CONTRACT AGREEMENT

BETWEEN

THE UNIVERSITY OF CENTRAL FLORIDA

AND

LASER ENERGETICS, INC.

THIS AGREEMENT made and entered into by and between the University of

Central Florida, for and on behalf of the Florida Board of Regents, a body

corporate and an Agency of the State of Florida, hereinafter referred to as UCF,

which is an agency of the State of Florida, and Laser Energetics, Inc.,

hereinafter referred to as LEI, organized as a Corporation with its major place

of business located at 7 Goldenrod Court, Hamilton Township, New Jersey.

WHEREAS, LEI'S purpose is to sponsor Dr. Martin Richardson at the Center

for Research & Education in Optics & Lasers (CREOL), an institute of UCF, for

developments and investigations of advanced laser technology on a project by

project basis; and

WHEREAS, UCF'S purpose is to develop and investigate advanced laser

technology and provide LEI with such technology under the terms of this

agreement; and

NOW, THEREFORE, in consideration of the foregoing premises and mutual

covenants hereinafter contained, the parties agree as follows:

Article 1.0 Type of Agreement

1.1 This is a Cost Reimbursement Task Order Research Agreement. No work is

authorized by this Agreement except by use of a written Task Order issued to UCF

through LEI. The Task Orders, and amendments thereto, will be in the same or

similar format as set forth in this Agreement. The Statement of Work for each

Task Order shall be for specific work within the overall purpose of this

Agreement.

Article 2.0 Task Orders

2.1 UCF agrees to identify, define, develop, and implement activities which will

be outlined in each separate Task Order. Each Task Order shall consist of a

complete technical and cost proposal and amendments thereto, and a statement of

work. Each Task Order will be negotiated between LEI and Dr. Martin Richardson,

and approved by UCF on behalf of Dr. Richardson. Each Task Order will be made

apart of this Agreement through an attachment herein.

2.2 Comprehensive technical reports may be required for each Task Order as

specified in the Statement of Work of each Task Order.

LASER ENERGETICS, INC.

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DATE: 12-21-95

/s/ RDB

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2.3 LEI'S designated representative shall have the right, from time to time, by

written instruction to UCF, to request changes in or additions to said services.

Any changes or additions will be accompanied by a cost impact estimate accepted

by both parties as represented by their respective contracting officers.

2.4 LEI shall be liable only for the estimated cost established by each Task

Order.

2.5 In no event shall the period of performance of any Task Order extend beyond

the overall period of performance of this Agreement as outlined in Article 10.

2.6 Any claims for recovery of costs which are not clearly set forth in each

separate Task Order incorporated herein or by amendment must be asserted by UCF

in writing within thirty (30) days after the cause of such claim has occurred.

In the event a dispute arises as to the equitable adjustment of such claim, UCF

shall, at the direction of LEI proceed with the services pending resolution of

the dispute.

Article 3.0 Invoicing and Verification of Costs.

3.1 UCF shall submit invoices to LEI in accordance with each separate Task Order

invoicing requirements as outlined in the separate Task Order's statement of

work and budget. LEI shall pay UCF for its performance of the services within

thirty days from receipt of a valid invoice and associated deliverables, and

approval of LEI'S technical representative.

3.2 UCF shall submit invoices to:

Laser Energetics, Inc.

7 Goldenrod Court

Hamilton Township, New Jersey 08690

Attn: Mr. Robert Battis

3.3 This contract is issued on a Cost Reimbursable Task Order basis. UCF shall

maintain books and records supporting all costs for the services hereunder.

During UCF'S normal business hours for the duration of the Agreement and for a

period of three (3) years thereafter, LEI shall have access to such books and to

all other records of UCF as required to verify any and all reimbursable costs.

Article 4.0 Warranty.

4.1 UCF shall perform the services under this Agreement in accordance with

standards of care, skill and diligence consistent with (i) recognized and sound

research and development practices, procedures and techniques; (ii) all

applicable laws and regulations; (iii) the specifications, documents and

procedures applicable to the services; and (iv) the degree of knowledge, skill

and judgment normally exercised by universities with respect to services of a

similar nature.

