

PATENT ASSIGNMENT

10/27/08
Electronic Version v1.1
Stylesheet Version v1.1

11-04-2008



103533527

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Walter M. Presz Jr.	09/14/1998

RECEIVING PARTY DATA

Name:	Stage III Technologies, L.C.
Street Address:	6005 Las Vegas Blvd., South
City:	Las Vegas
State/Country:	NEVADA
Postal Code:	89119

Name:	FloDesign, Inc.
Street Address:	40 Grove Street
City:	Wilbraham
State/Country:	MASSACHUSETTS
Postal Code:	01095

PROPERTY NUMBERS Total: 1

Property Type	Number
Patent Number:	5884472

CORRESPONDENCE DATA

Fax Number: (216)241-1666
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 2168615582
Email: lkalemba@faysharpe.com
Correspondent Name: Richard M. Klein
Address Line 1: 1100 Superior Avenue
Address Line 2: Seventh Floor
Address Line 4: Cleveland, OHIO 44114

ATTORNEY DOCKET NUMBER:

FLOD 0 00001

OP \$40.00 5884472

NAME OF SUBMITTER:

Richard M. Klein

Total Attachments: 20

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PATENT

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Amendment to Consulting Agreement, dated as of September 14, 1998, by and between Stage III Technologies, L.C., a Nevada limited liability company (successor to Stage III Technologies, L.C., a Florida limited liability company) ("the Company"), and Flo Design, Inc., a Massachusetts corporation ("Consultant").

WHEREAS, the Company and Consultant are parties to that certain Consulting Agreement dated as of August 17, 1997, as amended on February 25, 1998 (as amended, the "Consulting Agreement");

WHEREAS, the parties hereto desire to amend the Consulting Agreement to change, among other things, (x) the compensation to be paid to Consultant thereunder, which compensation arrangement has heretofore been implemented through Consultant's admission as a member of the Company, and (y) the services to be provided by Consultant thereunder.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. The second sentence in paragraph 1 of the Consulting Agreement is hereby amended and restated in its entirety to read as follows:

"Consultant shall provide Presz' consulting services to the Company at such times as shall be mutually agreed between Consultant and the Company, provided however that Presz shall make himself available for 80 hours per month to provide such services for the duration of the Term. Presz will continue to provide the consulting services in the San Diego, California vicinity as long as the Company continues to reimburse Presz for living expenses, (\$2,000 per month) and contracts consultant for a minimum consulting effort of 80 hours a month."

2. Consultant hereby withdraws as a member of the Company and acknowledges that Consultant no longer has any interest or participation in the profits of the Company or any right to any payments under the Operating Agreement of the Company (the "Operating Agreement"). Consultant agrees that all consideration to be received from the Company for all services rendered and to be rendered shall be received pursuant to the Consulting Agreement, as amended, and that Paragraph 4 of the Consulting Agreement is hereby amended and restated in its entirety to read as follows:

"Consultant shall receive, in consideration for services previously provided to the Company, an income stream payment equal to (i) 2% (percent) of the gross sale of every

Gulfstream stage 3 ship's set bushkit sold by the Company, (or its agents, assigns, successors, employees, licensees or representatives) or twenty thousand (\$20,000) dollars per ship's set bushkit, whichever is greater, and (ii) 2% (percent) of the gross sale of every Fokker F-28 ship's set bushkit sold by the Company (or its agents, assigns, successors, employees, licensees or representatives). Such income stream payments shall be made to FloDesign from time to time within 30 days after the receipt by the Company of the proceeds from the sale of the bushkits.

The provisions of this section 2 shall survive the expiration of the Term.

3. Except as amended herein, all terms and provisions of the Consulting Agreement shall remain in full force and effect.

4. Consultant hereby appoints and designates the Company as its attorney-in-fact with full power and authority to execute and deliver an amendment to the Operating Agreement, incorporating such changes as the Company deems necessary or appropriate to effectuate the foregoing provisions of this Amendment.

