

1-31-'02

REC

06-27-2002



ET

U.S. Department of Commerce  
Patent and Trademark Office

To the Honorable Commissioner of Pa

102136311

1. Name of conveying party(ies):  
CYCLO<sub>3</sub>PSS CORPORATION

- ☐ Individual(s) ☐ Association  
☐ General Partnership ☐ Limited Partnership  
☒ Corporation-State - Delaware  
☐ Other \_\_\_\_\_

Additional name(s) of conveying party(ies) attached? ☐ yes ☒ no

3. Nature of conveyance:

- ☐ Assignment ☐ Merger  
☒ Security Agreement ☐ Change of Name  
☐ Other \_\_\_\_\_

Execution Date: February 2, 2000

2. Name and address of receiving party(ies):

Name: THE PROCTER & GAMBLE COMPANY

Internal Address:

Street Address: One Procter & Gamble PlazaCity: Cincinnati State: OH Zip: 45202

- ☐ Individual(s) citizenship \_\_\_\_\_  
☐ Association \_\_\_\_\_  
☐ General Partnership \_\_\_\_\_  
☐ Limited Partnership \_\_\_\_\_  
☒ Corporation-State Ohio  
☐ Other \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ yes ☐ no

(Designation must be a separate document from Assignment)

Additional name(s) & address(es) attached? ☐ yes ☒ no

4. Application number(s) or registration numbers(s)

A. Trademark Application No.(s)

75/898,601 ECO-WASH

B. Trademark Registration No.(s)

Additional numbers attached? ☐ yes ☒ no

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

Name: Martin J. Miller, Esq.  
 Internal Address: DINSMORE & SHOHL LLP  
 Street Address: 1900 Chemed Center  
255 East Fifth Street  
 City: State: Zip: Cincinnati, Ohio 45202

6. Total number of applications and registrations involved:

7. Total fee (37 CFR 3.41): \$40.00  
☒ Enclosed  
☐ Authorized to be charged to deposit account  
☒ Please charge any deficiencies or credit any overpayment to deposit account  
 8. Deposit account number: 04-1133

(Attached duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

*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.*Martin J. Miller

Name of Person Signing

Signature

June 20, 2002

Date

Total number of pages including cover sheet: 14

## CERTIFICATE OF EXPRESS MAIL

"Express Mail" mailing label number: EV041793392US

Date of Deposit: June 20, 2002

I hereby certify that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 CFR 1.10 on the date indicated above and is addressed to Box Assignment; Commissioner for Patents and Trademarks; Washington, DC 20231.

Margie Greene

06/26/2002 LMUELLER 00000065 75898601

01 FC:481

40.00 UP

TRADEMARK  
REEL: 2532 FRAME: 0632

## SECURITY AGREEMENT

This **SECURITY AGREEMENT** (the "Agreement") is dated as of February 2, 2000 by and among **CYCLO, PSS CORPORATION**, a Delaware corporation, with its principal office located at 3646 West 2100 South, Salt Lake City, Utah 84120 (the "Debtor" or "Cyclopss"), and **THE PROCTER & GAMBLE COMPANY**, with a mailing address of One Procter & Gamble Plaza, Cincinnati, Ohio 45202, Attn: Carol M. Beyersdorfer, Vice President, Global Fabric Care (the "Secured Party").

**WHEREAS**, the Secured Party and Debtor have entered into a Loan Agreement of even date herewith (the "Loan Agreement") pursuant to which the Secured Party has agreed to provide a loan in the principal amount of \$1,000,000 to finance Debtor's working capital and technology development (the "Loan") under certain conditions, which include, but are not limited to, the signing of a certain \$1,000,000 convertible promissory note (the "Convertible Note"), an option agreement for the purchase and licensing of Debtor's Intellectual Property (as defined below) (the "Option Agreement"), a general release of liability in favor of the Secured Party (the "General Release") and this Agreement which includes a security interest in the Debtor's Intellectual Property and Royalty Income to secure payment of the Loans and performance of the Loan Agreement and the Convertible Note. Collectively, the Loan Agreement, Convertible Note, Option Agreement, the General Release and this Agreement are referred to herein as the "Loan Documents";

