

TRADEMARK ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL
EFFECTIVE DATE:	12/29/1989

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Pacific Scientific Company		12/29/1989	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Particle Sizing Systems, Inc.
Street Address:	75 Aero Camino
Internal Address:	Suite B
City:	Goleta
State/Country:	CALIFORNIA
Postal Code:	93117
Entity Type:	CORPORATION: CALIFORNIA

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	1340333	NICOMP

CORRESPONDENCE DATA

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NAME OF SUBMITTER:	Jeffrey Van Hoosear
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Signature:	/JVH/
Date:	12/22/2005
<p>Total Attachments: 24</p> <p>source=PARTI#page1.tif source=PARTI#page2.tif source=PARTI#page3.tif source=PARTI#page4.tif source=PARTI#page5.tif source=PARTI#page6.tif source=PARTI#page7.tif source=PARTI#page8.tif source=PARTI#page9.tif source=PARTI#page10.tif source=PARTI#page11.tif source=PARTI#page12.tif source=PARTI#page13.tif source=PARTI#page14.tif source=PARTI#page15.tif source=PARTI#page16.tif source=PARTI#page17.tif source=PARTI#page18.tif source=PARTI#page19.tif source=PARTI#page20.tif source=PARTI#page21.tif source=PARTI#page22.tif source=PARTI#page23.tif source=PARTI#page24.tif</p>	

NICOMP LICENSE AND PURCHASE AGREEMENT

dated as of December 29, 1989

by and among

Pacific Scientific Company,

Particle Sizing Systems, Inc.

Dr. David F. Nicoli,

and

Dr. Virgil B. Elings

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NICOMP LICENSE AND PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into as of the 29th day of December 1989 by and among PACIFIC SCIENTIFIC COMPANY, a California corporation ("PSCO"); DR. DAVID F. NICOLI, an individual resident of Santa Barbara County, California ("Nicoli"); DR. VIRGIL B. ELINGS, an individual resident of Santa Barbara County, California ("Elings"); and Particle Sizing Systems, Inc., a California corporation ("PSSI"). All capitalized terms herein shall have the respective meanings attributed to them in Section 1 hereof.

RECITALS

A. All of the parties hereto except PSSI entered into the Purchase Agreement as of July 31, 1984 whereby PSCO purchased (1) substantially all of the business, properties, and assets of NICOMP Instruments, Inc., a California corporation dissolved in 1984 ("NII"), and (2) all of the rights, title and interest of Nicoli and Elings in that certain U.S. Patent No. 4,404,645, entitled "Correlator," and related technology ("(1)" and "(2)" collectively, the "NICOMP Business Assets").

B. PSCO, with the assistance of Nicoli, Elings, and others, has been operating the NICOMP Business Assets as an ongoing concern (the "NICOMP Business") which has been an integral part of PSCO's business.

C. The parties to the Purchase Agreement have determined that Nicoli and Elings, if permitted by PSCO to act through their majority-owned corporation, PSSI, can efficiently operate the NICOMP Business and provide products and service to customers (including those of PSCO's) desiring dynamic light scattering ("DLS") particle sizing products and services.

D. PSCO now desires to sell to PSSI and PSSI desires to buy from PSCO the current NICOMP Inventory.

E. Pursuant to the Purchase Agreement, the Employment Agreement and the Consulting Agreement, Elings and Nicoli agreed to honor the Restrictive Covenants. The parties hereto desire to amend the Purchase Agreement, the Employment Agreement, and the Consulting Agreement with respect to the Restrictive Covenants, in accordance with the terms hereof.

F. PSCO desires to license and subsequently to transfer to PSSI and PSSI desires to accept the license of

and subsequently to acquire substantially all of PSCO's rights concerning the NICOMP Business in exchange for PSSI paying PSCO royalties on sales resulting therefrom and resulting from amendment of the Restrictive Covenants, each in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of and in reliance upon the mutual covenants and agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. When used herein, the following terms shall have the respective meanings attributed to them:

1.1. "Autodilutor" means any automatic dilution system the subject of U.S. Patent No. 4,794,806 or any system functionally similar that may be developed by PSSI, Nicoli or Elings.

1.2. "Consulting Agreement" means that certain Consulting Agreement made and entered into as of July 31, 1984 by and between PSCO and Elings.

1.3. "Effective Date" means the date first above written, the date upon which this Agreement shall become effective.

1.4. "Employment Agreement" means that certain Employment Agreement made and entered into as of July 31, 1984 by and between PSCO and Nicoli.

1.5. "Net Sales Price" means the initial price established by a seller less quantity discounts, shipping charges payable to third parties, refunds and returns.

1.6. "NICOMP Inventory" means the inventory and consignment/demonstration stock (including piece parts, accessories, options and finished DLS-type particle sizing units) of the NICOMP Business as of the Effective Date, whether in the possession of PSCO or another pursuant to the Other Arrangements with Nicoli, Elings, or Santa Barbara Technology, a list of which is attached hereto as Exhibit A, such NICOMP Inventory to be transferred pursuant to Section 2.1 hereof.

