FORM PTO-1595

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

| 1. Name of conveying party(ies): | 2. Name and address of receiving party(ies):
Phrasor Scientific, Inc. | Name: EHD Technology Group, Inc.
Additional name(s) of conveying party(ies) | Street Address:
attached: NO | P.O. Box 50687, Pasadena, California 91115

3. Name of conveyance:

- Assignment
- Security Agreement
- Change of Name
- Other: Patent License Agreement

Execution Date: November 1, 2004

Additional name(s) & address(es) attached? NO

4. Application number(s) or patent number(s):

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)
   5,796,111
   6,033,484

Additional numbers attached? NO

5. Please return the recorded document and address all correspondence to:

CHRISTIE, PARKER & HALE, LLP
P.O. Box 7068
Pasadena, CA 91109-7068
Attention: LeRoy T. Rahn

6. Total number of applications and patents involved 2

7. ✗ Please charge the total fee of $80 to Deposit Acct. No. 03-1728.

8. ✗ Any deficiency or overpayment of fees should be charged or credited to Deposit Account No. 03-1728, except for payment of issue fees required under 37 CFR § 1.18. Please show our docket number with any credit or charge to our Deposit Account.


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.

Date: March 2, 2005

By

Name: LeRoy T. Rahn
626/795-9900

Total number of pages including cover sheet, attachments, and document: 7

LTR/amb
PATENT LICENSE AGREEMENT

THIS AGREEMENT, effective this 1st day, of November, 2004, is entered into by Phrasor Scientific, Inc., a California corporation (hereinafter "LICENSOR") and EHD Technology Group, Inc., a California corporation (hereinafter "LICENSEE").

BACKGROUND

WHEREAS, LICENSOR has developed a method and apparatus for cleaning contaminated surfaces using energetic cluster beams (hereinafter "TECHNOLOGY").

WHEREAS, LICENSOR is the owner of all right, title and interest in United States Patents 5,796,111 and 6,033,484.

WHEREAS, LICENSOR desires to transfer to LICENSEE and LICENSEE desires to acquire from LICENSOR an exclusive license, covered by the patent rights in all countries, territories and jurisdictions on the terms and conditions set forth in this Agreement, to:

(a) further develop the TECHNOLOGY;

(b) manufacture and market products incorporating the TECHNOLOGY;

(c) practice the processes and methods incorporating the TECHNOLOGY

(d) sublicense the TECHNOLOGY to third parties such that they may manufacture and market products incorporating the TECHNOLOGY.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, parties agree as follow:

SECTION 1. DEFINITIONS

1.1. NET REVENUE. "Net Revenue" shall mean (a) the aggregate compensation the LICENSEE, or its subsidiaries, receives for the sale or lease of goods covered by the Patent Rights in the United States with a reduction for taxes, transportation, returns, depreciation or other expenses, plus (b) royalties received by LICENSEE from any sublicensees LICENSEE has granted.

1.2. CLOSING. "Closing" shall occur when both LICENSOR and LICENSEE have applied their respective signatures to this Agreement.

1.3. PATENT RIGHTS. "Patent Rights" means the claims of the following listed patents, and all divisions, continuations, reissues, substitutes, extensions, and improvements thereof:

United States Patent Number 5,796,111
United States Patent Number 6,033,484

SECTION 2. GRANT OF TECHNOLOGY AND PATENT RIGHTS

2.1 In consideration for the royalties to be paid under Section 4, and as limited by Section 3, LICENSOR grants to LICENSEE:
(a) an exclusive worldwide license to further develop the TECHNOLOGY, manufacture and market products incorporating the TECHNOLOGY, practice the processes and methods incorporating the TECHNOLOGY, and sublicense the TECHNOLOGY;

(b) all rights under the Patent Rights; and

(c) all technology, trade secrets and know-how related to the TECHNOLOGY, including research, papers, design plans, blueprints and any documentation or software related thereto.

2.2 Subject to the license granted to LICENSEE hereunder, LICENSOR shall retain all right, title, and interest in and to the TECHNOLOGY.

2.3 The creator of any improvement upon the TECHNOLOGY, such as materials or trade secrets derived from the TECHNOLOGY that are patentable, patented, copyrightable, or copyrighted shall be owned by said creator, subject to the underlying ownership rights in the TECHNOLOGY.

SECTION 3. EXCLUDED APPLICATIONS OF TECHNOLOGY

The license granted in Section 2 above does not include the following applications: (a) probe card cleaning, (b) slide cleaning, (c) slide surface preparation, (d) socket cleaning, (e) mask cleaning, or (f) pogo pin cleaning.

SECTION 4. ROYALTIES

4.1 LICENSEE shall pay LICENSOR a royalty payment based upon the Net Revenue of the LICENSEE. Said royalty payment shall be calculated based upon:

(a) 4% of the Net Revenue of the LICENSEE with regard to the patent rights while either of the patents in Section 1.3 are in force, and

(b) 2% of the Net Revenue of the LICENSEE with regard to the patent rights after both patents in Section 1.3 have expired.