**WHEREAS**, the parties to this Agreement wish to set forth their respective rights and duties with respect to the Intellectual Property and Royalty Income;

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

**Section 1. Definitions.** For all purposes of this Agreement, the terms utilized in this Agreement have the meanings set forth in the Loan Agreement unless otherwise provided in this Agreement or unless the context otherwise requires. For the purposes of this Agreement:

- (a) "Collateral" means the Royalty Income and the Intellectual Property of Debtor.
- (b) "Event of Default" means, in addition to any default set forth in any Loan Document, any material violation by Debtor of the obligations or breach of representations and warranties set forth in this Agreement or any of the Loan Documents. Notice of an Event of Default need not be given by Pledgee for such event to exist.
- (c) "Fields" shall include the healthcare, medical, food, textiles, cleaning, disinfection and sanitization fields.
- (d) "Intellectual Property" means:
  - (1) the issued patents and pending patent applications identified in Exhibit A;
  - (2) all foreign patent applications and granted foreign patents equivalent to the U.S. patents and applications identified in Exhibit A including, but not

limited to, those claiming priority from any patent or patent application identified in Exhibit A;

- (3) all continuing, divisional, continuation-in-part, and reissue applications claiming priority from any patent or patent application identified in Exhibit A;
- (4) any and all New Developments (as defined below), including any U.S. or foreign patent applications filed by, or on behalf of Cyclopss for any New Developments until both principal and interest of the loan have been paid in full;
- (5) all patents issuing from any patent application described in paragraphs (1), (2), (3) and (4) above;
- (6) the trademarks and service marks now owned by Cyclopss (including, but not limited to, those identified in Exhibit A), and the trademarks and service marks acquired or developed by Cyclopss until both principal and interest of the loan have been paid in full together with the goodwill associated with such trademarks and service marks; and
- (7) the copyrights, trade secrets, know-how and proprietary information now owned by Cyclopss, or acquired or developed by Cyclopss until both principal and interest of the loan have been paid in;

(e) "New Developments" shall mean any and all inventions, developments, processes and works of authorship which relate to, or have applicability in, one or more Fields (as defined below) which are acquired (including by way of assignment or license), conceived, reduced to practice or fixed in tangible form by Cyclopss on or before December 10, 2006.

(f) "Royalty Income" means the income arising from that certain Letter Agreement by and between OTRES and Debtor dated August 10, 1999, ("OTRES Letter Agreement") which is attached hereto as Exhibit B.

(g) "Secured Obligations" means Debtor's obligations to the Secured Party under the Loan Documents.

**Section 2. Grant of Security Interest in Royalty.** As security for the due and punctual payment of the Secured Obligations, Debtor hereby pledges and grants to the Secured Party a security interest in the Royalty Income.

**Section 3. Grant of Security Interest in Intellectual Property.** As security for the due and punctual payment of the Secured Obligations, Debtor hereby pledges and grants to the Secured Party a security interest in the Intellectual Property.

**Section 4. Representations and Warranties.** Debtor represents and warrants that, as of the date of this Agreement and as long as this Agreement is in effect:

(a) Except as expressly permitted by the Loan Agreement and except for the lien created hereby, the Debtor is the owner of the Intellectual Property free from any license, lien, security interest, encumbrances, claims or interests; and no security agreement, financing statement, equivalent security or lien instrument or continuation statement covering any of the Collateral is on file or of record in any public office.

(b) Debtor shall not create, permit or suffer to exist, and shall take such other action as is necessary to remove, any claim to or interest in or lien or encumbrance upon the Collateral, other than those, if any, shown in the schedule set forth at the end of this agreement or in any schedule attached hereto and signed by both Debtor and Secured Party and the security interest granted hereby, and shall defend the right, title and interest of Secured Party in and to the Collateral against all claims and demands of all persons and entities at any time claiming the same or any interest therein.