1.7. "NICOMP License" is defined in Section 3.1 hereof.

1.8. "NICOMP Product List" means the list of finished DLS-type units or components thereof currently marketed by PSCO, whether currently existing in the NICOMP Inventory or produced on an order-by-order basis, attached hereto as Exhibit B.

1.9. "NICOMP Unit" means either: the finished units currently held in the NICOMP Inventory; other finished DLS-type sizing instrumentation on the NICOMP Product List to be manufactured and offered by PSSI after the Effective Date hereof; or any unit, component or system developed or to be developed by PSSI, NII, Nicoli or Elings before or after the Effective Date, including Autodilutors sold with or to be used in a system utilizing DLS technology, for use in DLS particle sizing applications.

1.10. "Noncompete Period" is defined in Section 8.1 hereof.

1.11. "Other Arrangements" means those oral agreements between or among PSCO, Santa Barbara Technology, Nicoli and Elings, entered into before or after the expiration of the Employment Agreement, whereby PSCO has provided Nicoli with: inventory needed to test and produce NICOMP Units for PSCO, per diem consulting fees, and reimbursement of reasonable expenses, office space, telephone and other support services, and the opportunity to profit from filling PSCO's purchase orders for NICOMP Units, in exchange for Nicoli's and Elings' providing to PSCO certain consulting and manufacturing services.

1.12. "Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

1.13. "PSCO DLS Technology" means all of the patents, technology, know-how, engineering, design, technical data, methods, processes, marketing data and other proprietary information not generally known to persons skilled in the art of light scattering and/or particle sizing/detection or in the public domain, owned by PSCO and relating to DLS particle sizing; provided, however, that if any of the foregoing also relate to non-DLS applications of PSCO, then PSCO DLS Technology for purposes of this Agreement shall not include the foregoing for such non-DLS applications.

1.14. "Purchase Agreement" means that certain Agreement of Purchase and Sale made and entered into as of July 31, 1984 by and among PSCO, NII, Elings and Nicoli.

1.15. "Restrictive Covenants" means, collectively, those certain restrictive covenants undertaken by NII, Nicoli and Elings, jointly and severally, pursuant to Section 10.3 of the Purchase Agreement, those certain restrictive covenants undertaken by Nicoli pursuant to Section 9 of the Employment Agreement, and those certain restrictive covenants undertaken by Elings pursuant to Section 5 of the Consulting Agreement.

1.16. "Royalty Agreement" means that certain Royalty Agreement made and entered into as of July 31, 1984 by and between PSCO, NII, Elings and Nicoli.

2. Purchase of NICOMP Inventory; Payment; Terms; Assumption of Warranty Obligations.

2.1. PSSSI agrees to pay to PSCO the book value of the NICOMP Inventory as shown on the schedule of such inventory, together with a schedule of the book value thereof that shall allow a maximum of \$7500 for all scrap and obsolescence, otherwise established in a manner consistent with the past practices of PSCO, attached hereto as Exhibit A. PSCO agrees to convey title in the NICOMP Inventory that PSCO owns to PSSSI, giving its bill of sale therefor in the form of Exhibit C hereto, and to accept as payment therefor PSSSI's promissory note for the book value thereof in the form of Exhibit D hereto, secured by (1) Nicoli's and Elings' stock in PSSSI pursuant to a Stock Pledge Agreement in the form of Exhibit E hereto, and (2) a floating lien on the inventory of the NICOMP Business pursuant to a Security Agreement in the form of Exhibit F hereto. PSSSI agrees to pay down the principal of the promissory note at \$6,000 per complete NICOMP Unit sold by PSSSI no later than the end of the month following that in which the sale is made. Without regard to the number of units sold, if any, the balance of the principal shall be due and payable by PSSSI to PSCO thirty months after the Effective Date. PSSSI shall also pay PSCO in cash on the Effective Date the dollar value of the NICOMP Inventory divided by 240,000, times 25,000, to cover carrying costs.

2.2. As of the Effective Date, PSSSI shall assume to the maximum extent allowable PSCO's warranty and support obligations to existing customers of the NICOMP

Business for items on the NICOMP Product List, to the extent as such warranty and support obligations are specifically set forth on Exhibit G, attached hereto. Other than as set forth on such Exhibit, PSSI will not assume any warranty or support obligations of PSCO except to supply spare parts, as provided below. PSSI shall be obligated to perform all such warranty and/or support services at PSSI's headquarters in Santa Barbara, California, unless PSSI determines, in the exercise of its reasonable discretion, that it would be more efficient for it to perform such warranty and/or support services at another location, and except to the extent such warranty and support obligations can be satisfied by the delivery of spare or replacement parts to other locations, and PSSI hereby undertakes to make such delivery where necessary. In no event will PSSI be required to carry out any such warranty and/or support services for customers to which NICOMP Units are sold by persons with whom PSSI does not have a contractual arrangement regarding such a sale in a location other than PSSI's headquarters in Santa Barbara, California.