5. By his signature hereto, Walter M. Presz, Jr. hereby resigns, effective as the date hereof, as a director of the Company.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

STAGE III TECHNOLOGIES, L.C.

By Jack Anderson
Jack Anderson
President & CEO

FLO DESIGN, INC.

By Walter M. Presz, Jr.
Walter M. Presz, Jr.
President

Walter M. Presz, Jr.
Walter M. Presz, Jr.

X06

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Stage III Technologies, L.C.
6005 Las Vegas Blvd., South
Las Vegas, Nevada 89119

February 25, 1998

FloDesign, Inc.
40 Grove Street
Wilbraham, Massachusetts 01085
Attention: Walter M. Press, Jr.

FloDesign, Inc.
16041 Circa de Linda
Rancho Santa Fe, California 92091
Attention: Walter M. Press, Jr.

Dear Walter:

In reviewing the Consulting Agreement dated as of August 17, 1997 (the "Consulting Agreement"), by and between the undersigned ("Stage III") and FloDesign, Inc. ("FloDesign"), we have determined that certain clarifications should be made regarding your actual start date, where your services are to be provided to Stage III and our lack of interest in participating in your existing tank project for General Dynamics.

Therefore, we propose the following modifications to the Consulting Agreement for your approval:

1. **Commencement of Term.** The reference to "November 17" in Paragraph 2 of the Consulting Agreement is hereby replaced with the date "August 17."
2. **Location Where Services will be Provided; Tank Project.** The following shall be added at the end of Paragraph 1 of the Consulting Agreement in lieu of the last sentence thereof:

"All consulting services to be provided by Press hereunder shall be in the San Diego, California vicinity, unless the Company agrees in writing otherwise. Press shall not use any of the Company's resources or assets when allocating

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CONSULTING AGREEMENT

CONSULTING AGREEMENT (this "Agreement"), dated as of August 17, 1997, by and between Stage III Technologies, L.C., a Florida limited liability company (the "Company"), its principal place of business at 6005 Las Vegas Boulevard, South, Las Vegas, Nevada 89119, and FloDesign, Inc., a Massachusetts corporation ("Consultant"), its principal place of business at 40 Grove Street, Wilbraham, Massachusetts 01095.

WITNESSETH:

WHEREAS, Consultant is a party to certain agreements with the Company pursuant to which Consultant has provided research, development and other services to the Company in connection with certain projects; and

WHEREAS, the parties hereto desire to terminate such agreements and to establish the relationship between the Company, Consultant and Walter M. Presz, Jr. ("Presz") in this Agreement and the Operating Agreement (defined herein);

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Retention as Consultant and Duties. During the Term (as defined in paragraph 2 hereof), Consultant shall provide the services of Presz to provide research and development services for the Company with respect to the development of new technologies, products and inventions. Consultant shall provide Presz' consulting services to the Company on an exclusive full-time basis; provided, however, that Presz may allocate approximately 40 hours per month to complete existing projects described on Schedule A attached hereto, to continue related projects at Western New England College, and for other unrelated personal matters. All consulting activities under this Agreement shall be performed by Presz, and Consultant and Presz shall not engage any other person to perform such activities without the Company's prior consent. Consultant will ensure that Presz will confer with the Company from time to time with respect to the activities performed and to be performed under this Agreement. In connection with the services rendered hereunder, the Company shall appoint Presz as Executive Vice President - New Product Development of the Company to serve in such capacity during the Term. The principal location of Presz' consulting services shall be in the San Diego, California vicinity, although Presz understands and agrees that he may be required to undertake reasonable travel assignments.

2. Term. The term of this Agreement (the "Term") shall commence on November 17, 1997 and shall continue for a period of two years, unless sooner terminated in accordance with the provisions hereof.

