall describe the reason for the request for the arbitration, including but not limited to, a concise but complete statement of the issue(s) to be the basis for the arbitration by the sending party.

4.3. *Time of Arbitration.* Arbitration will be held within sixty (60) days of the receipt of written notification by the receiving party unless the parties resolve the issue(s) before that time.

4.4. *Place of Arbitration.* The place of arbitration shall be Dallas, Texas, USA.

4.5. *Governing Law for Arbitration.* The dispute, difference, question, controversy or claim submitted to arbitration shall be decided in the accordance with the laws of the State of Texas, especially provisions of the Texas General International Commercial Arbitration and Conciliation Act or the provisions within the Texas law governing international arbitration at the time of the arbitration. Judgment confirming the award by the arbitrator(s) may be entered by either party in the applicable federal or state court in the State of Texas in accordance with the provisions of the Texas General International Commercial Arbitration and Conciliation Act or the provisions within the Texas law governing international arbitration at the time of the arbitration.

4.6. *Qualifications of Arbitrators.* Any arbitrator will be a lawyer with excellent academic and professional credentials who is or has been practicing law for at least 10 years, knowledgeable in the area of patent law and with good experience in licensing and commercial matters both domestic and international, and licensed to practice in Texas at the the time of the arbitration.

4.7. *Procedures for Appointment of Arbitrators.* Unless the parties concur in the appointment of a single arbitrator within five (5) days after the demand for arbitration is received, the matter in controversy shall be referred to three (3) arbitrators: one to be appointed by either party within five (5) days after the demand for arbitration is received and a third being nominated by the two so selected by the parties within five (5) days after their appointment; or if they cannot agree then by the American Arbitration Association.

4.8. *Neutrality of Arbitrators.* Arbitrators agree to be neutral and impartial for the arbitration and will not proceed with any *ex parte* communication or hearing with a party unless the other party after having notice of the intended communication or

hearing fails to appear.

4.9. *Fees and costs for the Arbitration.* Fees and costs for the arbitration proceeding under the License Agreement and this Agreement, including but not limited to the arbitrator(s) fees, will be split by the parties.

4.10. *Language of the Arbitration Proceedings.* The arbitration proceeding for any arbitration arising from this Agreement or the License Agreement shall be conducted in English.

4.11. *Arbitration Decision and Award.* The arbitrator(s) shall hear and determine the resolution of the issues as quickly as reasonably possible, and will base their decision with respect to the difference before them on the contents of this Agreement and the License Agreement. The decision, in the event of three arbitrators, of any two of the three arbitrators shall be binding on the parties. The arbitrator(s) shall base their award on applicable Texas law and judicial precedent and, unless both parties agree otherwise, shall include in such award the findings of fact and conclusions of law upon which the award is based. All arbitration decisions shall be issued in writing in English and a copy of same executed and acknowledged by the arbitrator(s) by registered or certified mail will be delivered to each party. Any award shall be paid to the prevailing party by the losing party in United States currency.

4.12. *Award of Attorney Fees.* The losing party to any application of this Agreement shall reimburse the prevailing party their reasonable attorney's fees, other associated costs, and any expert witness fees in connection with the arbitration.

4.13. *Prejudgment Interest.* The arbitrator(s) may award prejudgment interest to the prevailing party.

4.14. *Discovery, Evidence, and Other Procedural Rules for Arbitration.* Discovery, evidence, and other procedural rules for an arbitration proceeding under this Agreement shall be determined by the arbitrators. Evidence may be admitted or excluded in the sole discretion of the arbitrator(s).

4.15. *Confidentiality of Arbitration.* Both parties agree that any arbitration arising out of this Agreement or the License Agreement will remain confidential and not be disclosed in any manner to any third party.

ARTICLE 5.

BEST EFFORTS AND APPROVALS

5.1. *Best Efforts.* Upon execution of this Agreement and the License Agreement, both parties shall diligently proceed with or use its best efforts to carry out all terms within this Agreement

ARTICLE 6.

GENERAL

6.1. *Conflicting Laws.* In the event that any provision, term, condition, or object of this Agreement may be in conflict with any law, measure, ruling, court judgment (by consent or otherwise), or regulation of the Government of the United States of America, or any department thereof, and the legal counsel of either party shall advise that in their considered opinion such conflict, or a reasonable possibility of such conflict exists, then either party may propose to the other appropriate modifications of this Agreement to avoid such conflict.