3. NICOMP License.

3.1. As of the Effective Date, and subject to Article 10 hereof, PSCO grants to PSSI, until terminated pursuant to the terms of this Agreement, an exclusive license (the "NICOMP License") (1) to manufacture, market, sell and service NICOMP Units (including any piece parts, options, accessories or components thereof), (2) to use the PSCO DLS Technology, to the extent necessary, in addition to other technology, to accomplish same, and (3) to use the "NICOMP" trade name and associated proprietary names or marks as listed on Exhibit H to so promote sales of NICOMP Units during the term of the license and subject to the limitations imposed hereunder; provided, however, that excepted from the NICOMP License will be any rights outstanding to PSCO's current distributors, representatives and agents, as listed on Exhibit I hereto, until such rights expire or are terminated. PSSI accepts the NICOMP License and agrees to operate the NICOMP Business during the term hereof.

3.2 As of the Effective Date, PSCO agrees to withdraw all of the NICOMP products from its distributorship and sales representative agreements shown in 'Category One' of the attached Exhibit I. PSCO agrees to cooperate fully with PSSI, should PSSI notify PSCO that PSSI desires to enter into a distributor or agency relationship concerning the NICOMP products with any party to the

agreements shown in 'Category One' of such Exhibit I. PSSI also agrees to supply to PSCO, in accordance with the pricing schedule utilized by PSSI from time to time for sales to its distributors, any NICOMP Units, replacement parts and warranty and support services which are necessary to enable PSCO to fulfill its continuing obligations under any of the contracts listed in 'Category One' of the attached Exhibit I for the period prior to the termination of PSCO's obligations thereunder.

PSSI agrees to supply PSCO with NICOMP Units, replacement parts, warranty and support services for any NICOMP Units distributed pursuant to the distributorship and sales representative agreements shown on the attached Exhibit I. Such products and services shall be supplied by PSSI to PSCO, or directly to the representative, agent, distributor or end user, in accordance with the pricing schedule utilized by PSSI from time to time for sales to its distributors. With regard to the contractual arrangements shown on 'Category Two' of the attached Exhibit I, PSCO and PSSI agree to cooperate in good faith to arrange for the withdrawal of the NICOMP Units from the products lists of such contractual arrangements as soon as practicable or, at PSSI's option, to arrange for a direct contractual relationship on approximately the same terms and conditions between PSSI and the contracting party pursuant to such arrangements.

Nothing contained herein shall require the cancellation of, breach of, or assignment of existing agreements with any distributors, representatives or agents to the extent prohibited by law or existing agreements. In no event shall PSSI be obligated to sell to PSCO or through any distributors, representatives or agents to which PSCO is contractually obligated, any new products developed by PSSI which are not the subject of the contractual arrangements listed on Exhibit I.

3.3 Prior to the transfer of the PSCO DLS Technology to PSSI as provided in Section 7.3 below, PSSI, Nicoli and Elings are prohibited from sublicensing or otherwise intentionally disclosing any proprietary portion of the PSCO DLS Technology to third parties without the prior written approval of PSCO, which shall not be unreasonably withheld; and provided, however, that any such disclosure or arrangement shall not be used by PSSI to circumvent its obligations hereunder and shall therefore provide for PSCO to share reasonably in the benefits thereof.

4. Suspension of the Restrictive Covenants;
Discontinuation of Royalties to Nicoli and
Elings.

4.1. PSCO hereby suspends the Restrictive Covenants in their entirety, except as provided herein. The parties hereto agree that during the period prior to July 31, 1993, in which the NICOMP License is in effect, PSSSI, Nicoli and Elings will be free to pursue the development, manufacture, marketing or sale of any product(s) used to detect, count and/or measure particle size except as limited below. This suspension of the Restrictive Covenants will terminate, and be of no further force or effect whatsoever, should this Agreement be terminated in accordance with the provisions of Section 10.2 below.

4.2. Nicoli and Elings, individually and as sole successors in interest to NII, hereby suspend during the term hereof the Royalty Agreement and any obligation of PSCO to pay a minimum royalty pursuant to Section 10.3 of the Purchase Agreement as would otherwise be necessary to preserve PSCO's rights to such Restrictive Covenants during the period of their suspension provided for in Section 4.1 hereof.

5. Patents, Trademarks and Tradenames.

5.1. PSSSI shall diligently cooperate with PSCO to prosecute, at PSCO's expense during the term of the NICOMP License (unless caused by the action or inaction of PSSSI), any infringements of PSCO DLS Technology or the violation of any of the other proprietary rights granted for PSSSI's use hereunder.