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4.2 UCF warrants that it has the authority to enter into this contract with LEI

as outlined in each Task Order statement of work and budget and all other

articles incorporated herein.

Article 5.0 Proprietary Material, Confidentiality, and Use of Data.

5.1 Any materials belonging to or in the possession of LEI, whether written,

printed or otherwise recorded, shall be used by UCF only in the performance of

its duties hereunder, and UCF shall not record, reference, reproduce, or use

such materials for any other purpose without the express written consent of LEI.

All rights, title to and interest in such material shall remain with LEI.

5.2 Any materials belonging to or in the possession of UCF, whether written,

printed, or otherwise recorded, shall be used by LEI only in the performance of

its duties hereunder and LEI shall not record, reference, reproduce or use such

materials for any other purpose without the express written consent of UCF. All

rights, title to and interest in such material shall remain with UCF.

5.3 Both Parties agree to the following proprietary disclosure procedures:

a. During the term of this Agreement both Parties, to the extent of their right

to do so, may exchange technical information and other data which is considered

by the disclosing Party to be proprietary. In order for such information and

data to be considered proprietary and subject to this Agreement, it shall be

identified in writing at the time of disclosure by an appropriate legend,

marking, stamp or positive written identification on the face thereof to be

proprietary. Any Proprietary information which is exchanged between the Parties

orally or visually, in order to be subject to this Agreement, shall be

identified to the receiving Party orally at the time of disclosure and in

writing within thirty (30) days after such oral or visual disclosure. The

exclusive points of contact for the parties with respect to the exchange of the

proprietary information are as follows:

LEI: Mr. Robert D. Battis UCF: Dr. Martin Richardson

Laser Energetics, Inc. UCF/CREOL

7 Goldenrod Court 12424 Research Parkway, Suite 400

Hamilton Township, NJ. 08690 Orlando, Florida 32826

(609) 587-8250 /s/ RDB (407)658-6819

b. That for a period of five (5) years from the first date of receipt of the

disclosing Parties proprietary information which has been or will be exchanged

relative to this Agreement, the receiving Party shall take reasonable steps to

preserve in confidence such proprietary information and prevent disclosure

thereof to third parties. The receiving Party shall further restrict disclosure

of such proprietary information to only those employees who have a need to know

and who have been advised to the restrictions on the disclosure and use.

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c. That such proprietary information delivered by the disclosing Party to the

receiving Party shall be used only for the sole purpose set forth in each Task

Order Statement of Work. No other use of the proprietary information is granted

without the written consent of the disclosing Party.

d. That the obligations with respect to disclosing and using such proprietary

information as set forth in paragraphs 4 a, b, & c of this Agreement, are not

applicable to any such technical information or other data if the same is:

(1) in the public domain at the time of receipt or comes into the public

domain thereafter through no act of the receiving Party in breach of any

agreement with the disclosing Party, or

(2) known to the receiving Party on a non-confidential basis prior to

disclosure by the disclosing Party, or

(3) disclosed with the prior written approval of the disclosing Party, or

(4) independently developed by the receiving Party, or

(5) lawfully disclosed to the receiving Party by a third party under

conditions permitting such disclosure; or

e. UCF shall not present a paper or submit a journal or paper for publication,

issue a news release, public announcement, advertisement, or any other form of

publicity in connection with this Agreement without obtaining prior written

approval from LEI. In the event such approval is granted, any resulting form of

publicity shall give full consideration to the role and contributions of LEI. If

no action is taken by LEI within thirty (30) days after receiving written

submission of the information to be released by UCF and sent to LEI via Federal

Express, it shall be assumed that approval has been granted.