(c) The Debtor's principal place of business and chief executive office is located at 3646 West 2100 South, Salt Lake City, Utah 84120 (the "Principal Place of Business"). The Debtor's books and records are kept at the Principal Place of Business. The Debtor agrees that it will not change the location of its Principal Place of Business or the location where its books and records are kept without 30 days prior written notice to the Secured Party.

(d) The OTRES Letter Agreement is a valid and enforceable agreement with OTRES and Debtor has contractual rights to royalty income from that agreement, and such rights have not been pledged, assigned, or otherwise transferred by Debtor.

**Section 5. Covenants.** In consideration of the Loan described herein, Debtor agrees that, from the date of this Agreement until the Convertible Note is paid in full, it shall:

(a) pay promptly when due all taxes, assessments, charges or levies, including but not limited to patent maintenance fees, upon the Collateral or in respect to the income or profits therefrom, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings; (ii) such proceedings do not involve any danger of sale, forfeiture or loss of any Collateral or any interest therein; and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles;

(b) keep the Collateral free from any and all liens, security interests, encumbrances, claims and interests. Debtor shall advise Secured Party promptly, in writing and in reasonable detail, (i) of any encumbrance upon or claim asserted against any of the Collateral; and (ii) of the occurrence of any other event that would have an adverse effect upon the aggregate value of the Collateral or upon the security interest of Secured Party;

(c) not sell or otherwise dispose of the Collateral; provided, however, that until default, Debtor may use the Collateral in any lawful manner not inconsistent with this Agreement or the Loan Agreement;

(d) take all measures necessary to defend and protect Debtor's Intellectual Property, and not commit or permit any action that may impair the value of the Intellectual Property.

(e) not use, the Collateral in violation of any statute, ordinance, regulation, rule, decree or order;

(f) allow Secured Party, by or through any of its agents, attorneys or accountants, to examine and inspect the Collateral and Debtor's books and records relating thereto wherever located. Debtor shall perform, do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may require to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral;

(g) assents to all extensions or postponements of the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments thereon and to the settlement, compromise or adjustment thereof, all in such manner and at such time or times as Secured Party may deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral or any income therefrom, nor as to the preservation of rights against prior parties, nor as to the preservation of any right pertaining thereto, beyond the safe custody of Collateral in the possession of Secured Party;

(h) at the request of Secured Party, Debtor shall join with Secured Party in executing one or more financing statements, assignments or other documents evidencing Secured Party's security interests, all in a form satisfactory to Secured Party, and shall pay the cost of filing the same in all public offices wherever filing is deemed by Secured Party to be necessary or desirable. A carbon, photographic or other reproduction of this agreement or of a financing statement shall be sufficient as a financing statement.

**Section 6. Remedies.** Upon the occurrence of an Event of Default under the Loan Agreement or this Agreement, the Secured Party may at its option without notice or demand declare this Agreement to be in default, and the Secured Party shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code, including without limitation the right to take possession of the Collateral; and, in addition, the Secured Party shall thereafter have the following rights and remedies (to the extent permitted by applicable law) in any jurisdiction in which enforcement hereof is sought:

(a) the Secured Party may demand, sue for, collect or make any compromise or settlement the Secured Party deems suitable in respect of any Collateral held by it hereunder;

(b) regardless of the adequacy of Collateral or any other security for the Secured Obligations, the Secured Party may apply to or set-off against any of the Secured Obligations, any deposits or other sums at any time credited by or due from the Secured Party to the Debtor (other than deposits or other sums held in trust for third parties);

(c) the Secured Party may sell, resell, assign, license and deliver, or otherwise dispose of any or all of the Collateral, for cash and/or credit and upon such terms at such place or places and at such time or times and to such persons, firms, companies or corporations as the Secured Party thinks expedient, all without demand for performance by the Debtor or any notice or advertisement whatsoever except such as may be required by this Agreement or by law; and

