

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
------------------	----------------

NATURE OF CONVEYANCE:	ASSIGNMENT
-----------------------	------------

CONVEYING PARTY DATA	
Name	Execution Date
Bradley L Edgar	12/31/1998

RECEIVING PARTY DATA	
Name:	Ceryx, Inc.
Street Address:	16500 Ventura Blvd. Suite 375
City:	Encino
State/Country:	CALIFORNIA
Postal Code:	91346

PROPERTY NUMBERS Total: 10	
Property Type	Number
Application Number:	10406619
Patent Number:	6814303
Application Number:	10648137
Application Number:	60369912
Application Number:	60369955
Application Number:	60405437
Application Number:	10361485
Application Number:	10782742
Application Number:	60354669
Application Number:	60448836

CORRESPONDENCE DATA	
Fax Number:	(805)230-1355
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	8052301350
Email:	ssereboff@socalip.com

OP \$400.00 10406619

Correspondent Name: Steven Sereboff
Address Line 1: 310 N Westlake Blvd Ste 120
Address Line 4: Westlake Village, CALIFORNIA 91362

NAME OF SUBMITTER:

Steven C Sereboff

Total Attachments: 13

source=1998 12-31 Employment Agreement RE Edgar, Brad#page1.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page2.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page3.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page4.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page5.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page6.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page7.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page8.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page9.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page10.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page11.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page12.tif
source=1998 12-31 Employment Agreement RE Edgar, Brad#page13.tif

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made as of December 31, 1998, by and between CERYX INCORPORATED, a California corporation (the "Company") and BRADLEY L. EDGAR ("Employee"), collectively referred to as the "parties."

RECITALS

Whereas the Company desires to employ Employee as its Chief Technology Officer, in the course of which employment, Employee will develop and be exposed to inventions and confidential ideas that are valuable business assets of the Company; and

Whereas Employee represents that his performance in accordance with this Agreement will not breach any prior agreement that requires him to hold any information in confidence or in trust, and that he has not and shall not breach any such agreement; and

Whereas the parties desire to enter into this employment relationship on the following terms and conditions;

NOW THEREFORE, THE PARTIES AGREE:

SECTION 1. EMPLOYMENT

a. **Position.** The Company wishes to employ and Employee hereby accepts the position of Chief Technology Officer, reporting directly to Employee's CEO, for the term of this Agreement. Employee will perform all duties appropriate to this position or any other duties the Company's CEO or Board of Directors may reasonably assign from time to time. Any such change shall not constitute a breach of this Agreement.

b. **Initial Term.** Unless terminated earlier in accordance with the provisions of this Agreement, the initial term of Employee's employment shall be three (3) years, December 1998 through December 2001.

c. **Employee's Commitment.** Employee's employment hereunder shall be his sole and exclusive employment, he shall devote his full time and energy to his duties and responsibilities under this Agreement and perform them to the best of his abilities. Employee shall maintain loyalty to the Company, and shall take no action that would directly or indirectly promote any competitor or injure the Company's interests.

d. **Other Activities.** During the Period of Employment, Employee shall not (i) accept any other employment; or (ii) engage, directly or indirectly, in any other business, commercial, or professional activity (whether or not pursued for pecuniary advantage) that is in competition with the Company, that creates a conflict of interest with the Company, or that otherwise injures the business of the Company directly or indirectly. However, Employee shall not be precluded from engaging in civic, charitable or religious activities, private investments, or from owning up to five percent (5%) of the outstanding securities of any publicly traded company.

SECTION 2. COMPENSATION, BENEFITS AND EXPENSES.