3. Compensation. During the Term, the Company shall pay Consultant, in connection with its retention as a consultant to the Company hereunder, an hourly fee for every hour of services performed by Consultant (or a prorated amount for every portion of an hour of services performed by Consultant) pursuant to paragraph 1 of \$200 per hour (the "Consulting Fee") up to a maximum of \$400,000 per annum, payable in equal monthly installments in arrears on the last day of each month. The Company shall reimburse Presz for all reasonable, authorized expenses incurred by him (including disbursements) in the performance of his duties hereunder, upon submission to the Company of written evidence of his incurrance of such expenses. The Company will further reimburse Presz for expenses incurred by him for housing in the San Diego, California vicinity, but not to exceed \$2,000 per month. In addition, the Company shall make available to Consultant throughout the Term office space in Southern California to perform his obligations hereunder.

4. Membership Interest. Simultaneously with the execution of this Agreement, Presz shall execute the Operating Agreement with Aero Design L.C., Eli S. Jacobs, Todd R. Schimmel, Hal Edgar and Jack Anderson in the form of Schedule B attached hereto (the "Operating Agreement"). Under the terms of the Operating Agreement, Consultant shall receive royalty fees equal to 2 1/2 percent of the gross sale of every interest in any Gulfstream stage 3 hushkit sold by the Company, or twenty-five thousand (\$25,000) Dollars per hushkit, whichever is greater, similar to the royalty fee payment provided for in the 1995 Agreement (defined herein), and a 4% membership interest in the Company derived from other businesses of the Company. The preceding sentence is inserted for description purpose only of the term of the Operating Agreement. The section 4 therefore, is not intended to create any obligations on either party, such obligations are created under the Operating Agreement.

5. Confidentiality; Inventions.

(a) Consultant and Presz shall not, directly or indirectly, during or after the Term, disclose any confidential information relating to the Company to any individual or entity, except to the extent required by the performance of its or his duties on behalf of the Company. The provisions of this paragraph 5(a) shall not apply to (i) information which is or shall become generally known to the public or the trade (except by reason of Consultant's or Presz' breach of its or his obligations hereunder), (ii) information which is or shall become available in trade or other publications (except by reason of Consultant's or Presz' breach of its or his obligations hereunder), (iii) information which Consultant or Presz is required to be disclosed by law or order of a court of competent jurisdiction (but only to the extent specifically required by law or ordered by such court and, when reasonably possible, if Consultant or Presz, as the case may be, shall give the Company prior notice of such intended disclosure so that the Company has the opportunity to seek a protective order if it deems appropriate) and (iv) information provided to Consultant's or Presz' advisor, agent or representative agrees to be bound by the terms and restrictions of this paragraph 5.

(b) As used in this Agreement, "confidential information" shall mean studies, plans, reports, surveys, analyses, sketches, drawings, notes, records, unpublished memoranda or documents, software, computer-stored or disk-stored information, and all other nonpublic information relating to the Company's activities, including, without limitation, all methods, processes, recipes, techniques, shop practices, equipment, test data, research data, marketing and sales information, personnel data, customer lists, supplier lists, franchisee lists, employee lists, financial data, and all other techniques, know-how and trade secrets which presently or in the future are in the possession of the Company. "Confidential information" shall not include general knowledge, expertise or skills gained by Presz with respect to the industry in which the Company operates.

(c) All memoranda, notes, records, reports, software, sketches, photographs, drawings, plans, papers, or other documents or computer-stored or disk-stored information made or compiled by or made available to a party during the Term shall be the sole and exclusive property of the Company and shall be promptly delivered and returned to the Company immediately upon termination of the Term or upon termination of Presz's services with the Company.

(d) Presz will make full and prompt disclosure to the Company of all inventions, improvements, ideas, concepts, discoveries, methods, developments, software, and works of authorship, whether or not copyrightable, trademarkable or licensable, which are created, made, conceived or reduced to practice either by Presz, under his direction or jointly with others, during his services with the Company whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Developments"), except in connection with projects described on Schedule A attached hereto. All Developments shall be the sole property of the Company, and Consultant and Presz hereby assign to the Company, without further compensation, all of their right, title and interest in and to such Developments and any and all related patents, patent applications, copyrights, copyright applications, trademarks, and trade names in the United States and elsewhere. Notwithstanding the foregoing, any Developments resulting from Presz's activities relating to the project set forth in Schedule A shall be subject to the provisions of this section 5(d).