(d) The Secured Party shall give to the Debtor at least ten (10) days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. To the extent permitted by law, the Secured Party may enforce its rights hereunder without any other notice and without compliance with any other condition precedent now or hereafter imposed by statute, rule of law or otherwise (all of which are expressly waived by the Debtor, to the fullest extent permitted by law). Without limiting the generality of the foregoing, to the fullest extent permitted by law, the Debtor hereby waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights hereunder, including without limitation, its right following an Event of Default under the Loan Agreement to take immediate possession of the Collateral and exercise its rights with respect thereto. The Secured Party may buy any part or all of the Collateral at any public sale and if any part or all of the Collateral is of a type customarily sold in a recognized market or is of the type which is subject of widely-distributed price quotations, the Secured Party may buy at private sale and may make payments of the purchase price therefor by any means. The Secured Party may apply the cash proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, to reasonable attorney's fees, and all legal expenses which may be incurred by the Secured Party in attempting to collect the obligations or to enforce this Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement; and then to the Secured Obligations in the manner described in paragraph (g) hereof, and any surplus shall be paid to the Debtor. All of the Secured Party's rights and remedies hereunder are cumulative, not exclusive, and enforceable alternatively, successively or concurrently, at such time or times as the Secured Party deems expedient.

(e) Each of the rights, powers, and remedies provided herein or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement, or now or hereafter existing at law or in equity or by statute or otherwise. The exercise of any such rights, power or remedy shall not preclude the simultaneous or later exercise of any or all other such rights, powers or remedies.

(f) The Debtor shall pay to the Secured Party on demand any and all reasonable expenses, including reasonable counsel fees, incurred or paid by the Secured Party in protecting or enforcing its rights upon or under the Collateral. After deducting all of said expenses, the proceeds of any sale of all of any part of the Collateral pursuant to this Section 6, together with all other moneys and property held as or received by the Secured Party as or in respect of the Collateral shall be applied by the Secured Party in the following order of priority:

First, to the payment of all costs and expenses of such sale, including legal costs and reasonable attorneys' fees and expenses and all expenses, liabilities and advances made or incurred by the Secured Party in connection therewith;

Second, to the payment of all Secured Obligations of the Debtor to the Secured Party at the time due and payable;

Third, the payment of any surplus then remaining from such proceeds to Debtor, or to any of them entitled to receive such proceeds, or otherwise as a court of competent jurisdiction may direct.

**Section 7. Termination of Agreement and Release of Rights.** When the Secured Obligations are paid in full to the Secured Party and the Debtor's obligations to Secured Party under the Loan Documents are satisfied, the Secured Party shall release its rights and interests in the Collateral and in this Agreement. At such time this Agreement shall terminate and the Collateral then remaining and not previously applied against such Secured Obligations as provided in Section 6 hereof held by the Secured Party shall be returned to Debtor and/or the security interest therein released.

**Section 8. Continuing Force and Effect.** To the extent permitted by law, the obligations of the Debtor under this Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Debtor, to the extent permitted by law; (b) any exercise or non-exercise, or any waiver, by the Secured Party of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any instrument evidencing any of the Secured Obligations or pursuant to which any of them were issued; (d) any amendment to or modification of any instrument or agreement (other than this Agreement) securing any of the Secured Obligations; or (e) the taking of additional security for or any guaranty of any of the Secured Obligations or the release or discharge or termination of any security; and whether or not the Debtor shall have notice or knowledge of any of the foregoing.

**Section 9. Further Assurances.** Debtor agrees at its expense to do such acts, and to make, execute, deliver, file and record all notices, instruments, stock powers, financing or other assignments, statements and documents as Secured Party reasonably deems necessary to vest in and assure to Secured Party its security interests in any of the Collateral pledged hereunder or to give effect to the rights, powers and remedies of Secured Party hereunder.

