

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

ASSIGNMENT

CONVEYING PARTY DATA

Name	Execution Date
Sherwood Partners, Inc.	03/02/2005

RECEIVING PARTY DATA

Name:	Alfmeier Prazision AG Baugruppen und Systemlosungen
Street Address:	Industriestrasse 5
City:	Treuchtlingen
State/Country:	GERMANY
Postal Code:	91757

PROPERTY NUMBERS Total: 13

Property Type	Number
Application Number:	10080640
Application Number:	10431174
Application Number:	10431173
Application Number:	10431305
Application Number:	10835540
Application Number:	10838644
Application Number:	10871357
Application Number:	10882786
Application Number:	10934825
Application Number:	10934037
Application Number:	60629163
Application Number:	60529002
Application Number:	60561072

CORRESPONDENCE DATA

Fax Number: (864)233-7342

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 8642711592

Email: docketing@dority-manning.com

Correspondent Name: Dority & Manning, P.A.

Address Line 1: PO Box 1449

Address Line 4: Greenville, SOUTH CAROLINA 29602

NAME OF SUBMITTER:

Jeffrey M. Karmilovich

Total Attachments: 10

source=Assignment docs#page1.tif

source=Assignment docs#page2.tif

source=Assignment docs#page3.tif

source=Assignment docs#page4.tif

source=Assignment docs#page5.tif

source=Assignment docs#page6.tif

source=Assignment docs#page7.tif

source=Assignment docs#page8.tif

source=Assignment docs#page9.tif

source=Assignment docs#page10.tif

Nanomuscle

MTF

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made as of March 2, 2005 (the "Effective Date"), by and between Sherwood Partners, Inc., a California corporation, in its sole and limited capacity as Assignee for the Benefit of Creditors of NanoMuscle, Inc. (the "Seller"), with principal offices located at 101 University Avenue, Suite 100, Palo Alto, California 94301, and Alfmeier Präzision Aktiengesellschaft Baragruppen und Systemlösungen (the "Buyer"), with principal offices located at Industriestraße 5, Treuchtlingen 91737 Germany.

RECITALS

A. By resolution of the board of directors (the "Board") of NanoMuscle, Inc., a California corporation (the "Assignor"), Assignor has transferred ownership of all its right, title and interest in and to tangible and intangible assets (the "Assets") to Seller, and in so doing has also designated Seller to act, pursuant to California law, as the Assignee for the Benefit of Creditors of Assignor. The General Assignment agreement (the "General Assignment") between Assignor and Seller, as assignee, is attached hereto as Exhibit A.

B. Seller and Buyer have identified a subset of the Assets that Buyer desires to purchase from Seller (the "Required Assets"). The Required Assets are identified in Section 1.2 below. After consummation of the Closing contemplated under this Agreement, Seller will liquidate any remaining Assets that are not Required Assets (the "Remaining Assets"), and will undertake the winding down of Assignor, which shall ultimately include, but shall not be limited to, the distribution of net funds, after payment of fees and costs associated with the liquidation and winding down, to Assignor's creditors, which are generated from the sale of the Assets.

C. Seller and the secured creditors of Assignor (collectively "Lender") entered into that certain Subordination and Collateral Disposition Agreement dated January 17, 2005 ("Subordination Agreement"). A copy of the Subordination Agreement is attached hereto as Exhibit B. As set forth more fully therein, the Subordination Agreement provides that the Lender consents to and releases its security interests in Lender's Collateral (as defined in the Subordination Agreement), that Lender consents to the sale of the Collateral free and clear of its interests, that Lender's interests will attach to the sale proceeds of the Collateral, and that Lender waives notice of the sale, liquidation, or other disposition of the Collateral. The Subordination Agreement further provides, subject to its terms, that each and every Lender, as defined in the Subordination Agreement, is bound by the Subordination Agreement.

D. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Required Assets, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter set forth, Buyer and Seller hereby agree as follows:

1. PURCHASE AND SALE OF REQUIRED ASSETS

1.1 Agreement to Sell and Purchase Required Assets. Subject to the terms and conditions of this Agreement, and in reliance on the representations, warranties and covenants set forth in this Agreement, Seller agrees to sell, assign, transfer and convey to Buyer at the Closing (as

NOT

defined in Section 2.2 below), and Buyer agrees to purchase and acquire from Seller at the Closing, all of Seller's right, title and interest in and to all of the Required Assets. The Required Assets will be sold, assigned, transferred and conveyed to Buyer (subject to Section 1.3) on the Closing Date "as is" and "where is", with no representations or warranties other than those specifically set forth below, and subject to any and all pledges, liens, licenses, rights of possession, security interests, restrictions, encumbrances, charges, title retention, conditional sale or other security arrangements of any nature whatsoever (collectively, "Encumbrances"). Notwithstanding the foregoing, the liens identified in the Subordination Agreement are released and shall no longer attach to the Required Assets.