(e) Consultant and Presz will assist the Company in obtaining, maintaining and enforcing patent, copyright and other forms of legal protection for intellectual property in any country. Upon the request of the Company, Presz will sign all applications, assignments, instruments and papers and perform all acts necessary or desired by the Company in order to protect its rights and interests in any Developments.

(f) Consultant agrees that any breach of this paragraph 5 will cause irreparable damage to the Company and that, in the event of such breach, the Company will have, in addition to any and all remedies of law, including rights which the Company may have to damages, the right to equitable relief including, as appropriate, all injunctive relief or specific

performance or other equitable relief. Consultant understands and agrees that the rights and obligations set forth in paragraph 5 shall survive the termination or expiration of this Agreement.

6. Noncompetition. In consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, during the period commencing on September 1997 and ending on the later of August 31, 2002 or five years from the date of termination of Consultant's services hereunder, neither Consultant nor Presz shall without the prior written consent of the Company, anywhere in the World, directly or indirectly (i) render any services to any person, firm or corporation to facilitate the advancement of any business activity competitive (directly or indirectly) with the Company's development or manufacture of Federal Aviation Administration approved Stage 3 noise suppressors for the Gulfstream GII, GIII and GIII jet aircraft (the "Project") or any other business or project being developed at any stage by the Company for which Consultant or Presz shall have provided research, development or other services in connection therewith (collectively, a "Competitive Business"); (ii) engage in any Competitive Business for its or his own account; or (iii) become associated with or interested in any Competitive Business as a partner, shareholder, creditor, principal, agent, trustee, consultant, advisor or in any other relationship or capacity. However, nothing in this Agreement shall preclude Consultant or Presz from investing its assets in the securities of any corporation or other business entity which is engaged in a Competitive Business if such securities are traded on a national stock exchange or in the over-the-counter market and if such investment does not result in Consultant or Presz beneficially owning, at any time, more than three percent (3%) of the publicly-traded equity securities of such Competitive Business.

The parties hereto agree that the covenants of non-competition contained in the foregoing paragraph are reasonable covenants under the circumstances, and further agree that if, in the opinion of any court of competent jurisdiction, such covenants are not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision of these covenants as to the court shall appear not reasonable and to enforce the remainder of these covenants as so amended.

7. Termination.

(a) The engagement of Consultant, and Presz' position as Executive Vice President - New Product Development of the Company, shall terminate only as follows:

- (i) by Presz' death;
- (ii) by Presz' "permanent disability," due to injury or sickness for a continuous period of four (4) months, or a total of eight months in a twenty-four month period during which time Presz is unable to attend to his ordinary and regular duties;

- (iii) by the Company without cause at any time;
- (iv) by the Company for cause, which, for purposes of this Agreement, shall mean: (i) Presz or any of his engineers has been convicted of criminal activity or engaged in any other act which raises ethical considerations which could reasonably be expected to be injurious to the reputation or business interests of the Company, or (ii) a material breach by Consultant or Presz of the provisions of this Agreement, or (iii) if Consultant has ceased to perform his duties hereunder in any material respect; or
- (v) by Consultant on not less than 60 days' prior written notice to the Company.

(b) In the event that the engagement of Consultant is terminated other than as a result by the Company without cause, the Company shall pay Consultant the Consulting Fee only through the date of termination. In the event that the engagement of Consultant is terminated without cause by the Company pursuant to paragraph 7(a)(iii), the Company shall pay Consultant, in lieu of all obligations hereunder, a payment equal to the balance of the Consulting Fee, which would be payable during the remainder of the Term. Such payments shall continue to be made in the manner provided for in this Agreement as if there had been no termination.