5.2. PSCO hereby grants to PSSSI for the period of this Agreement the right to use and display the "NICOMP" trademarks, tradenames and service marks as set forth on Exhibit H, attached hereto and incorporated herein (the "Licensed Marks"), in connection with PSSSI's sales, distribution, and servicing of NICOMP Units pursuant to this Agreement, including, at PSSSI's option, the right to incorporate the "NICOMP" tradename into PSSSI's company name through name change, or into that of its subsidiaries or divisions by name change or otherwise. PSSSI may use the Licensed Marks in connection with PSSSI's, its subsidiaries' or divisions' company names, and in connection with sales, distribution, and servicing of NICOMP Units pursuant to the Agreement. Alternately, it may use other substitute marks (the "Substitute Marks") which PSCO does not disapprove

(except with respect to company names, for which PSSI shall have complete authority to the extent "NICOMP" is not used therefor). Contemporaneously with the creation of any Substitute Mark, PSSI shall submit such Substitute Mark to PSCO. PSCO shall have thirty days with which to disapprove any such Substitute Mark, which disapproval may be made only upon PSCO's demonstration that the use of the disapproved Substitute Mark would be detrimental to PSCO's interest in the Licensed Marks. Such Substitute Marks which are not disapproved shall be accounted for by a separate exhibit to be appended to the Agreement as Exhibit J and updated as appropriate. Should PSSI develop new models or components of NICOMP Units, it shall market them either (1) under the NICOMP trademarks or tradenames, in which event such specific names or marks will be added to the Licensed Marks on Exhibit H, or (2) as Substitute Marks.

5.3. During the term of the NICOMP License, the manner of use by PSSI of all or any of the Licensed Marks and Substitute Marks shall be permitted unless disapproved by PSCO. Contemporaneously with the creation of any new use of the Licensed Marks and/or Substitute Marks, PSSI shall submit such proposed use to PSCO. PSCO shall have thirty days within which to disapprove of any such use, which disapproval may be made only upon PSCO's demonstration that the disapproved use would be detrimental to PSCO's interest in the Licensed Marks. Following any such disapproval, in no instance shall PSSI use any Licensed Mark or Substitute Mark in the disapproved manner. PSCO acknowledges, however, that it shall not be necessary for PSSI to disclose PSCO's ownership interests by way of footnote or other affirmative means in PSSI's promotional materials in order to satisfy its obligations under this Section 5.3, except where this would be necessary to avoid confusion.

5.4. During the term of the NICOMP License, no right, title or interest of any kind in or to any of the Licensed Marks or the respective registrations thereof is transferred by this Agreement to PSSI except as set forth in this Article 5. PSCO covenants and agrees that it will maintain in full force and effect the Licensed Marks until the earlier of (a) the termination of this Agreement, or (b) the transfer of the Licensed Marks to PSSI pursuant to Section 7.3 below. PSSI recognizes and acknowledges the sole and exclusive ownership of all right, title, and interest in and to the Licensed Marks and the respective registrations thereof, if applicable, in PSCO. PSSI agrees that it will not, during the term of the NICOMP License,

attack, dispute or impugn the validity of any Licensed Marks or the respective registrations thereof or any rights or ownership of PSCO therein. PSSI agrees that if it should at any time acquire by use, registration or otherwise any right, title or interest whatsoever in or to any Licensed Mark, trademark, tradename or service mark confusingly similar to or likely to conflict with any Licensed Mark, during the term of the NICOMP License it shall, whenever called upon to do so by PSCO, assign to PSCO or waive, abandon and/or disclaim any and all such rights, titles and interests thus acquired.

5.5. PSSI agrees that it will, immediately upon termination of the NICOMP License for any reason whatsoever except a termination in connection with the transfer of assets to PSSI pursuant to Section 7.3 below, discontinue all use of the Licensed Marks or Substitute Marks, that it shall not thereafter adopt or use any such Licensed Marks or Substitute Marks or any colorable imitation thereof or any trademark, tradename, or service mark confusingly similar to or likely to conflict with any of such Licensed Marks or Substitute Marks, either alone or in combination with any other words, letters, symbols or designs, and that it shall execute, file and record whatever documents and perform whatever other acts are deemed necessary or desirable by PSCO fully to return to PSCO all rights or licenses granted under this Agreement.

5.6. PSSI agrees to notify PSCO promptly in writing of any infringements or counterfeits of, or any unfair competition affecting any of the Licensed Marks or Substitute Marks immediately upon gaining knowledge thereof, and to cooperate fully in any action thereon which PSCO may in its sole discretion deem appropriate. PSSI shall not, however, be entitled to take or institute any action regarding the Licensed Marks, either by way of informal protest or legal, equitable or criminal proceedings, without the express written approval of PSCO. PSCO agrees, however, to appoint PSSI within thirty (30) days of PSSI's request therefor and notification of the need for enforcement, to be PSCO's agent solely for purposes of taking or instituting necessary action where PSSI offers to pay the costs, fees, and expenses associated with such protest or proceedings.