- a. **Financing.** The Company has a pending Private Placement which is scheduled to close no later than June 30, 1999, which constitutes the "Financing" hereunder. The Financing shall be considered completed when a minimum amount of \$4,000,000 of proceeds therefrom is released to the Company or is otherwise within the Company's control or an account controlled by the Company.
- b. **Base Compensation.** Employee shall have a base annual salary of One Hundred Thousand Dollars (\$100,000) for the first two years of the initial term of this Agreement, increasing to One Hundred Ten Thousand Dollars (\$110,000) for the third year.
- c. **Stock Options.** Employee shall be granted Options for 160,000 shares of Company stock on terms and conditions be determined and set forth in a separate Option Agreement, dated as of December 31, 1998, which the parties are executing, concurrently with this Agreement.
- d. **Initial Bonus.** Upon execution of this Agreement, Employee shall be granted an Initial Bonus in the sum of Five Thousand Dollars (\$5,000), payable upon completion of the Financing.
- e. **Relocation Expenses.** The Company agrees to pay Employee up to \$5,000 in relocation costs based on receipts for moving as, and when, submitted.
- f. **Benefits.** Employee shall be entitled to all the rights, benefits, and privileges (including vacation, health insurance, pension or other fringe benefits, and compensation programs) that the Company may from time to time provide to its executive employees.
- g. **Business Expenses.** The Company shall reimburse Employee for reasonable travel and other business expenses incurred by Employee in the performance of his duties hereunder in accordance with the Company's general policy for such reimbursement of business expenses.
- h. **Withholdings.** The Company shall withhold from any amounts payable as compensation all federal, state, municipal, or other taxes as are required by any law, regulation, or ruling. Notwithstanding the foregoing provisions of this Section 2h, Employee shall be liable for the payment, if any, of any federal, state, or local taxes incurred by him as a result of the Company's provision of benefits hereunder.
- i. **Effect of Termination on Salary and Benefits.** Employee's salary and benefits under Subsections 2b and 2f shall terminate effective immediately on the date of any termination of Employee's employment or this Agreement, and from that date Employee shall only be entitled to qualified severance benefits under Section 4, if, and only to the extent, they are then payable.
- j. **Effect of Termination on Other Provisions.** This Agreement shall continue in effect upon and after the termination of Employee's employment to the extent necessary to enforce the provisions of this Agreement which apply subsequent to any such termination,

including any provisions relating to confidentiality, non-competition, release, or indemnification.

SECTION 3. TERMINATION OF EMPLOYMENT.

a. **Termination.** Notwithstanding any other provision of this Agreement, Employee's employment shall terminate, without notice, before the expiration of the term specified above upon the occurrence of the following:

- (1) Employee's death;
- (2) Employee's "disability" as subsequently defined herein;
- (3) ~~Failure of the "Financing" to close on or before June 30, 1999.~~

9/21/99 DP

BLZ
9/21/99

b. **Termination for "Reasonable Cause."** Employee's employment may also be terminated by the Company at any time without prior notice upon a showing of "Reasonable Cause." Should Employee be terminated by the Company for "Reasonable Cause," no severance pay will be paid to Employee, nor will his health insurance benefits be continued by the Company at its expense after termination. "Reasonable Cause" shall be defined for the purposes of this Agreement as being:

- (1) Any act or omission which reasonably constitutes dishonesty, disloyalty, fraud, deceit, gross negligence, willful misconduct or recklessness, including, but not limited to, the willful violation of the Company's bylaws or code of regulations, and which is directly or indirectly detrimental to the Company's best interests;
- (2) Employee's insubordination or willful inattention to, neglect of, or any other failure to substantially perform his assigned duties hereunder after receiving notice and a reasonable opportunity to perform or cure;
- (3) Any act that constitutes a felony under the laws of the state of California or the United States; or
- (4) Breach of any material portion of this Agreement after receiving notice and a reasonable opportunity to perform or cure.

Notwithstanding anything to the contrary in this Agreement, Employee's refusal to relocate outside of the state of California shall not constitute "Reasonable Cause" for the termination of his employment.

c. **Death or Disability.**

- (1) The terms of this Agreement shall expire upon the death or disability of the Employee. Nothing in this Section shall affect any entitlement of Employee's heirs to receive benefits under any life insurance plan.

- (2) Employee shall be deemed to be disabled if he is unable to perform, on a full time basis, the regular activities of his employment for a period of 14 weeks during any 12 month period. The date of disability shall be the date on which these requirements are satisfied. Nothing in this Section shall affect Employee's right to receive benefits under any disability plan in which Employee is a participant.
- (3) Upon disability or death of Employee during the term of this Agreement, the Company shall continue to provide for 90 days, at its own expense, the same level of health insurance and, if applicable, life insurance as was in effect at the time of the permanent disability or death of Employee.

SECTION 4. TERMINATION WITHOUT CAUSE

a. Either party may terminate this Agreement without cause upon thirty (30) days written notice. Upon such termination, the Company shall be released from any and all further obligations under this Agreement, except as specified in Section 4(b), and except that the Company shall be obligated to pay Employee his salary and benefits owing to him through the day on which his employment is terminated.

b. If the Company terminates this Agreement without cause as provided in Section 4(a), Employee shall be entitled to receive the following severance payments and benefits from the Company, in addition to any salary and benefits owing to him through the day on which his employment is terminated:

- (1) A continuation of Employee's wages equal to the amount of his regular salary as of the date of his termination for a period of three (3) months.
- (2) Upon Employee's timely election under COBRA, the Company shall pay Employee's health insurance premiums under COBRA for a period of three (3) months or until Employee is eligible for coverage under another the Company's group health plan, whichever is sooner.
- (3) Pro rata portion of all earned bonuses that Employee was to receive.

c. **Resignation.** Upon termination, Employee shall be deemed to have resigned from all offices and any directorships then held with the Company or any of its affiliates.