8. Relationship. In performing the services provided for hereunder, Consultant is acting as an independent contractor, and Presz and his engineers at all times during the Term shall be in the employment of, and under the supervision and responsibility of, Consultant, and neither Presz nor any other person employed by Consultant shall be deemed by virtue of this Agreement to be the servant, agent or employee of the Company for any purpose whatsoever. It is understood that neither Presz nor Consultant as an independent contractor, shall be entitled, as a result of the services to be provided by Presz hereunder, to be a member of any group benefit plans available to full-time employees of the Company.

9. Representations of Consultant. Consultant represents and warrants that neither the execution and delivery of this Agreement by Consultant, the consummation of the transactions required of Consultant or Presz herein nor the fulfillment of, or compliance with, the terms and conditions of this Agreement will conflict with, or result in, with or without the giving of notice or the passage of time or both, a breach of any of the terms, conditions or provisions of any agreement or instrument to which Consultant or Presz is now a party or by which it, he or their respective property is bound or subject or constitute a default or result in an acceleration under any of the foregoing, or result in the creation of any liens, claims or encumbrances on any assets of Consultant or Presz or the violation of any law, rule, regulation, order, judgment or decree to which it, he or their respective property is subject.

10. Representations of the Company. The Company hereby represents and

warrants that neither the execution and delivery of this Agreement, the consummation of the transactions required of the Company herein, nor the fulfillment of, or compliance with, the terms and conditions of this Agreement will conflict with, or result in, with or without the giving of notice or the passage of time or both, a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Company is now a party or by which any of its properties is bound or subject or constitute a default or result in an acceleration under any of the foregoing, or result in the creation of any liens, claims or encumbrances on any assets of the Company or the violation of any law, rule, regulation, order, judgment or decree to which the Company or its property is subject.

11. Purchase of Equipment. The Company hereby agrees to purchase from

Consultant, and Consultant hereby agrees to sell to the Company, on August 15, 1997, certain equipment listed on Schedule C attached hereto (the "Equipment") to be used during the Term by Consultant and/or Presz for purposes of the services to be provided by Consultant and/or Presz hereunder; provided, however, that all Equipment shall be delivered to the Company promptly upon its request. The agreed upon purchase price for the Equipment shall be Fifty Thousand Dollars (\$50,000), said monies being due and payable on September 1, 1997.

12. Notices. All notices and other communications given or made pursuant

hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, if delivered personally or by telecopy (provided that delivery by telecopy shall be followed by delivery of an additional copy personally, by mail or overnight courier), one day after being delivered by overnight courier or three days after being mailed by registered or certified mail (postage prepaid, return receipt requested), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) If to the Company, to:

Stage III Technologies, L.C.
6005 Las Vegas Blvd., South
Suite 7
Las Vegas, Nevada 89119
Attention: Jack Anderson
Telecopy: 702-798-9703

with a copy to:

Todd R. Stimmel, Esq.
641 Lexington Avenue
30th Floor
New York, NY 10022
Telecopy: 212-752-7841

(ii) if to Consultant, to:

FloDesign, Inc.
40 Grove Street
Woburn, Massachusetts 01895
Attention: Walter M. Presz, Jr.
Telecopy: 413-596-5355

and

FloDesign, Inc.
16041 Circa De Linda
Rancho Santa Fe, California 92091
Attention: Walter M. Presz, Jr.

with a copy to:

Bacon & Wilson, P.C.
33 Stage Street
Springfield, MA 01103
Attention: Richard A. Corbert, Esq.
Telecopy: 413-739-7740

13. Entire Agreement; Termination of Prior Agreements.

This Agreement contains the entire agreement between the parties hereto with respect to the matters contemplated herein and supersedes all prior agreements or understandings between the parties (including any shareholders, members, directors, officers or employees, as the case may be) related to any compensation or other benefits regarding the Project or any revenues arising from or in connection with products manufactured or developed by the Company. The parties hereto acknowledge that (i) the Agreement dated February 12, 1997 by and between the Company and Consultant, (ii) the Agreement dated April 4, 1996 by and between the Company and Consultant and (iii) the Agreement dated May 23, 1995 by and between the Company and Consultant (the "1995 Agreement") are terminated in all respects and shall be of no further force or effect.