5.7. PSSI agrees to assist PSCO, without charge, in registering and maintaining the registration of any Licensed Marks or Substitute Marks unless consulting time and effort in excess of 10 hours are involved (in which

case PSSI will charge reasonably for the time and effort in excess of such 10 hours which are required).

5.8. It is the specific intent of the parties hereto that nothing contained herein will in any way jeopardize any right of PSCO in and to the Licensed Marks or Substitute Marks and, should any provision of this Agreement be interpreted by a court or any other governmental authority to jeopardize such right or rights, then such provision or provisions shall be deemed deleted from this Agreement.

5.9. If the NICOMP License terminates before July 31, 1993, PSSI shall convey all of its right, title and interest in and to the Substitute Marks to PSCO and PSSI's rights to use the Licensed Marks (including as part of its or its affiliates' corporate names) will terminate and revert to PSCO. PSSI, Nicoli and Elings will take such actions as are necessary to effect name changes, or to cause PSSI's affiliates to effect name changes, to accomplish same. In such event, PSSI obligations under this Article 5 shall continue according to the terms hereof. If PSCO transfers the Licensed Marks to PSSI pursuant to Article 7 hereof, PSSI's obligations under this Article 5 shall cease, except where the terms expressly require otherwise.

6. Representations and Warranties.

6.1. PSSI, Nicoli and Elings, jointly and severally, make the following representations and warranties to PSCO, which shall be true and correct on and as of the Effective Date and thereafter:

(a) Due Incorporation, Good Standing, Authority; Ownership. PSSI is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with all requisite corporate power and authority to perform this Agreement. Nicoli and Elings own a majority of the stock of PSSI. This Agreement constitutes the legal, valid and binding obligation of PSSI, and is enforceable against PSSI in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally.

(b) No Violation. The execution and delivery of this Agreement, and the consummation of the transactions contemplated herein, will not result in or con-

stitute a breach of any term or provision of any material agreement of PSSI, Nicoli or Elings (other than the Restrictive Covenants, which are suspended during the term of this Agreement), or a default or an event that, with notice or lapse of time or both, would be a default, of any provision of the Articles of Incorporation or bylaws of PSSI.

6.2. PSSI, Nicoli, and Elings, jointly and severally, hereby indemnify and hold harmless (including reasonable attorneys' fees) PSCO against any and all liability to any Person arising from or in connection with the failure of any of the representations and warranties set forth in Section 6.1 hereof.

6.3. PSCO makes the following representations and warranties to PSSI, Nicoli and Elings, which shall be true and correct on and as of the Effective Date and thereafter:

(a) Due Incorporation, Good Standing, Authority. PSCO is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with all requisite corporate power and authority to perform this Agreement. This Agreement constitutes the legal, valid and binding obligation of PSCO, and is enforceable against PSCO in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally.

(b) No Violation. The execution and delivery of this Agreement, and the consummation of the transactions contemplated herein, will not result in or constitute a breach of any term or provision of any material agreement of, or a default or an event that, with notice or lapse of time or both, would be a default, of any provision of the Articles of Incorporation or bylaws of PSCO.

6.4. PSCO hereby indemnifies and holds harmless (including reasonable attorneys' fees) PSSI against any and all liability to any Person arising from or in connection with the failure of any of the representations and warranties set forth in Section 6.3 hereof.

7. PSSI Sales of NICOMP Units; Royalties; Sale of Assets.

7.1. PSSI shall pay to PSCO a royalty for each NICOMP Unit or service for repairs related thereto sold by PSSI prior to the termination of the NICOMP License, except that any accessory or spare part not manufactured by, or expressly for, PSSI that does not yield to PSSI a gross margin of 20% or greater as determined by generally accepted accounting principles ("pass-through item") shall be excluded from such royalty. For each such NICOMP Unit or repair service sold by PSSI (or on behalf of PSSI), the royalty due and initially owing PSCO shall be an amount equal to 10% of the Net Sales Price. The royalty for sales and repair services shall be reduced to 7.5% after the date upon which PSSI pays PSCO the aggregate sum of \$650,000 in royalties pursuant to this Section 7.1. In any event, the royalties payable by PSSI pursuant to this Section 7.1 shall cease altogether from and after July 31, 1993, except as provided in Section 7.3 below.

7.2. Within 45 days after the end of each calendar quarter in which NICOMP Units or services are sold by or on behalf of PSSI as contemplated in Section 7.1 hereof, PSSI shall deliver to PSCO a written statement of account showing its computation of royalties accruing from the sales of such units or services during such quarter. In such statement of account, PSSI shall provide reasonably detailed information as to any pass-through item that PSSI has provided to a customer during the reporting period. The royalty owing hereby shall not be payable on pass-through items. Such statement shall be accompanied by PSSI's check in payment of all royalties then due and payable with respect to sales made during such calendar quarter not including for such pass-through items. PSSI shall keep full and accurate records and books of account containing all particulars necessary for showing the amount of royalties due PSCO hereunder. Such records and books of account shall be opened to inspection by PSCO's duly appointed certified public accountants or other representatives during regular business hours upon seven days prior written notice up to four (4) times per calendar year.