1.2 Required Assets Defined. As used in this Agreement, the term "Required Assets" means, collectively, Seller's right, title and interest in and to the assets listed in Exhibit C attached hereto, provided, however, that the Required Assets shall not, under any circumstances, include Seller's or Assignor's (i) cash, (ii) accounts receivable, (iii) claims or preference or fraudulent conveyance recoveries under applicable law, (iv) state or federal tax refunds, (v) insurance refunds or recoveries, (vi) utility or leasehold security deposits, (vii) NanoMasole toy actuator finished good inventory, (viii) trademarks and trade names, (ix) all other Assets not included in Exhibit C.

1.3 Asset Transfer; Passage of Title; Delivery.

(a) **Title Passage.** Except as otherwise provided in this Section, upon the Closing, title to all of the Required Assets shall pass to Buyer; and Seller shall make available to Buyer possession of all of the Required Assets as provided in subsection 1.3(b), and shall further, upon Buyer's request, execute assignments, conveyances and/or bills of sale reasonably requested to convey to Buyer title to all the Required Assets subject to the Encumbrances, in accordance with Section 1.1 of this Agreement, as well as such other instruments of conveyance as counsel for Buyer may reasonably deem necessary to effect or evidence the transfers contemplated hereby. Any such additional documents shall be prepared by and all related costs borne exclusively by Buyer.

(b) **Delivery of Required Assets.** On the Closing Date (as defined in Section 2.2), Seller shall make available to Buyer possession of the Required Assets, provided however, that the expenses of retrieving, removing and transferring the Required Assets shall be borne exclusively by Buyer.

(c) **Retention of Documents.** As Assignee, Seller is responsible for maintaining business records during the assignment process and, among other things, will have to prepare and file final tax returns. To the extent Buyer requires business records of Assignor that Seller requires to administer the assignment estate, Buyer shall, at its own expense, arrange to obtain copies of such records from Seller.

2. PURCHASE PRICE; PAYMENTS.

2.1 Purchase Price. In consideration of the sale, transfer, conveyance and assignment of all the Required Assets to Buyer at the Closing, Buyer shall, as of the Closing, assume only those liabilities, if any, expressly set forth as Assumed Liabilities in Section 3.1 of this Agreement and shall pay by wire transfer \$_____ in U.S. Dollars (the "Purchase Price") to the Seller at the Closing.

03/03/2005 15:43 FAX 2485261051
03/03 2005 11:36 FAX +49 9142 70239

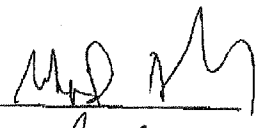
ALFMEIER CORPORATION
Alfmeier Präzision Trig.

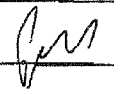
014
014
10

IN WITNESS WHEREOF, Buyer and Seller executed and delivered this Asset Purchase Agreement by their duly authorized representatives as of the Effective Date.

SELLER:

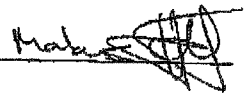
Sherwood Partners, Inc., in its sole and limited capacity as Assignee for the Benefit of Creditors of Nanomuscle, Inc.

By: 

Its: 

BUYER:

Alfmeier Präzision Aktiengesellschaft
Baugruppen und Systemlösungen

By: 

Its: CEO

JOINDER:

In consideration of and as a condition of Seller entering into this Agreement with Buyer, Alfmeier Corporation, a South Carolina corporation and subsidiary of Buyer, hereby agrees to join in this Asset Purchase Agreement for purposes of performing the obligations of Buyer under Section 10 hereof, including without limitation, indemnifying Seller Indemnities as set forth in Section 10 of this Agreement.

Alfmeier Corporation

By: 

Its: PRESIDENT

[DSKAGTWS92787.1 3/2/05 (10:54 AM)]

- 14 -

03/03/2005 15:48 FAX 2485281651
03/03 2005 11:39 FAX +49 9142 76259

ALFMEIER CORPORATION
Alfmeier Precision Trls.