14. Binding Effect Assignment.

This Agreement shall be binding upon, and inure to the benefit of, each of the parties hereto and their respective successors, permitted assigns, heirs and personal representatives. Neither this Agreement nor any rights hereunder shall be assignable or transferable, or otherwise subject to hypothecation, by Consultant (except by operation of law). The Company shall have the right to assign, transfer or hypothecate this Agreement and the Company's rights hereunder to any third party.

15. Amendment or Modification Waiver.

This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by each of the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other right, power or privilege.

16. Governing Law.

This Agreement has been prepared, executed and delivered in, and shall be interpreted under, the internal laws of the State of Massachusetts, without giving effect to its conflict of law provisions.

17. Severability.

If any provision of this Agreement or the application thereof shall for any reason be invalid or unenforceable, such provision shall be limited only to the extent necessary in the circumstances to make such provision valid and enforceable and its partial or total invalidity or unenforceability shall in any event not affect the remaining provisions of this Agreement which shall continue in full force and effect.

18. Headings.

The headings contained in this Agreement are intended solely for convenience of reference and shall not affect in any way the meaning or interpretation of this Agreement.

This Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed to be an original, and all of which when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

STAGE III TECHNOLOGIES, L.C.

By: Jack Anderson
Name: Jack Anderson
Title: Chief Executive Officer

FLODESIGN, INC.

By: Walter M. Presz, Jr.
Name: Walter M. Presz, Jr.
Title: President

Walter M. Presz, Jr.
Walter M. Presz, Jr.

The undersigned hereby irrevocably, absolutely and unconditionally, guarantees to Consultant and its successors and assigns, the prompt and complete payment, as and when due and payable, of the Consulting Fee for the first year of the Term, up to a maximum of \$400,000.

Eli S. Jacobs
Eli S. Jacobs



464 Grove Street
Wilmington, MA 01093

FloDesign Inc.

(413) 596-3546
FAX (413) 596-5353

Projects at Western New England College that Dr. Walter M. Presz, Jr. is currently (August 15, 1997) conducting with students and design contractors:

- * Yakovlev Aircraft/SAIC
 - * Alternate H-60 IR Suppressor evaluation program.
 - * IR Suppressor Technology Contract (Two Stage Mixer/Ejectors)
- * Pratt & Whitney Aircraft
 - * TF 33 Primary Suppressor Study
 - * C-130 Exhaust Tub Redesign
- * General Dynamics Land System
 - * M1A1 Tank Exhaust Suppressor
- * Meritts Metalworks
 - * Frame Welding Jig Optimization
- * FTS Incorporated
 - * SBIR on Ejector Plasma Spray Gun
- * TEAMS
 - * Mixer/Ejector jet engine combustor concept study
 - * Jet engine Brayton/ejector cycle study
 - * Afterstage ejector pump tests and studies

Walter Presz Jr.
12/12/97

Jack Anderson
12/12/97

These efforts are related to student projects and are part of my 1/4 time contract with Western New England College.

Stage III Technologies L.C.



MEMORANDUM

Date: November 13, 2001

To: Todd Summel

From: Dr. Walter Presz, Jr.

Subject: Proprietary Data Protection

c.c. Eli Jacobs

Gary Reynolds

PURPOSE

Jack Anderson stepped down as president of Stage III Technologies, and more recently completely separated from the company by selling his ownership in Stage III. As president, he had access to all the proprietary data generated at Stage III. It is very important that the proprietary data critical to the success of Stage III Technologies be protected. This memorandum was written at your request, and presents technology/information that I believe gives Stage III Technologies a competitive edge in the market place and should be protected against use or disclosure by Jack Anderson.