SECTION 5. CONFIDENTIALITY.

The parties acknowledge and agree that confidential information and intellectual property of the Company is a valuable business asset, and that the protection of it in this Agreement is necessary to protect the Company's legitimate business interests. The provisions of this Agreement concerning confidential information and intellectual property are set out in Schedule A, attached hereto and incorporated herein by reference ("Schedule A").

SECTION 6. REMEDIES

a. **Irreparable Harm.** The parties acknowledge and agree that irreparable harm would result in the event of a breach or threat of a breach by Employee of Schedule A hereto. Therefore, in such an event, and notwithstanding any other provision of this Agreement, the Company shall be entitled to a restraining order, order for specific performance, or other injunctive relief, without showing actual damage and without bond or other security; and the Company's obligation to make any payment or provide any benefit under this Agreement, including, without limitation, any severance benefits, shall immediately cease.

b. **Remedies Not Exclusive.** The Company's remedies under this Section are not exclusive, and shall not prejudice or prohibit any other rights or remedies under this Agreement or otherwise. To the extent required to be enforceable by applicable law, the cessation of the Company's obligation to make payments or continue benefits under this Section shall be deemed to be in the nature of liquidated damages and not a penalty.

c. **Cessation of Payments.** In the event the Company obtains relief as provided in this Section, or in the event of Employee's breach of Schedule A, the Company's obligation to make any payment or provide any benefit under this Agreement, including any severance benefits, shall immediately cease if the Company has then terminated Employee's employment.

SECTION 7. RETURN OF COMPANY PROPERTY.

Immediately upon termination of his employment or upon the Company's earlier request, Employee shall return to the Company all Confidential Information and other items described or referred to in Schedule A, and all originals and copies of any other property or information owned by the Company or relating to its business, that Employee has in his possession or under his control, including all credit cards, papers, books, equipment, files, and samples, that were furnished to or prepared by Employee in the course of his employment with the Company; provided, however that Employee shall be entitled to remove his personal Rolodex (or equivalent personal electronic or paper address and telephone list), calendar, and personal property.

SECTION 8. CONFIDENTIAL AGREEMENT.

Subject to the provisions of Cal. Labor Code § 232, and except as specifically provided in this Agreement, Employee shall keep the provisions of this Agreement confidential and shall not disclose them to anyone, including any past, present, or prospective employee of the Company; provided that this Section shall not prohibit Employee from discussing this Agreement in confidential communication with his family members, attorneys, accountants, or other professional advisors, provided that the provisions of Sections 5 and 6 shall at all times apply to communications with any such persons.

SECTION 9. ARBITRATION.

a. Any controversy, dispute, or claim between the parties to this Agreement or any party released pursuant to it, including any claim arising out of, in connection with, or in

relation to the interpretation, performance or breach of this Agreement shall be settled by arbitration, before a single arbitrator, conducted in Los Angeles, California, in accordance with the then most applicable rules of the American Arbitration Association ("AAA"), and judgment upon any award rendered by the arbitrator may be entered by any court of appropriate jurisdiction. Such arbitration shall be administered by the AAA if either of the parties requests such administration. Arbitration shall be the exclusive remedy for determining any dispute hereunder, regardless of its nature.

b. If the parties are unable to agree upon an arbitrator, they shall select a single arbitrator from a list of nine arbitrators drawn by the parties at random from the Independent List of Retired Judges. If they are still unable to agree, the parties shall each strike names alternately from the list, with the first to strike being determined by lot. After each party has used four strikes, the remaining name on the list shall be the arbitrator.

c. This Agreement to resolve any disputes by binding arbitration shall extend to claims against any parent, subsidiary or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, employee or agent of each party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law. In the event of a dispute subject to this paragraph, the parties shall be entitled to reasonable discovery subject to the discretion of the arbitrator. The remedial authority of the arbitrator shall be the same as, but no greater than, would be the remedial power of a court having jurisdiction over the parties and their dispute. In the event of a conflict between the then most applicable rules of the AAA and these procedures, the provisions of these procedures shall govern.

d. Any filing or administrative fees shall be borne initially by the party requesting administration by the AAA. If both parties request such administration, the initial fees and costs of the arbitrator shall be borne equally between the parties. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by applicable law, to reimbursement from the other party for all of the prevailing party's costs (including, but not limited to, the arbitrator's compensation), expenses, and attorneys' fees.

e. The arbitrator shall render a written opinion and an award which shall be final and binding upon the parties.