6.2. *Entire Understanding.* This Agreement shall constitute the entire agreement of the parties on the subject matter hereof superseding any prior oral or written representations or agreements. No amendment or modification hereof shall be valid or

binding upon the parties unless made in writing in English and signed as aforesaid.

6.3. *Force Majeure.* The parties hereto shall not be liable for failure of performance hereunder if occasioned by war, declared or undeclared, fire, flood, interruption of transportation, embargo, accident, explosion, inability to procure or shortage of supply of materials, equipment, or production facilities, prohibition or import or export of the goods covered hereby, governmental orders, regulations, restrictions, priorities or rationing, or by strike, lockout, or other labor troubles interfering with the production or transportation of such goods or with the supplies of raw materials entering into their production or any other cause beyond the control of the parties. Any suspension of performance by reason of this section shall be limited to the period during which such cause of failure exists, but such suspension shall not affect the running of the Term.

6.4. *Governing Law.* The substantive laws of the State of Texas shall govern the validity, construction, enforcement and interpretation of this Agreement.

6.5. *Headings.* The headings and arrangement of the paragraphs hereof are for convenience only and shall not be deemed to limit or in any way affect the scope, meaning or intent of this Agreement or any portion thereof.

6.6. *Legal Fees.* In the event of a default by LICENSEE in any of the terms of this Agreement, and it becomes necessary for ADS to undertake legal action to cure such default including but not limited to, collecting said royalties or fees from the License Agreement, LICENSEE shall pay all reasonable legal fees and costs incurred by ADS in connection therewith.

6.7. *Mutual Consent.* As to all matters in this Agreement to be determined by mutual agreement between the parties, or as to which the approval or consent of the parties is required, the parties shall not unreasonably withhold such agreement, approval or consent.

6.8. *No Assignment.* This Agreement is personal to LICENSEE and may not be assigned by LICENSEE or the duties delegated without the prior written consent of ADS.

6.9. *Notices.* Unless specified elsewhere in this Agreement, any notice or other communication required or permitted to be given to either party hereto shall be deemed to have been properly given and to be effective on the date of delivery if it is in writing in English, delivered in person or when mailed by first-class certified mail, postage paid, to the respective address given below, or to such other address as it shall designate by written notice in English given to the other party as follows.

If to ADS then to ADS at the following address:

Office of Chief Executive Officer
Advanced Display Systems, Inc.
10901 Airport Blvd. No. 1
Amarillo, Texas 79111.

If to LICENSEE then to LICENSEE at the following address:

President
Display Research, Inc.
10901 Airport Blvd., No. 1
Amarillo, Texas 79111.

6.10. *Parties Bound.* The terms, conditions, provisions, and covenants contained in this Agreement shall apply to, inure to the benefit of, and shall be binding upon the parties hereto and their respective successors, heirs, representatives, and permitted assigns.

6.11. *Performance of Contract.* This Agreement has been executed and made performable in Randall County, State of

Texas.

6.12. Relationship of Parties. No agency relationship of any kind is involved or created with respect to this Agreement.

6.13. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws in effect during the term hereof, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions in this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision, and there shall be added automatically as part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

6.14. Waiver. No waiver by either party of any breach of this Agreement shall be deemed to be a waiver of any other then existing or subsequent breach, nor shall any such waiver by any party be deemed to be a continuing waiver. No delay or omission by any party in exercising any right hereunder, at law or in equity, or otherwise, shall impair any such right, or be construed as a waiver thereof, or any acquiescence therein, nor shall any single or partial exercise of any right preclude other or further exercise thereof, or the exercise of any other right.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement effective as provided above.

LICENSEE:
Display Research, Inc.
By: [Signature]
Printed Name: James Lupino
Title: President


ADS:
Advanced Display Systems, Inc
By: [Signature]
Printed Name: Dr. Bao Gang WU
Title: Chairman and Co-CEO

Date: June 15/2001

Date: June 15 / 2001

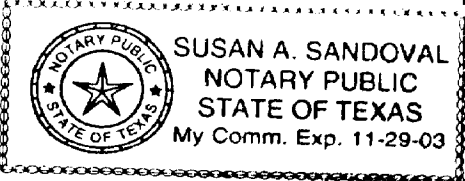
STATE OF TEXAS §
COUNTY OF Randall §

On this 15 Day of June, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared Bao-Gang Wu, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.