CRITICAL PROPRIETARY DATA

As a result of Stage III Technologies contract with FloDesign Inc. (from 1997 through 1999), Dr. Walter M. Presz, Jr. either provided or generated numerous concepts, designs, and/or data for developing new and unique products for jet aircraft. Some of this data was generated jointly with Stage III employees. All of the unique product concepts and designs are based on critical mixer/ejector technology, which is proprietary to Stage III. This technology/information is protected through either patents or trade secrets, where the trade secrets exist to the extent that the information is not disclosed in published

Proprietary
Stage III Technologies

patents. This mixer/ejector data is critical to the development and sale of current and future suppressor products by Stage III Technologies. Some of this same data is also proprietary to FloDesign, Inc and relates to new concepts for product lines not being pursued by Stage III Technologies. A partial list of the proprietary concepts considered critical to Stage III are presented below:

- o Two-stage mixer/ejector suppressor concepts
- o Alternating lobe mixer/ejector suppressor concepts
- o Contoured thrust reverser and lobed nozzle suppressor concepts
- o ALMEC suppressor concepts
- o ALMEC cascade thrust reverser concepts
- o ALMECSL suppressor concepts
- o ALMECNC suppressor concepts
- o MALMEC suppressor concepts
- o MD-80 mixer/ejector suppressor concepts
- o BAC-111 mixer/ejector suppressor concept
- o F-28 mixer/ejector suppressor concept
- o Lobed nozzle exhaust suppressors
- o Lobed nozzle suppressors designed to operate efficiently with internal mixers
- o Multi-stage mixer/ejector concepts
- o Mixer ejector concepts for IR suppression
- o IR suppression with multi-stage mixer/ejectors
- o Nozzle flow coefficient control with mixer nozzles
- o Engine matching concepts with lobed nozzles
- o Lobed nozzle thrust performance capabilities
- o Mixer/ejector thrust performance capabilities
- o Mixer/ejector performance capabilities
- o Low loss lobed nozzle contouring
- o High thrust ejector inlet contouring

A more complete list of unique concepts, designs, and/or data considered proprietary to Stage III is contained in Stage III drawings, memorandums, and/or the following company patents, presentations and reports that I either authored, or co-authored:

Report No.	Date	Title
STR 9703	10/97	ALMEC Suppressor Development Report
STR 9801	1/98	ALMEC FAA Program Review
STR 9802	4/98	New Product Development Study
STR 9802A	4/98	New Product Development (F28)
STR 9802B	4/98	New Product Development (MD80)
STR 9803	10/98	ALMEC Program Review
STR 9804	11/98	ALMEC Cascade Reverser
STR 9805	12/98	CRAUN MD80 Suppressor Concept
STR 9901	1/99	F28 Suppressor Program
STR 9902	2/99	ALMEC Noise Suppressor Review

Proprietary
Stage III Technologies

STR 9903	2/99	F28 Suppressor Program Review
STR 9904	4/99	ALMEC Engine Match & Cruise Study
STR 9905	5/99	ALMEC Nozzle Test Results (Dallas)
STR 9906	6/99	Contributions&Accomplishments

U.S. Patent No.	Date	Title
5,761,900	6/98	Two-Stage Mixer Ejector Suppressor
5,884,472	3/99	ALMEC Suppressor
Provisional	1/99	ALMEC Cascade Reverser
6,233,920	1/99	CRAVN Suppressor (MD80)

The critical and proprietary mixer/ejector technology contained in all the above proprietary concepts was developed through thirty years of industrial experience in aircraft propulsion by Dr. Walter M. Presz, Jr., and several millions dollars worth of engineering research conducted by FloDesign and Stage III Technologies personnel. Most of this information, other than the patent disclosures, is confidential. Stage III set up detailed procedures to keep it secret. Those procedures were set up, in part, by Jack Anderson himself.