SECTION 10. MISCELLANEOUS PROVISIONS.

a. **Notices.** Unless otherwise agreed in writing by a party entitled to notice, all notices required by this Agreement shall be in writing and shall be deemed given when physically delivered to and acknowledged by receipt by a party, or when deposited postage paid, registered or certified mail, addressed to the Company at its principal business or to Employee at his principal residence, as set forth in the Company's records or as known to or reasonably ascertainable by the party required to give notice with copy to:

Tom Wilson, Esq.
Morrison & Forester

- b. **Waivers.** No assent, express or implied, by any party to any breach of default under this Agreement shall constitute a waiver of or assent to any breach or default of any other provision of this Agreement or any breach or default of the same provision on any other occasion.
- c. **Entire Agreement, Modification.** This Agreement constitutes the entire Agreement of the parties concerning its subject matter and supersedes all other oral or written understandings, discussions, and agreements, and may be modified only in a writing signed by both parties.
- d. **Binding Effect; No Third Party Beneficiaries.** This Agreement shall bind and benefit the parties and their respective heirs, devisees, beneficiaries, grantees, donees, legal representatives, successors, and assigns. Nothing in this Agreement shall be construed to confer any rights or benefits on third party beneficiaries.
- e. **Assignment.** Neither party may assign its interest in this Agreement without the other's prior written consent; provided that the Company may assign its interest to another entity which it controls, is controlled by, or is under common control with (an "Affiliate") and such Affiliate shall be bound by the terms and conditions of this Agreement.
- f. **Captions.** Titles or captions contained in this Agreement are for convenience and are not intended to affect the substantive meaning of any provision.
- g. **Severability.** If any provision of this Agreement, the Confidential Information and Inventions provision of, or attachment to, this Agreement, is found by an arbitrator or a court of competent jurisdiction to be invalid or unenforceable, the attempt shall first be made to read that provision in such a way as to make it valid and enforceable in light of the parties' apparent intent as evidenced by this Agreement. If such a reading is impossible, the tribunal having jurisdiction shall revise the provision in any reasonable manner, to the extent necessary to make it binding and enforceable. If no such revision is possible, the offending provision shall be deemed stricken from the Agreement, and every other provision shall remain in full force and effect.
- h. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- i. **Effect of Termination.** This Agreement shall continue in effect upon and after the termination of Employee's employment for any reason to the extent necessary for the enforcement of any of its provisions that apply subsequent to any such termination.
- j. **Forum.** Except as provided in Section 11, all lawsuits, actions, and other proceedings arising from this Agreement or the transactions it contemplates shall be prosecuted in the appropriate court in Los Angeles, California, and all parties agree to both subject matter and in personam jurisdiction in that forum.

k. **Governing Law.** This Agreement shall be governed by and construed under the laws of the United States and the State of California.

l. The parties acknowledge that they have read and fully understand the contents of this Agreement and execute it after having an opportunity to consult with legal counsel.

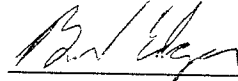
IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as specified above.

CERYX INCORPORATED

By: 

DORRIAH L. PAGE
President

1900 Avenue of the Stars
Suite 2300
Los Angeles, California 90067



BRADLEY L. EDGAR, Employee

405 N. 3rd St., Ste. 2
San Jose, CA 95112

Schedule A
Confidentiality and Intellectual Property

1. Employment Agreement. This Schedule A shall form part of the Employment Agreement (this "**Agreement**") between Ceryx Incorporated and Dr. Bradley L. Edgar, to which it is attached. Except as specifically defined in this Schedule A, capitalized terms will have the meaning assigned to them in this Agreement.