7.3. Subject to the exceptions set forth in Sections 10.2(c) and (d), provided that PSCO has not terminated the NICOMP License pursuant to Article 10 before July 31, 1993, then on July 31, 1993 (1) the NICOMP License shall terminate; (2) PSSI's obligation to pay royalties pursuant to Section 7.1 shall terminate; and (3) PSCO shall

convey to PSSI all of its right, title and interest in and to the NICOMP Inventory (if any), the Licensed Marks and the Substitute Marks, all assets of the NICOMP Business and the PSCO DLS Technology, giving its Bill of Sale and other appropriate documents of transfer and sale. As compensation for the conveyance made pursuant to Section 7.3(3) above, PSSI hereby covenants and agrees to pay to PSCO a royalty of 7.5% of the Net Sales Price for each NICOMP Unit or service for repairs related thereto sold by PSSI during the period from August 1, 1993 through July 31, 1994, (the "Deferred Purchase Price") except that any accessory or spare part not manufactured by, or expressly for, PSSI, which does not yield to PSSI a gross margin of 20% or greater, as determined by generally accepted accounting principles (a "pass-through item") shall be excluded from such royalty. The Deferred Purchase Price shall be otherwise payable in accordance with the provisions of this Section 7 pertaining to the payment of the royalty contemplated by Section 7.1 prior to July 31, 1993.

7.4. PSSI, Nicoli and Elings shall employ expeditiously any viable new product, technique or technology relating to the DLS particle sizing business, developed by any of them, for the benefit of PSCO until all obligations of PSSI, Nicoli and Elings pursuant to Sections 2.1 and 7.1 hereunder are satisfied.

8. PSCO's Covenant Not To Compete in the DLS Particle Sizing Market.

8.1. PSCO agrees that it will not, during the term of the NICOMP License (but in no event will this period end later than July 31, 1993) (the "Noncompete Period"), manufacture, market or sell DLS particle sizing products except as necessary or permitted under this Agreement. PSCO, upon receiving notice of breach of this covenant from PSSI, shall respond within five (5) days with the details of any corrective actions taken or PSCO's denial of breach. If PSSI contests the adequacy of the corrective action or PSCO's denial of breach, then PSSI and PSCO shall each convey its position in writing to such arbitrator as the parties or the designee of each shall agree upon within five (5) business days. The arbitration shall be conducted in Los Angeles in accordance with the rules of the American Arbitration Association. If the arbitrator determines that PSCO breached this covenant and has not taken corrective action, then the royalty payments due under Section 7.1 shall be reduced to an amount equal to 1% of the Net Sales Price.

9. Limitation on the Sale of PSCO, PSSI and the NICOMP Business.

9.1. Except in connection with a sale of all or substantially all of its assets or any of its major divisions, PSCO shall not sell, assign or otherwise dispose of any of the assets which will be used to perform this Agreement (outside of the ordinary course of business) to any Person unless PSSI shall first have consented thereto in writing, which consent shall not be unreasonably withheld. All sales of such assets shall remain subject to the other parties' rights pursuant to this Agreement.

9.2 PSSI shall not sell, assign or otherwise dispose of substantially all of its property or assets or otherwise sell any of the assets which will be used to perform this Agreement (outside of the ordinary course of business) to any Person without first granting PSCO the option to buy under the same terms and conditions as will be offered to third party buyers. PSCO shall exercise any option(s) granted it hereunder within 45 days of receipt of notice of the intention of PSSI to sell, assign or dispose of its assets, which notice will contain a detailed description of any such sale, assignment or disposal. Should PSCO not exercise its right to purchase within such forty-five day period, then the right of first refusal granted in this Section 9.2 with respect to the proposed sale and any sales that follow the closing of that sale shall terminate and become of no further force or effect whatsoever. All sales of such assets shall remain subject to the other parties' rights pursuant to this Agreement excepting only the right of first refusal. The rights granted by this Section 9.2 shall terminate on July 31, 1993.

10. Term and Termination.

10.1. Unless terminated sooner as provided herein, this Agreement shall be effective on the Effective Date and shall continue until July 31, 1993 (except solely with regard to the payment of the Deferred Purchase Price specified in Section 7.3 above, with respect to which this Agreement shall terminate on July 31, 1994). In the event either Party terminates this Agreement prior to July 31, 1993 pursuant to Article 10, the NICOMP License will also terminate.