5.4 Pursuant to Florida Statute, Section 240.241, services which relate to

methods of manufacture or production, trade secrets, business transactions, or

proprietary information received, generated, ascertained, or discovered during

the course of services conducted by this Agreement, UCF and LEI shall be exempt

from the provisions of Florida Statute, Chapter 119, titled, "Public Records,"

except that both parties shall make available, upon request, the title and

description of the services, the name of UCF'S employee responsible for the

services, and the amount and source of funding provided for such services.

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Article 6.0 Patents and Copyrights License.

6.1 Title to any invention or discovery conceived or first reduced to practice

by LEI in the performance of the Agreement shall vest with LEI. Title to any

invention or discovery conceived or first reduced to practice by UCF in the

performance of this Agreement shall vest with UCF.

6.2 Title to any invention or discovery conceived or first reduced to practice

by LEI and UCF during the performance of the work under this Agreement shall be

jointly owned by UCF and LEI, and each party shall receive an interest in such

invention or discovery, and resulting foreign or U.S. patents/copyrights issued

thereon.

6.3 Patent applications and/or patents obtained hereunder on individually owned

inventions by either party or jointly owned inventions may be licensed by UCF or

LEI on appropriate terms outlined in a separate intellectual property licensing

agreement, which the licensing agreement will be in the form of an exhibit to

each Task Order. The royalty income earned on the licensing of patent

applications/patents hereunder, whether licensed by UCF or LEI shall be

negotiated and determined on a task by task basis.

Article 7.0 Limitations of Liability.

7.1 In no event shall UCF, its parent, subsidiaries, or affiliates and their

respective officers, be liable (in contract or in tort, including negligence, or

otherwise) to LEI for indirect, incidental or consequential damages, resulting

from UCF'S performance, nonperformance, or delay in performance of its

obligations under this Agreement.

7.2 In no event shall LEI, its parent, subsidiaries, or affiliates and their

respective officers, directors, agents and employees be liable (in contract or

in tort, including negligence, or otherwise) to UCF for indirect, incidental or

consequential damages, resulting from LEI'S performance, nonperformance or delay

in performance of its obligations under this Agreement.

7.3 The limitation of liability contained in section 7.1 & 7.2 shall not apply

to the extent that UCF and LEI are insured under policies of insurance

maintained by UCF and LEI under this Agreement.

Article 8.0 Suspension of Services.

8.1 In the event LEI elects to suspend the services under this Agreement, LEI

shall notify UCF, in writing, at least thirty (30) working days in advance of

the suspension period. UCF shall advise LEI of the costs to be incurred from the

planned suspension of the services. Any reimbursement shall be limited to UCF'S

reasonable costs incurred as a direct result of the suspension. Resumption of

services by UCF shall commence upon thirty (30) calendar days notice by LEI, if

such request is made within eighteen (18) months after suspension.

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Article 9.0 Force Majeure.

9.1 Performance of this Agreement by each party shall be pursued with due

diligence in all requirements hereof however, neither Party shall be liable to

the other for any loss or damages for delay or for nonperformance due to causes

not reasonably within its control. The party affected shall promptly notify the

other in writing of the nature, cause, date of commencement thereof, the

anticipated extent of such delay and whether it is anticipated that any

completion dates will be affected thereby.

9.2 In the event of any delay resulting from such causes and provided the

affected party has promptly notified the other and exercised due diligence as

provided in section 9.1, the time of performance of each of the parties

hereunder (including the payment of moneys) shall be extended for a time period

equal the period of such delay.

Article 10.0 Term and Termination.

10.1 The term of this Contract shall be from contract execution, with the

scheduled termination date being set to occur sixty (60) months after such

execution provided this Agreement has not been otherwise terminated. However,

the termination date of this Agreement may be extended on a contract annual

basis as agreed to by both parties, in writing as an amendment, with the same

formality as this Agreement.

10.2 LEI may, by written notice, terminate this Agreement in whole or in part if

UCF fails to:

(i) Perform the work under the contract within the time specified in

this contract or any extension;

(ii) Prosecute the work so as to endanger performance of this contract;

or

(iii) Perform any of the other provisions of this contract.