[Affix Seal]
STATE OF TEXAS §
COUNTY OF Randall §
 SUSAN A. SANDOVAL
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 11-29-03

[Signature] Notary Public
My Commission Expires: 11-29-03

On this 15 Day of June, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared James Lupino, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.

[Affix Seal]
 SUSAN A. SANDOVAL
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 11-29-03

[Signature] Notary Public
My Commission Expires: 11-29-03

FMLCD LICENSE AGREEMENT – AMENDMENT NO. 1

BETWEEN

ADVANCED DISPLAY SYSTEMS, INC.

AND

DISPLAY RESEARCH, INC.

This License Agreement ("Agreement") is between Advanced Display Systems, Inc., ("Licensor" or "ADS") represented by Dr. Bao Gang Wu, Chairman and Co-CEO, and Display Research, Inc. ("Licensee" or "DRI") represented by James Lupino, President.

Licensor is a Texas corporation having its principal place of business at 702 Business Way, Wylie, TX 75098 USA, with telephone number : (972) 442-4586. Licensee is a Texas corporation, a wholly owned subsidiary of ADS ; having its principal place of business at 702 Business Way, Wylie, TX 75098 USA, with telephone number: 972-442-4586.

RECITALS

Licensor and Licensee have entered into a non-exclusive License Agreement, dated June 15, 2001; attached herewith as Exhibit A (the "Original Agreement").

Licensor and Licensee desire to amend the Original Agreement as specified herein.

AGREEMENT

The parties agree to amend the following sections of the Original Agreement as follows:

12.2 Inventions Owned by Licensee. DRI shall own all Inventions, together with the right to seek protection by obtaining patent rights therefor and to claim all rights or priority thereunder, and the same shall become and remain DRI's property regardless of whether such protection is sought.

12.3 Inventions License to Licensor. DRI agrees to negotiate in good faith with ADS a license – with rights to sublicense - to manufacture, use, sell or offer to sell, any and all Inventions in the field of use outside the scope of Licensed Products.

Attachment A.

In addition to the eight (8) patents listed on Attachment A of the Original Agreement, the following patents and/or patent applications shall be included:

6,285,434 B1, Substrate for Colored Cholesteric Liquid Crystal Display Allowing Cholesteric Liquid Crystal Material to be Filled by Surface Tension Without Vacuum, September 4, 2001

CHOLESTERIC LIQUID CRYSTAL DISPLAYS AND DRIVING METHODS, Attorney Docket 5400.3 application to be filed with the USPTO; application no. _____ [to be filled in when issued by USPTO].

Notices.

The address and telephone numbers of both Licensor (ADS) and Licensee (DRI) in section 21.10 of the Original Agreement and section 6.9 of Attachment E (Binding Arbitration Agreement) shall be: 702 Business Way, Wylie, TX 75098; Tel: 972-442-4586; Fax: 972-429-3995.

LICENSEE:

Display Research, Inc.

By: James Lupino

Printed Name: James Lupino

Title: President

Date: November, 14, 2001

ADS:

Advanced Display Systems, Inc

By: Dr. Bao Gang Wu

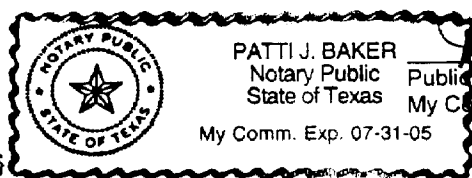
Printed Name: Dr. Bao Gang WU

Title: Chairman and Co-CEO

Date: Nov. 14 / 2001

STATE OF TEXAS §
COUNTY OF Collin §

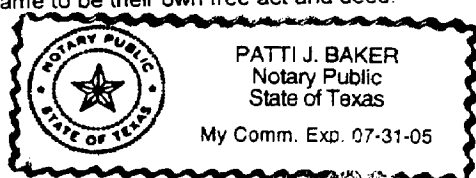
On this 14TH Day of November, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared Bao-Gang Wu, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.



Patti J. Baker Notary
My Commission Expires: 7-31-05

[Affix Seal]
STATE OF TEXAS §
COUNTY OF Collin §

On this 14TH Day of November, 2001, before me, a Notary Public in and for the State and County aforesaid, personally appeared James Lupino, known to me to be the person of the above name who signed and sealed the foregoing instrument, and acknowledged the same to be their own free act and deed.



Patti J. Baker Notary
Public
My Commission Expires: 7-31-05