2. Confidential Information. For purposes of this Schedule A the term "**Confidential Information**" includes all of the following information, rights and materials:
 - a. Inventions. Any and all ideas, information, concepts, know-how, techniques, processes, methods, inventions, products, works of authorship, discoveries, developments, innovations and improvements (and all related copyrights, trade secrets, patents and other intellectual property rights, registrations, applications, continuations, continuations in-part, divisionals, reexaminations, reissues and foreign counterparts thereof), whether tangible or intangible, whether in written, oral, chemical, magnetic, photographic, optical or other form, in all stages of research and development, and whether now existing, or developed or created at any time that Employee has been or is employed or engaged by Company (including, without limitation, the period from December 1, 1998 until the execution of this Agreement), that (a) are reasonably related to the business of Company, (b) involve Company's past, present or demonstrably anticipated research or development, or (c) incorporate any non-public information relating to Company or its business or belonging to or possessed, licensed, used or controlled by Company ("**Inventions**").

 - b. Business Information. Any and all (a) internal business procedures and business plans, including but not limited to licensing information and techniques, processes and equipment, technical and engineering data, vendor names and information, ideas for new services; (b) marketing information and materials, such as marketing and development plans, forecasts and assumptions, financial data, price lists, policies and procedures, and customer and prospect lists and data; and (c) other such information that relates to the way Company conducts its business, in each case whether tangible or intangible, whether in written, oral, chemical, magnetic, photographic, optical or other form, in all stages of research and development, and whether now existing, or developed or created at any time that Employee has been or is employed or engaged by Company (including, without limitation, the period from December 1, 1998 until the execution of this Agreement).

 - c. Confidential Information shall not include (i) the general skills and experience gained by Employee during Employee's employment with Company, (ii) information that is publicly available or generally known within the industries in which Company competes, (iii) information that was rightfully in Employee's possession or part of Employee's general knowledge prior to December 1, 1998; and (iv) information that is disclosed to Employee without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

3. Employee's Obligations as to Confidential Information. As a result of Employee's employment by Company, Employee has access to Confidential Information that is proprietary to Company and highly sensitive in nature. Further, Employee occupies a position of trust and confidence with respect to Company's affairs and business. Accordingly, Employee agrees to take the following steps to preserve the confidential and proprietary nature of the Confidential Information:

a. No Disclosure. During and after Employee's employment with Company, Employee will treat the Confidential Information in strictest confidence and will not (a) use, disclose or otherwise permit any person or entity access to any of the Confidential Information other than as required in the performance of Employee's duties with Company, or (b) sell, license or otherwise exploit any products or services that embody in whole or in part any Confidential Information.

b. Prevent Disclosure. During and after Employee's employment with Company, Employee will take all reasonable precautions to prevent disclosure of the Confidential Information to unauthorized persons or entities. In the event that Employee is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) to disclose any of the Confidential Information, Employee shall provide the Company with prompt written notice of any such request or requirement so that the Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or other remedy or the receipt of a waiver by the Company, Employee is nonetheless, in the written opinion of his or her counsel, legally compelled to disclose Confidential Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, Employee may, without liability hereunder, disclose to such tribunal only that portion of the Confidential Information that such counsel advises Employee is legally required to be disclosed, provided that Employee exercises his or her best efforts to preserve the confidentiality of the Confidential Information, including, without limitation, by cooperating with the Company to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information by such tribunal.

c. Return All Materials. Upon termination of Employee's employment with Company for any reason whatsoever, Employee will deliver to Company all materials embodying the Confidential Information, including any documentation, records, listings, notes, data, sketches, drawings, memoranda, models, accounts, reference materials, samples, and machine-readable media that in any way relate to the Confidential Information. Further, Employee will not retain any copies of any of the above materials. If any Confidential Information is stored on one or more computers, then Employee shall make a copy of all of such Confidential Information in either print or electronic format, as determined by Company in its sole discretion, and deliver such copy to Company. Employee shall delete all Confidential Information stored on all computers belonging to him and, after consulting with the Company, on any other non-Company computers on which he has stored such Confidential Information. Notwithstanding the foregoing, Employee shall be entitled to remove his personal Rolodex (or equivalent personal electronic or paper address and telephone list), calendar, and personal property.

d. Additional Obligations. Upon termination of Employee's employment with Company for any reason whatsoever, Employee also shall observe the following restrictions and other requirements:

(i) Duty to Inform Subsequent Employer. Employee covenants and agrees that for a period of twelve (12) months following any such termination of employment, Employee shall inform any subsequent employer that Employee is a party to this Agreement and if requested will provide a copy of this Schedule A to such subsequent employer.

(ii) Notice of Independent Development. For a period of twelve (12) months following any such termination of employment, Employee agrees to notify Company in writing within ten (10) days of beginning work with a person or entity, including the name and mailing address of such person or entity.