LEI'S right to terminate this Agreement may be exercised if UCF does not cure

such failure within Ten (10) days (or more if authorized in writing by LEI)

after receipt of the written notice from LEI specifying the failure.

10.3 UCF may terminate this agreement for LEI's non-compliance with the

agreement at any time during the term of the agreement, with a thirty (30) day's

written notice.

10.4 Termination charges, if any shall include charges for services performed

prior to notice of termination and shall reflect the actual services performed

and costs actually incurred or funds actually obligated at the time the

termination is noticed.

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Article 11.0 Visits and Inspections.

11.1 Representatives of LEI shall have the right to visit the facilities of UCF

and witness the services being performed provided they make arrangements at

reasonable times, in advance of such visits. LEI'S representatives will comply

with all of UCF'S security requirements.

Article 12.0 Title.

12.1 Title to equipment purchased under this Agreement shall reside with UCF,

unless stated otherwise in writing under each Task Order; however, all such

equipment can be made available at LEI'S request for use on any Task Order

project contingent upon proper approval by LEI, and considering UCF'S current

use of such equipment on any then current project at such time of request.

Article 13.0 Compliance with Laws, Rules and Regulations.

13.1 UCF and LEI shall perform all services in accordance with all applicable

codes, laws, rules, regulations, orders and standards of Federal common law,

State, regional, local and municipal government agencies.

13.2 Both parties shall conform to the requirements of the Equal Employment

Opportunity Act.

Article 14.0 Assignment.

14.1 Neither this Agreement, nor the duties to be performed hereunder, shall be

subcontracted, assigned, delegated or otherwise disposed of by either Party

without the prior written consent of the other party.

Article 15.0 Non-Waiver.

15.1 No failure by either Party to insist upon strict performance of any of the

provisions hereof, nor either Parties failure or delay in exercising any rights

or remedies provided herein or by law, shall be deemed a waiver of any rights of

either party to insist upon strict performance hereof or of any of either

Party's rights or remedies under this contract or law, and shall not operate as

a waiver of any of the provisions hereof.

Article 16.0 Applicable Law.

16.1 The rights, obligations and remedies of the Parties as specified under this

Agreement shall be interpreted and governed in all respects by the laws of the

State of Florida.

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Article 17.0 Severability of Provisions.

17.1 Should any provision, portion or application thereof, of this Agreement be

determined by a court of competent jurisdiction to be illegal, unenforceable or

in conflict with any applicable law, the parties shall negotiate an equitable

adjustment and the validity and enforceability of the remaining provisions of

applications thereof, shall not be impaired.

Article 18.0 Order of Interpretation.

18.1 In the case of conflict between or among documents related to this

Agreement, the following order of precedent shall apply: (i) first Articles 1.0

through 20.2 of this Agreement, (ii) Task Order(s) issued against this

Agreement, then (iii) Exhibits, if any, to this Agreement.

Article 19.0 Effect of Section Headings.

19.1 Section headings appearing in this Agreement are inserted for convenience

of reference only and shall in no way be construed to be interpretations of the

text.

Article 20.0 Complete Agreement.

20.1 This Agreement is intended as the complete and exclusive statement of the

agreement between the parties. Parole or extrinsic evidence shall not be used to

vary or contradict the express terms of this Agreement, and recourse may not be

had to alleged prior dealings, usage of trade, course of dealing, or course of

performance to explain or supplement the express terms of this Agreement.

20.2 This Agreement shall not be amended or modified, and no waiver of any

provision shall be effective, unless set forth in a written instrument

authorized and executed with the same formality as this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their

duly authorized officers or representatives effective as of the date first

written below.

University of Central Florida Laser Energetics, Inc.

/s/ Douglas Backman /s/ Robert Battis

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Douglas Backman, Interim Director Mr. Robert Battis

Division of Sponsored Research President & CEO

Date: 12/20/95 Date: 12/21/95

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