10.2. This Agreement shall terminate:

(a) Immediately and at any time upon the mutual agreement of all of the parties hereto;

(b) By either PSCO or PSSI, at its option, upon 15 days written notice to the other of them, if the other of them shall breach this Agreement and (i) shall fail to cure such breach for a 30 day period after notice thereof has been provided by the non-breaching party or (ii) if such breach is not capable of being cured within such 30 day period, shall commence good faith efforts to cure such breach within such 30 day period and shall proceed diligently and in good faith to cure such breach.

(c) By either PSCO or PSSI if the other of them makes any general assignment for the benefit of its creditors or otherwise participates as a debtor, voluntarily or involuntarily (provided that if in case such Person's participation is involuntary, such Person shall be allowed thirty (30) days to have the proceeding dismissed), in a bankruptcy, receivership, or other similar proceeding under state or federal law, and after such time, royalties paid in any calendar quarter under Section 7.1 are less than the average of those paid during the preceding four calendar quarters; provided, however, that if this Agreement shall terminate before July 31, 1993 pursuant to this subsection, PSSI shall have the right to pay PSCO the balance due on its obligations to pay PSCO pursuant to Section 2.1 and the sum of \$650,000, less any royalties previously paid pursuant to Section 7.1 above, and thus to obligate PSCO to convey the remainder of the NICOMP Business assets to PSSI pursuant to Section 7.3.

(d) By PSCO if Nicoli and Elings die or become physically or mentally incapacitated so as to be unable to perform their duties hereunder or PSSI becomes unable to perform its obligations hereunder for any reason, and after such time, royalties paid in any calendar quarter under Section 7.1 are less than the average of those paid during the preceding four calendar quarters; provided, however, that if this Agreement shall terminate before July 31, 1993 pursuant to this subsection, PSSI shall have the right to pay PSCO the balance due on its obligations to pay PSCO pursuant to Section 2.1 and the sum of \$650,000, less any royalties previously paid pursuant to Section 7.1 above, and thus to obligate PSCO to convey the remainder of the NICOMP Business assets to PSSI pursuant to Section 7.3.

10.3. Upon PSCO's termination of this Agreement prior to July 31, 1993, PSCO shall have the right to exercise its rights under the Promissory Note, the Security Agreement and the Stock Pledge Agreement provided for in Section 2.1; the suspension of the Restrictive Covenants and the Royalty Agreement shall be ended; and Nicoli and Elings agree to abide by the Restrictive Covenants so long as the Royalty Agreement royalties are paid thereon (which royalties, if any, shall recommence only upon PSCO's termination, without any claim in PSSSI, Nicoli, or Elings for royalties that would otherwise have accrued during the term of this Agreement) until such covenants expire by their own terms and conditions on July 31, 1993. Should PSCO terminate this Agreement following July 31, 1993, then PSCO shall have only the right to enforce the obligation of PSSSI to pay the Deferred Purchase Price, as contemplated by Section 7.3 above.

10.4. The respective rights and obligations of the parties hereto set forth in Articles 5 and 6 hereof shall survive termination or expiration of this Agreement.

11. Miscellaneous.

11.1. Headings. The subject headings of the articles, sections, paragraphs and subparagraphs hereof are included for convenience only, and shall not affect the construction or interpretation of this Agreement or any of its provisions.

11.2. Integration. Other than as expressly stated in this Agreement or the ancillary written agreements entered into between or among the parties on or about the date hereof in connection herewith, this Agreement, together with all Exhibits hereto, which are by this reference incorporated herein, is a complete and exclusive statement of the terms of the parties' agreement with respect to the license of and subsequent purchase of the NICOMP Business, and the parties hereto agree, and Nicoli and Elings agree to cause Santa Barbara Technology, if necessary, to agree (or otherwise to secure its acquiescence), if necessary, that all prior averments, agreements or statements, whether oral or in writing, including but not limited to the Other Arrangements, are hereby terminated. To the extent any obligations survive from the Purchase Agreement and documents entered into in connection therewith that are not expressly terminated or amended hereby, they shall be unaffected by this Agreement.

11.3. No assignment. The respective rights and obligations of each of the parties hereto shall not be assignable without the prior written consent of the other parties hereto which shall not unreasonably be withheld. The obligations of the parties hereto hereunder shall be binding upon their respective successors, assigns, heirs and legal representatives. Any assignment in contravention of the foregoing shall be void and of no force and effect whatsoever.

11.4. Severability. If any part of this Agreement shall be held void, voidable or otherwise unenforceable by any court of competent jurisdiction, nothing contained in this Agreement shall limit the enforceability of any other part hereof or of the entire Agreement in any other jurisdiction, and it is the intent of the parties that in such event only such of the offending language as needs be stricken from the Agreement to cure such defect should be stricken (or time or geographic limitations reduced) so as to most nearly effectuate the original intent of the parties within the bounds of enforceability.