(iii) Post-Termination Duty of Non-Disclosure. Employee is not restricted from working with a person or entity that has independently developed information or materials similar to the Confidential Information so long as Employee can accept such employment without breaching the Employee's obligations hereunder, but in such a circumstance, Employee agrees not to disclose the fact that any similarity exists between the Confidential Information and the independently developed information and materials, and Employee understands that such similarity does not excuse Employee from the non-disclosure and other obligations in this Agreement.

4. Assignment of Inventions. Employee agrees to and hereby does assign to Company all of Employee's right, title and interest in and to any and all Inventions (as defined in Section 2.1) conceived or made by Employee, whether alone or with others, in the course of Employee's employment with Company.

a. Duty to Disclose and Assist. Employee agrees to promptly disclose all Inventions to Company, and to provide all assistance reasonably requested by Company in the preservation of Company's interests in the Inventions (e.g., executing documents, testifying, etc.). Such assistance shall include cooperation with the Company or its nominees in obtaining patents for the Inventions in all countries throughout the world. Such assistance shall be provided at Company's expense but without any additional compensation to Employee.

b. California Labor Code § 2870. Neither this Section 4 nor its subsections shall apply to the extent of any conflict with California Labor Code Section 2870, which states:

- (1) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
 2. Result from any work performed by the employee for the employer.
- (2) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

5. Shop Rights. Company shall also have the royalty-free right to use in its business, and to make, use, license and sell products, processes and/or services derived from any inventions, discoveries, designs, improvements, concepts, ideas, works of authorship, whether patentable or not, including but not limited to processes, methods, formulas, techniques or know-how related thereto, that are not within the scope of Inventions as defined herein, but which are conceived or made by Employee during regular working hours and with the use of Company's facilities, materials or personnel. This Section 5 shall not apply to the extent of any conflict with California Labor Code Section 2870, the text of which is reproduced above in Section 4(b).

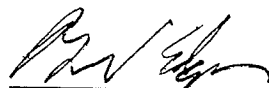
6. Copyrights. Employee agrees that any work prepared for Company that is eligible for United States copyright protection or protection under the Universal Copyright Convention, the Berne Copyright Convention and/or the Buenos Aires Copyright Convention shall be a work made for hire and ownership of all copyrights (including all renewals and extensions) therein shall vest in Company. In the event any such work is deemed not to be a work made for hire for any reason, Employee hereby grants, transfers and assigns all right, title and interest in such work and all copyrights in such work and all renewals and extensions thereof to Company, and agrees to provide all assistance reasonably requested by Company in the establishment, preservation and enforcement of its copyright in such work, such assistance to be provided at Company's expense but without any additional compensation to Employee. Employee hereby agrees to and does hereby waive all moral rights with respect to the work developed or produced hereunder, including without limitation any and all rights of identification of authorship and any and all rights of approval, restriction or limitation on use or subsequent modifications. This Section 6 shall not apply to the extent of any conflict with California Labor Code Section 2870, the text of which is reproduced above in Section 4(b).

7. Conflicting Obligations and Rights. Employee agrees to inform Company in writing of any apparent conflict between Employee's work for Company and any rights Employee claims to any patents, copyrights, trade secrets, or other discoveries, inventions, ideas, know-how, techniques, methods, processes or other proprietary information or materials, before performing that work. Otherwise, Company may conclude that no such conflict exists and Employee agrees thereafter to make no such claim against Company. Company shall receive such disclosures in confidence. All such existing claims of Employee, if any, as of the date of this Agreement are listed on Schedule B attached to this Agreement and incorporated herein by reference.

Schedule B
Employee's Disclosure

1. Prior Inventions. Except as set forth below, there are no ideas, processes, inventions, technology, writings, programs, designs, formulas, discoveries, patents, copyrights, or trademarks, or any claims, rights, or improvements to the foregoing, that I wish to exclude from the operation of this Agreement:
- a. "Process for Removal of Oxides of Nitrogen," U.S. Patent 5,547,650, August 20, 1996. This Patent is assigned to the University of California.
 - b. Thesis regarding oxygenated fuels for Low Emission Diesel Engine Combustion. This thesis work is assigned to the University of California.
 - c. Several Patents Pending with respect to Flameless Thermal Oxidation as applied to industrial and diesel emissions, listing me as an inventor or co-inventor which will be assigned to Thermatrix Inc.

Date: December 31, 1998



BRADLEY L. EDGAR