(c) LICENSEE shall pay to LICENSOR $10,000 per month in prepaid royalties for six (6) months after Closing. These prepaid royalties will be credited to LICENSEE against royalty payments in (a) and (b) above until exhausted.

4.2 LICENSEE may take such actions as required to obtain Agreements from LICENSOR creditors that release, remit, acquit and forever discharge LICENSOR, its directors, officers, employees, or any of them from any and all claims, whether known or unknown, contingent, liquidated or disputed, secured or unsecured. If LICENSEE’s actions in this regard are deemed acceptable by LICENSOR in writing, LICENSOR hereby agrees that the prepaid royalty in 4.1(c) above, paid to the date of written acceptance, will be the only royalty payment required of LICENSEE, and 4.1(a) and 4.1(b) above shall become null and void. Notwithstanding the above, the minimum prepaid royalties to be paid by LICENSEE in any case is $30,000.

SECTION 5. TIMING OF ROYALTY PAYMENTS

QUARTERLY PAYMENTS. LICENSEE shall pay LICENSOR a royalty for each quarter of each year during which this Agreement is in effect. LICENSEE shall pay LICENSOR quarterly, four times per year, on or before the 30th day after January 1, April 1, July 1, and October 1 of each year during which this Agreement is in effect.

SECTION 6. REPORTS AND RECORDS
6.1. FINANCIAL STATEMENT. LICENSEE shall provide a quarterly financial statement to LICENSOR showing the Net Revenue during each quarter when each quarterly royalty payment is made.

6.2. RECORDS. LICENSEE shall keep records of the Net Revenue pursuant to this Agreement in sufficient detail to enable the royalty payment to LICENSOR to be determined.

6.3. ANNUAL INSPECTION. LICENSEE shall allow LICENSOR's representative, one annual inspection, during regular business hours or at such other times as may be mutually agreeable, to inspect LICENSEE's books and records to the extent reasonably necessary to determine LICENSEE's compliance with the terms of this Agreement.

SECTION 7. OBLIGATIONS OF LICENSOR

The LICENSOR agrees with the LICENSEE to execute such documents and give such assistance as the LICENSEE may reasonably require:

(a) to defeat any challenge to the validity of, and resolve any questions concerning the Patent Rights;

(b) to inform the LICENSEE of all technical information concerning the TECHNOLOGY, and

(c) to supply the LICENSEE with any documents or drawings relevant to the TECHNOLOGY.

SECTION 8. REPRESENTATIONS AND WARRANTIES OF LICENSOR

8.1. LICENSOR represents and warrants to LICENSEE as follows:

(a) LICENSOR is the sole and exclusive owner of the TECHNOLOGY and the Patent Rights. No other parties have any right or interest in or to the TECHNOLOGY nor to the Patent Rights, with the sole exception of a prior licensee who holds an exclusive license to manufacture and market products for probe card cleaning, slide cleaning, slide surface preparation, socket cleaning, mask cleaning, and pogo pin cleaning;

(b) All rights to the TECHNOLOGY and the Patent Rights are free and clear of all liens, claims, security interests and other encumbrances of any kind or nature;

(c) LICENSOR has the right and power to enter into this Agreement, and has made no prior transfer, sale or assignment of any part of the TECHNOLOGY, patent rights pertaining to the TECHNOLOGY or the Patent Rights;

(d) As of the date hereof and as of the Closing date, LICENSOR is not aware of any parties infringing on the patent rights transferred hereunder;

(e) LICENSOR is not aware that the TECHNOLOGY, or practice of the TECHNOLOGY, infringes upon any patent, but LICENSOR does not otherwise warrant or guarantee the validity of the Patent Rights or that the TECHNOLOGY does not infringe any valid and subsisting patent or other rights not held by the LICENSOR; and

(f) The TECHNOLOGY was not procured by the use of confidential information, trade secrets, or in other respects in violation of law, and there is no action, order or proceeding, to the LICENSOR's knowledge, alleging any of the foregoing.

8.2. Each of the warranties and representations set forth above shall be true on and as of the date of Closing, as though such warranty and representation was made as of such time. All warranties and representations shall survive closing.

SECTION 9. LICENSEE'S OBLIGATIONS
9.1. INDEMNIFICATION. The LICENSEE agrees to indemnify the LICENSOR and his heirs successors, assigns and legal representatives for liability incurred to persons who are injured as a consequence of the use of any product incorporating the TECHNOLOGY manufactured by the LICENSEE or its sublicensees, or as a consequence of any defects in the TECHNOLOGY.

9.2. QUARTERLY ROYALTY. The LICENSEE agrees to pay the above stated quarterly royalty without demand.

9.3. FINANCIAL STATEMENT. The LICENSEE agrees to provide the financial statement at the end of each quarter without demand.

9.4. TRADE SECRETS. The LICENSEE agrees to take all reasonable steps to maintain the confidentiality of all trade secrets provided by the LICENSOR to the LICENSEE during and after this Agreement.

SECTION 10. CONDITIONS TO CLOSING

LICENSEE's obligation to pay the royalty shall be subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by LICENSEE:

(a) The warranties and representations made by the LICENSOR in this Agreement shall be true and correct in all material respects on the Closing date as if such warranties and representations had been given as of the Closing date.