035

035

Description of Required Assets

NanoMuscle, Inc. was previously working to develop a customized NanoMuscle motor for Buyer (called the NMVA product) for use in automotive comfort seating applications (the "Project"). The Required Assets include intellectual property and physical relating to the Project which are specifically outlined below.

- 1) Tools and raw material inventory related to the Project which were previously located in the NanoMuscle facility in Antioch, CA. These items were packed by former NanoMuscle employees and moved to a third party storage facility location in San Francisco. These items include:





5) All of Seller's rights under the Employee Confidential Information and Invention Agreements with each of the individuals detailed below who are listed as inventors and authors of the Patent Applications included in the Required Assets. [REDACTED]

- a. Andrei Szilag
- b. Peter E. Von Behrens
- c. Dylan M. Fairbanks
- d. Kathryn Ann Broughton
- e. Roderick MacGregor
- f. Joseph Hobenstret
- g. Sandheep Surendran
- h. Ali Ghorbai
- i. Kurt Kuhlmann (Consulting Agreement)

6) Patent Applications specifically identified in the table below. [REDACTED]

Exhibit C
Description of Required Assets

Page 2 of 7

03/03/2005 15:48 FAX 2465261851
03/03 2005 11:40 FAX +49 9142 70259

ALFMEIER CORPORATION
Alfmeier Precision Trlg.

037
037
[Handwritten signature]