11.5. Waivers. No modification to this Agreement shall be binding upon any party hereto unless it is in writing and signed by the parties sought to be bound. Waiver by any party hereto of a breach of any of the terms and conditions hereof by any of the other parties hereto shall not be deemed a waiver of future compliance herewith, and such provisions shall remain in full force and effect.

11.6. Governing law. This Agreement shall be construed in accordance with, and governed by, the internal laws of the State of California (and not the laws of conflict of law).

11.7. Notices. All notices called for by this Agreement shall be in writing and shall be personally delivered or sent by registered mail, return receipt requested, bearing adequate postage and addressed as hereinafter provided. Notices delivered in person shall be effective upon the date of delivery. Notices by mail shall be effective upon the receipt thereof by the addressee or upon the fifth calendar day subsequent to the postmark date, whichever is earlier. Rejection of the notice or the refusal to accept or the inability to deliver it because of a change in the address of which no notice was given as provided herein shall be deemed to be receipt of the notice sent as of the fifth calendar day subsequent to the postmark

date. By giving to the other parties hereto at least 30 days written notice, each party hereto shall have the right from time to time and at any time while this Agreement is in effect, to change its respective address and shall have the right to specify as its new address any other address. Each notice to PSSI, Elings, Nicoli and PSCO shall be addressed, until notice of change as aforesaid, as follows:

If to PSCO --
Pacific Scientific Company
Instrument Division
2431 Linden Lane
Silver Spring, MD 20910
Attention: President

If to Elings --
Dr. Virgil B. Elings
4664 Via Clarice
Santa Barbara, CA 93111

If to Nicoli --
Dr. David F. Nicoli
551 Mills Way
Goleta, CA 93117

If to PSSI --
Particle Sizing Systems, Inc.
6780 Cortona Drive
Goleta, California 93117

11.8. Rules of Construction. Unless the context otherwise requires, in the interpretation and construction of this Agreement (i) "or" is not exclusive, (ii) words in the singular include the plural, and words in the plural include the singular, (iii) "herein," "hereof," "herewith," "hereunder" and other words of similar import refer to this Agreement as a whole, and not to any particular article, section or other subdivision hereof, and (iv) "including" shall not serve to limit inclusion to the items mentioned.

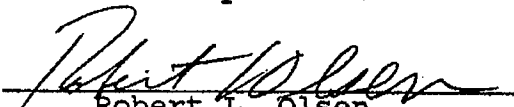
11.9. Further assurances. Each of the parties hereto, without further consideration, agrees to execute and deliver such other documents and take such other action, during the term of this Agreement, as may be necessary to more effectively consummate the purposes of this Agreement.

11.10. No partnership. Notwithstanding any provision of this Agreement, the parties hereto do not intend to create hereby any joint venture, partnership, association taxable as a corporation, or any entity for the conduct of business for profit. Neither PSSI, Nicoli or Elings is PSCO's agent, nor shall they have authority to enter into agreements on PSCO's behalf or otherwise to bind PSCO without further authorization. PSCO is not PSSI's, Nicoli's or Elings' agent, nor shall PSCO have authority to enter into agreements on their behalf or otherwise to bind them (except as authorized by the Security Agreement and the Stock Pledge Agreement) without further authorization.

11.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have
executed and delivered this Agreement as of the Effective
Date.

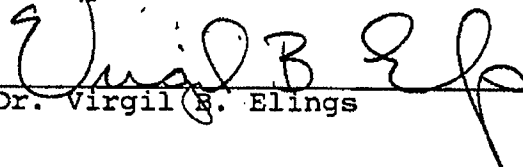
"PSCO":
Pacific Scientific Company, a
California corporation

By: 
Robert L. Olsen
Its: President, Instrument
Division

"PSSI":
Particle Sizing Systems, a
California corporation

By: _____

"Elings":


Dr. Virgil B. Elings

"Nicoli":


Dr. David F. Nicoli

IN WITNESS WHEREOF, the parties hereto have
executed and delivered this Agreement as of the Effective
Date.

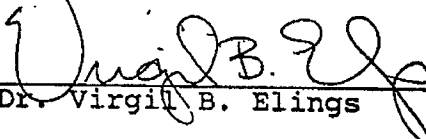
"PSCO":
Pacific Scientific Company, a
California corporation

By: _____
Robert L. Olsen
Its: President, Instrument
Division

"PSSI":
Particle Sizing Systems, a
California corporation

By: _____

"Elings":



Dr. Virgil B. Elings

"Nicoli":



Dr. David F. Nicoli

EXHIBIT INDEX

Exhibit A NICOMP Inventory
Exhibit B NICOMP Product List
Exhibit C Bill of Sale (NICOMP Inventory)
Exhibit D Promissory Note
Exhibit E Stock Pledge Agreement
Exhibit F Security Agreement
Exhibit G Warranty and Support Obligations
Exhibit H Licensed Marks
Exhibit I NICOMP Distributors, Representatives and
 Agents
Exhibit J Substitute Marks [To be added, if applicable]