(b) LICENSOR shall have delivered to LICENSEE such materials as may be reasonably requested by LICENSEE to consummate the transactions contemplated hereby.

SECTION 10. DURATION AND TERMINATION

10.1. This Agreement shall remain in full force and effect unless and until termination or cancellation as hereinafter provided.

10.2. If LICENSEE shall at any time default in rendering any of the payments required hereunder, and payment of any monies due hereunder, or in fulfilling any of the other material obligations hereof, and such default is not cured within fifteen days after written notice is given by the LICENSOR to LICENSEE, LICENSOR shall have the right to terminate this Agreement by giving written notice of termination to LICENSEE. LICENSEE shall have the right to cure any such default up to, but not after the written notice of termination.

10.3. LICENSOR shall have the right to terminate this Agreement by giving written notice of termination to LICENSEE in the event of any of the following:

(a) liquidation of LICENSEE;

(b) insolvency or bankruptcy of LICENSEE, whether voluntary or involuntary; or

(c) appointment of a Trustee or Receiver for LICENSEE.

10.4. LICENSEE shall have the right to terminate this Agreement if a court of competent jurisdiction determines the issued patents to be invalid.

10.5 LICENSOR may, at its discretion, terminate this Agreement should LICENSEE's Net Revenue fail below the following target values for more than one calendar quarter in any calendar year: (i) $250,000 per quarter in calendar year 2003, (ii) $375,000 per quarter in calendar year 2006 and (iii) $500,000 per quarter in calendar year 2007. LICENSOR shall notify LICENSEE of its intent to terminate this Agreement within 60 days of the occurrence of
such breach or forfeit the opportunity to terminate the Agreement under this provision of the Agreement. So long as LICENSEE pays LICENSOR royalties greater than or equal to those that would be earned on the foregoing target values, LICENSEE shall be deemed to have met the requirements of this paragraph.

SECTION 11. MAINTENANCE FEES AND INFRINGEMENT COSTS

11.1 MAINTENANCE FEES. LICENSEE shall be responsible for paying all maintenance fees for the Patent Rights until they expire, or until this Agreement is terminated, whichever occurs first.

11.2 DEFENDING AN INFRINGEMENT LAWSUIT. LICENSEE shall be responsible for all expenses, including but not limited to legal fees, associated with defending an infringement action involving the TECHNOLOGY. LICENSEE also agrees to vigorously defend at its own expense any invalidity actions brought against the Patent Rights.

11.3 BRINGING AN INFRINGEMENT LAWSUIT. LICENSEE shall also be responsible for all expenses, including but not limited to legal fees, associated with bringing an infringement action involving the Patent Rights, unless said infringement is in one of the fields listed in Section 3. LICENSEE agrees to initiate and vigorously prosecute proceedings to the termination of any infringements on the Patent Rights.

11.4 NOTIFICATION. LICENSEE and LICENSOR both agree to notify each other of any legal action involving the Patent Rights or the TECHNOLOGY.

SECTION 12. BINDING ARBITRATION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, between the LICENSOR and the LICENSEE shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in a convenient location in California. The judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

SECTION 13. GOVERNING LAW

This Agreement shall be governed in accordance with the substantive laws of the State of California.

SECTION 14. SEVERABILITY

14.1 The parties agree that if any part, term, or provision of this Agreement shall be found illegal or in conflict with any valid controlling law, the validity of the remaining provisions shall not be affected thereby.

14.2 In the event the legality of any provision of this Agreement is brought into question because of a decision by a court of competent jurisdiction, LICENSOR, by written notice to LICENSEE, may revise the provision in question or delete it entirely so as to comply with the decision of said court.

SECTION 15. NOTICES UNDER THE AGREEMENT

For the purposes of all written communications and notices between the parties, their addresses shall be as follows or to such other address as either party may hereinafter supply:

LICENSEE: LICENSOR, Scientific, Inc.
P.O. Box 5668
Pasadena, CA 91117

PATENT
REEL: 015819 FRAME: 0394
LICENSEE: EHD Technology Group, Inc.
P.O. Box 50687
Pasadena, CA 91115

- with a copy to -

LaRoy T. Rahn
Christie, Parker, and Hale LLP
350 W. Colorado Blvd.
Suite 500
Pasadena, CA 91105

SECTION 16. NONASSIGNABILITY

The parties agree this Agreement imposes personal obligations on LICENSEE. LICENSEE shall not assign any rights under this Agreement without the written consent of LICENSOR unless such assignment is related to a sale of substantially all of LICENSEE's assets. LICENSOR may assign all rights hereunder.

SECTION 17. ENTIRE AGREEMENT

This Agreement sets forth all of the covenants, promises, agreements, conditions and understandings between the parties and there are no covenants, promises, agreements or conditions, either oral or written, between them other than herein set forth. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon either party unless reduced in writing and signed by them.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the respective dates hereinafter set forth.

LICENSOR: Phrasor Scientific, Inc.
By: [Signature] Date: 1 Nov 2004

LICENSEE: EHD Technology Group, Inc.
By: [Signature] Date: 11/1/04

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