**Section 10. Notices.** All notices, demands, requests, or other communications which may be or are required to be given by any party to any other pursuant to this Agreement shall be in writing and shall be mailed by first-class, registered mail, return receipt requested, postage prepaid, or transmitted by telegram or telex, addressed as follows:

If to Debtor:                   Cyclopss, Inc.  
                                      3646 West 2100 South  
                                      Salt Lake City, Utah 84120  
                                      ATTN: William R. Stoddard

with a copy to:               Cohne, Rappaport & Segal  
                                      P. O. Box 11008  
                                      Salt Lake City, UT 84120  
                                      ATTN: A. O. "Bud" Headman

If to Secured Party:       The Procter & Gamble Company  
                                      One Procter & Gamble Plaza  
                                      Cincinnati, Ohio 45202  
                                      ATTN: Carol M. Beyersdorfer, Global Fabric Care

with a copy to:

Dinsmore & Shohl  
1900 Chemed Center  
255 East Fifth Street  
Cincinnati, Ohio 45202  
ATTN: George H. Vincent, Esq.

or such other address as the addressee may indicate by written notice.

Each notice, demand, request or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee or at such time as delivery is refused by the addressee upon presentation.

**Section 11. Waiver.** No waiver of a breach of, or default under, any provision of this Agreement, or failure to enforce any right or privilege hereunder, shall be deemed a waiver of such provision or of any subsequent breach or default of the same or similar nature or of any other provision or condition of this Agreement, or as a waiver of any of such provisions, rights, or privileges hereunder. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. All of Secured Party's rights and remedies, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singularly or concurrently.

**Section 12. Benefit and Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by Debtor without the prior written consent of the Secured Party. In the event of a sale or assignment by the Secured Party of the Convertible Note, the Secured Party may assign and transfer its rights and interests under this Agreement in whole or in part to the purchaser or purchasers of such interests in the Convertible Note, whereupon such purchaser or purchasers shall become vested with all of the powers and rights given to the Secured Party hereunder, and shall be deemed to be the "Secured Party" for all purposes hereunder, and the predecessor Secured Party shall thereafter be forever released and fully discharged from any liability or responsibility hereunder with respect to the rights and interests so assigned.

**Section 13. Attorney-in-Fact.** Debtor hereby irrevocably constitutes and appoints Secured Party and any agent thereof, with full power of substitution, as Debtor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in Secured Party's own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this agreement.

Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.



The powers conferred upon Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that Secured Party actually receives as a result of the exercise of such powers and neither Secured Party nor any agent shall be responsible to Debtor for any act or failure to act, except for Secured Party's own gross negligence or willful misconduct.

**Section 14. Entire Agreement; Amendment.** This Agreement, together with the Loan Agreement, the Loan, the Convertible Note, the Exclusive Option Agreement, and the General Release, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersede all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein. This Agreement may not be changed orally, but only by an instrument in writing signed by all the parties hereto. Terms used herein without definition here or in the Loan Agreement which are defined in the Uniform Commercial Code of Ohio have such defined meanings herein, unless the context otherwise indicates or requires.

**Section 15. Headings.** The headings of the Sections and subsections contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning thereof.

**Section 16. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Ohio.

**Section 17. Counterparts.** This Agreement may be executed in several counterparts, none of which is deemed to be an original, and all of which taken together constitute one and the same instrument.

**Section 18. Assignment.** The rights and interest of Secured Party set forth hereunder, or any part thereof, may be assigned, transferred, sold or conveyed to any third party.

**Section 19. Conflict.** This Agreement is made pursuant to the Loan Agreement any conflict between the term of this Agreement and the terms of the Loan Agreement shall be construed to the greater benefit of the Secured Party.

**Section 20. Severability** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 21. Service of Process.** Debtor, by its execution hereof (i) hereby irrevocably submits to the nonexclusive jurisdiction of the State of Ohio and to the nonexclusive jurisdiction of the United States District Court for the Southern District of Ohio for the purpose of any suit,

action or other proceeding arising out of or based upon this Stock Pledge Agreement, the obligations of Debtor upon any of the Loan Documents, or any security for the Loan, or the subject matter hereof or thereof brought by Secured Party, any holder of the obligations of Debtor under the Loan Documents or their respective successors or assigns, and (ii) agrees not to assert, by way of motion, as a defense or otherwise, in any such proceeding, any claim that Debtor is not subject personally to the jurisdiction of the above-named courts, that Debtor's property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is brought in an inconvenient forum, that the venue of any such proceeding brought in one of the above-named courts is improper, or that this Stock Pledge Agreement, the Secured Obligations, any of the Transaction Documents, or the subject matter hereof or thereof, may not be enforced in or by such court.