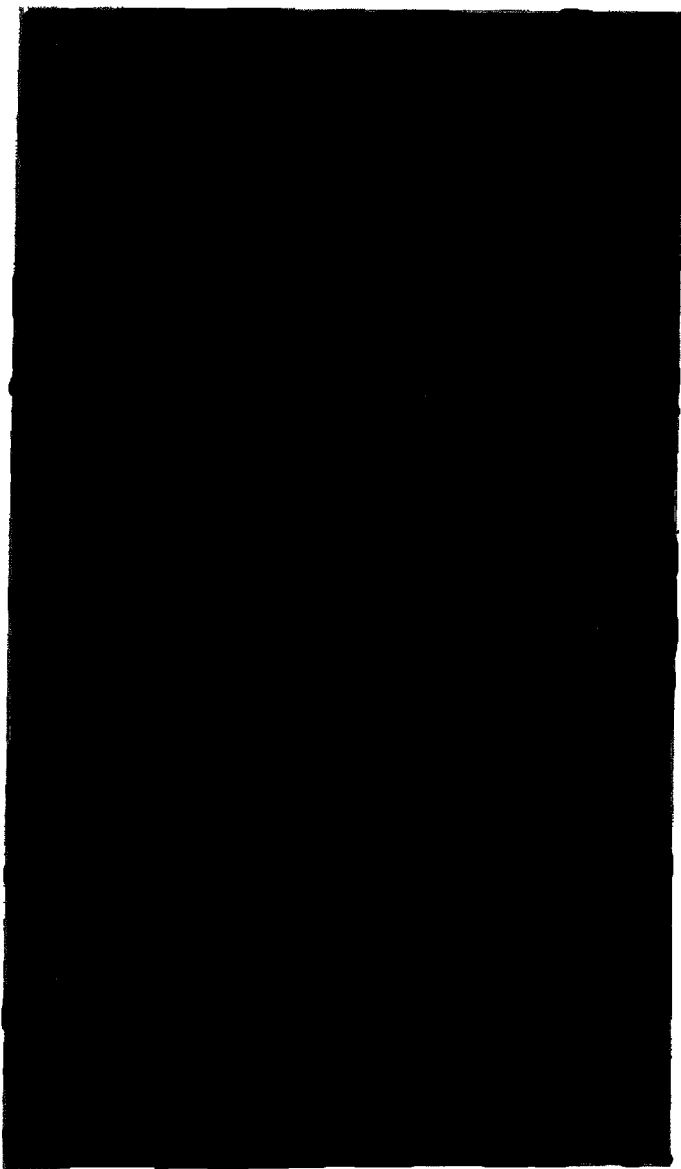


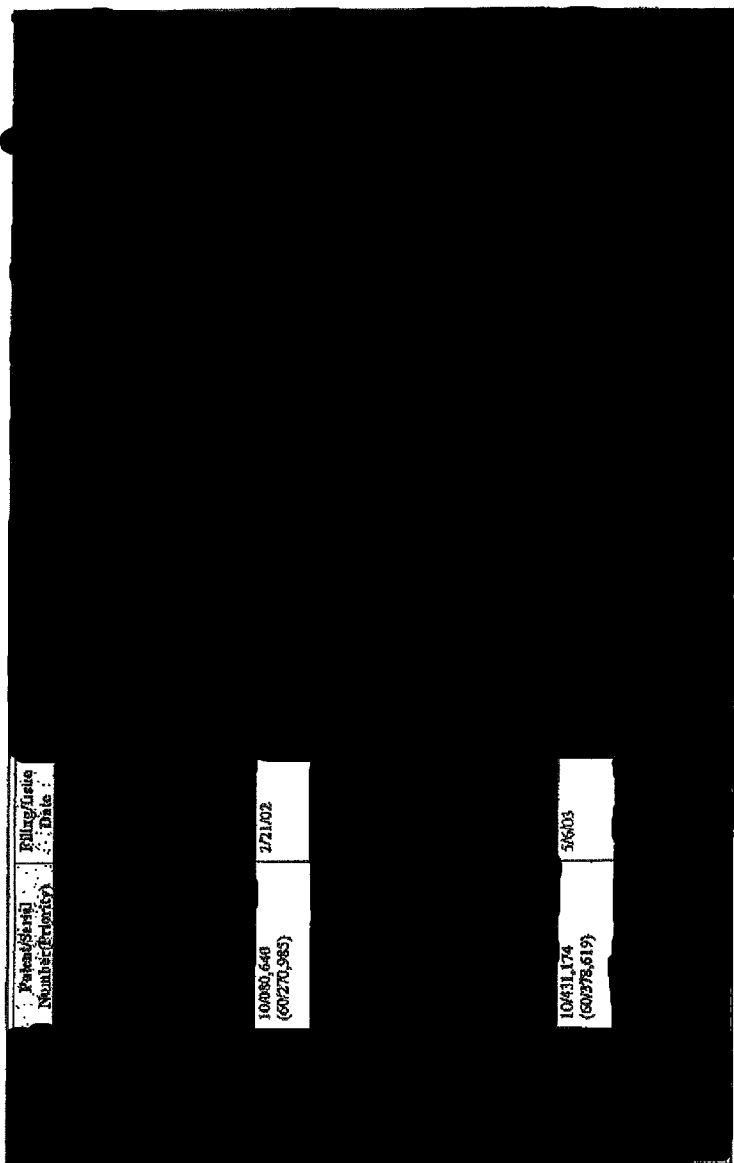
Exhibit C
Description of Required Assets
Page 3 of 7

03/03/2005 15:49 FAX 2485261651
03/03 2005 11:40 FAX +49 9142 70259

ALFMEIER CORPORATION
Alfmeier Präzision Trlg.

038
038

MTF



Patent/Serial
Number(Priority)

Filing/Issue
Date

10080,648
(60270,985)

2/21/02

10431,174
(60378,619)

5/6/03

Exhibit C
Description of Required Assets
Page 4 of 7

03/03/2005 16:49 FAX 2465261851
03/03 2005 11:40 FAX +49 9142 70259

ALFMEIER CORPORATION
Alfmeier Präzision Tech.

039
039

MTF

Patent/Model Number (Priority)	Publication Date
-----------------------------------	---------------------

10431,173 (60378,445) 60529,003	5/6/03 12/12/03
60551,072	4/8/04

10431,303 (60378,486)	5/6/03
10835,540 (60466,332)	4/28/04

Exhibit C
Description of Required Assets
Page 5 of 7

03/03/2006 15:49 FAX 2485261851
03/03 2006 11:40 FAX +49 9142 70259

ALFMEIER CORPORATION
Alfmeier Präzision Trlg.

040
MTF

Patent/Serial Number(Ex-107)	Patent/Serial Number(Ex-107)	Patent/Serial Number(Ex-107)	Patent/Serial Number(Ex-107)	Patent/Serial Number(Ex-107)	Patent/Serial Number(Ex-107)
10838,644 (60/467,807)	5/3/04	10871,357 (60/480,058)	6/18/04	10882,786 (60/484,021)	6/30/04
10934,825 (60/500,718)	9/3/04	10934,837 (60/500,576)	9/3/04		

Exhibit C
Description of Required Assets
Page 6 of 7

03/03/2005 15:50 FAX 2485261851
03/03 2005 11:41 FAX +49 9142 70259

ALFMEIER CORPORATION
Alfmeier Präzision Trig.

041
041

MTT

Patent/Serial Number (Priority)	Filing/Issue Date
(50629,153)	11/17/04

Exhibit C
Description of Required Assets
Page 7 of 7