SUMMARY DISCUSSION

Ejectors have been around for fifty years. They have tremendous potential to increase the bypass ratio of older jet engines, and therefore lower aircraft jet noise. Even so, there have been no truly successful ejector suppressor systems for aircraft. The problem is that ejectors rarely perform as predicted. One of the main reasons is the slow mixing rates associated with conventional ejectors. The slow mixing rates result in long, heavy configurations with high drag penalties. Properly designed mixer nozzle concepts alleviate this ejector design problem. Even so, good aerodynamic performance of a mixer ejector suppressor system is a delicate balance between nozzle losses, pumping (i.e. for noise suppression), cruise drag losses, weight, and takeoff thrust gains. Few people understand this problem, and even fewer have the experience and data needed to optimize such trades. We developed key design guidelines and performance prediction procedures to make these trades! Stage III's ALMEC mixer/ejector suppressor for the Gulfstream aircraft is truly unique. It is the first suppressor that generates an engine match, has the potential to provide noise reduction for stage 3 on several different aircraft, provides an increase in take-off thrust and has minimal impact on engine cruise thrust. The suppressor concept, any derivatives of this concept, and the unique technology generated to develop the concept are all proprietary to Stage III Technologies.

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 Dr. Walter M. Presz, Jr.
 President, FloDesign, Inc.
 Prof. of M.E., Western New England College
 Professional Engineer, MA

Proprietary
 Stage III Technologies

DR. WALTER M. PRESZ, JR. EMPLOYMENT TERM SHEET
3/24/87

1. TITLE: Chief Design Officer
2. RESPONSIBILITIES: Project director of all primary design and development.
3. TIME TO BE DEVOTED: Full time, except for 15 vacation days per annum. Completion of current project to be discussed.
4. BEGINNING DATE: June 01, 1987.
5. TERM: 24 months.
6. COMPENSATION: \$400,000 per annum, payable monthly in arrears.
7. LOCATION: San Diego, California area.
8. CORPORATE HOUSING: Up to \$2,000 per month.
9. PROVISIONS: Confidentiality, Non-Compete, and Invention Agreement clauses.
10. EQUITY MEMBERSHIP: 4% of Company's outstanding equity as of 5-31-87 to replace current royalty provisions. Full voting and membership rights as current members. Right to sell economic interest in Company to outside third party, on the same terms, after giving current members the opportunity to buy for 30 days pursuant to Section 6.3 of the Company's Operating Agreement dated as of February 26, 1986, as amended as of June 1, 1986 which binds current members as well.
11. CURRENT ROYALTIES: The Company will formally assume the present royalty obligations incurred by Gentlemen's Agreement to Gary Reynolds for 1.07% as it relates to the Califorman Project. Additionally, the Company will assume 1.12% royalty promised to Dr. Mohammad Khouramjani for his participation in the Company's Automobile Crash Coder project.
12. ASSISTANTS: The Company will provide up to \$100,000 per annum to pay for assistants of your choosing.

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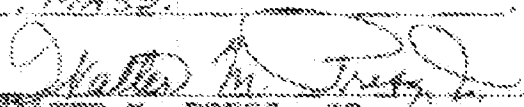
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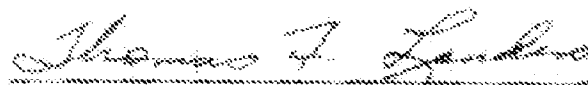
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resulting from any of said original, utility, continuation or divisional applications, any additional oaths that may be required in the aforesaid applications, any papers necessary to protect said inventions in foreign countries, and any preliminary statement required in interference proceedings in which such applications may be involved.

Signed and sealed this 16TH day of FEBRUARY, 1996, at WILMINGTON, MASS.


WALTER M. PRESS, JR.

On this 16TH day of FEBRUARY, 1996, before me appeared WALTER M. PRESS, JR., to me personally known, and acknowledged that he executed the foregoing Assignment as his free act and deed.


Notary Public
My Commission Expires: APRIL 12, 1996

[98125802]

MY COMMISSION EXPIRES
APRIL 12, 1996



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