**Section 22. Waiver of Trial by Jury.** SECURED PARTY BY ITS ACCEPTANCE HEREOF AND DEBTOR HEREBY VOLUNTARILY, KNOWINGLY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING UNDER THIS STOCK PLEDGE AGREEMENT OR CONCERNING THE SECURED OBLIGATION AND/OR ANY COLLATERAL CONTEMPLATED THEREBY, REGARDLESS OF WHETHER SUCH ACTION OR PROCEEDING CONCERNS ANY CONTRACTUAL OR TORTIOUS OR OTHER CLAIM. DEBTOR ACKNOWLEDGES THAT THIS WAIVER OF JURY TRIAL IS A MATERIAL INDUCEMENT TO SECURED PARTY IN EXTENDING CREDIT TO DEBTOR, THAT SECURED PARTY WOULD NOT HAVE EXTENDED SUCH CREDIT WITHOUT THIS JURY TRIAL WAIVER, AND THAT DEBTOR HAS BEEN REPRESENTED BY AN ATTORNEY OR HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY IN CONNECTION WITH THIS JURY TRIAL WAIVER AND UNDERSTANDS THE LEGAL EFFECT OF THIS WAIVER.

**IN WITNESS WHEREOF**, the undersigned parties have executed this Agreement, by their duly authorized officers, as of the day and year first above written.

**CYCLO<sub>3</sub>PSS CORPORATION**

By: 

Printed Name: William E. Hootkin

Title: President / CEO / Chairman

**THE PROCTER & GAMBLE COMPANY**

By: 

Printed Name: Nabil Y. Sakkab

Title: Vice President - Research & Development  
Global Fabric & Home Care

## **EXHIBIT A**

<u><b>Patent No.</b></u>	<u><b>Title</b></u>
US 4,665,246	Method of Producing Ethynyl Aromatic Compounds
US 5,145,350	Ozone Generator
US 5,266,275	Ozone Sterilization System
US 5,280,876	Limited Restriction Quick Disconnect Valve
US 5,334,355	Ozone Sterilization System Spent Sterilization Agent Destruct And Ambient Air Mixing Device
US 5,344,622	Ozone Sterilization System Vapor Humidification Component With Disposable Water Source
US 5,403,549	Method for Sterilization Using A Fluid Chemical Biocide
US 5,625,915	Laundry Ozone Injection System
US 5,645,608	Cold Water Wash Method
US 5,763,382	Cold Water Wash Formula
US 6,006,387	Cold Water Ozone Disinfection

<u><b>Patent Application No.</b></u>	<u><b>Filing Date</b></u>	<u><b>Title</b></u>
US 09/420,372	October 18, 1999	Cold Water Disinfection of Foods
Cyclopss Case 4269 US	January 14, 2000	Porous Material Disinfection
Cyclopss Case 4281 US	January 14, 2000	Method of Optimizing Ozone Production in a Corona Discharge Ozone Generator

<u><b>Trademark</b></u>	<u><b>Registration No. (where applicable)</b></u>
ECO WASH	-----
VAC SOIL COUNTING SYSTEM	pending; application number 75/690,846
ECO PURE	2,249,135

# CYCLOPSS

*The Ozone Company*

Cyclopss Corporation  
3646 West 2100 South • Salt Lake City, Utah 84120  
Phone: (801) 972-9090 • FAX: (801) 972-9092  
<http://www.cyclopss.com>

## EXHIBIT B

Mr. Larry Klesman, President  
OTRES, Inc.  
211 Brampton Lane  
Lake Forest, Illinois 60045

August 10, 1999

Dear Larry,

I have received, and have had the opportunity to review your letter to CYCLOPSS dated August 6<sup>th</sup>, 1999, (see as attached exhibit "A") and are very happy with the proposed royalty structure.

First, let me say on behalf of the CYCLOPSS team that we appreciate your recognition of our efforts in creating, driving and managing these potential situations with the Procter & Gamble organization. However, bear in mind that had the integrity of the Otres technology and the product applications not been so compelling, we would not have pursued the possibility.

As you have correctly identified, our relationship with P&G has been hard won and is sacrosanct. We would not have placed it at risk had we not had a extremely high level of comfort with the intent of the project, but also with the "good will intent" of the Otres management as well. That being said, I propose we flesh-out the additional elements of our ongoing relationship that have been discussed, and agreed upon but not yet memorialized, they are;

1. CYCLOPSS will have a First Right Of Refusal to engage all product development for OTRES products in which the use of ozone is a component. OTRES has previously concluded their own independent evaluation of the technical capabilities of CYCLOPSS and has determined there to be a preeminent level of expertise in the field. Each project will be produced on a Time and Materials basis, and will be subject to mutually agreed additional terms and conditions as required.
2. CYCLOPSS will continue to manage the Procter & Gamble relationship appertaining to the two products currently covered by confidentiality documents, and will continue ongoing in that role for any products that are mutually determined to be additional candidates for Procter & Gamble assessment and involvement. OTRES agrees to reimburse any direct expenses incurred by CYCLOPSS in performing these activities until if, and when, it receives it's first royalty proceeds. No expenses will be incurred without first acquiring the approval of OTRES.

page 2.

I'm sure that as we progress there will be additional contractual formalities required by all parties. But I believe the above described basics define the verbal outline of commitments made regarding the existing and future relationship at least as we grasp it thus far.

Again, we are extremely excited about the mutual opportunities we are in a position to assist each other in pursuing, and look forward a healthy, rewarding and prosperous future.

Sincerely,



William R. Stoddard, President  
CYCLOPSS CORPORATION

accepted by,

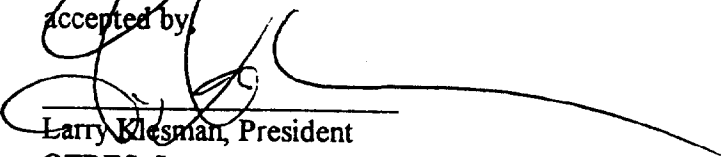
  
Larry Klesman, President  
OTRES, Inc.

EXHIBIT 'A'

OTRES INC.  
211 BRAMPTON LANE  
LAKE FOREST, ILLINOIS 60045

August 6, 1999

Mr. William R. Stoddard  
President  
Cyclopss Corporation  
3446 West 2100 South  
Salt Lake City, Utah 84120

Dear Bill,

In writing this letter, we first would like to express my deepest appreciation to not only you, but Durand and your entire staff for what we perceive as a above and beyond effort in helping secure some type of relationship between Protector & Gamble and ourselves. We understand that these efforts where not only made on our behalf, but as a strategic assault on Proctor & Gamble to help establish the technology both companies are founded in.

After our latest visit to Cincinnati, Dave and I felt compelled to create some value for these efforts, as long as there was some formalize relationship created between OTRES and Proctor & Gamble and it appears to be coming to fruition.

For this reason and as a possible precursor to a deeper relationship between both companies we at OTRES Inc. are please to offer to Cyclopss Inc. the following royalty plan for the efforts put forth by Cyclopss on OTRES's behalf.

Term	Sales Plan	Plan or Under	Above Plan
1999	107,500 units	0.30 per unit	1.00 per unit
2000	1,032,000 units	0.30 per unit	.75 per unit
2001	1,825,000 units	0.30 per unit	.50 per unit

Any additional new items not originally exhibited would automatically be considered at the above plan rate and this agreement would be in force until January 1, 2002.

Bill, the only thing we need to have happened to make this agreement executable is the closure of this relationship that we have all worked so hard to bring about.

We look forward to a very long relationship between the two companies and we hope this represents our appreciation for all the help Cyclopss has given to the technology as well as the concept.

Best wishes,  
OTRES Inc.

Larry Klesman  
President

