



STANDARD LICENSE AGREEMENT

This Standard License Agreement, made and effective this ____ day of _____, 20____ by and between AIR KRETE, INC., a New York corporation with offices at PO Box 380, 2710 East Brutus Street, Weedsport, New York, (Licensor) and _____, _____, _____ a _____ with offices at _____ (Licensee)

WITNESSETH

WHEREAS, the Licensor has developed a three component process (one of which components is air) for producing a foamed-in-place insulating material (cementitious foam) from combining certain cementitious and other organic and inorganic material and compounds (“Cementitious Foam Insulation”); and

WHEREAS, the Licensor has also developed an apparatus, in conjunction with the three component process, for producing said Cementitious Foam Insulation; and

WHEREAS, the Licensor has previously secured patents on various aspects of the three component process, and the apparatus for producing said Cementitious Foam Insulation; and

WHEREAS, the Licensor is the owner of the trademark known as “Air Krete Foamsulation/Greensulation” (Trademark No(s) 1,300,546) (the “Trademark”); and

WHEREAS, the Licensor has technical know-how and expertise with regard to the three component process, the various materials comprising said components, and that apparatus for producing said Cementitious Foam Insulation which constitute Intellectual Property of Licensor; and

WHEREAS, Licensee desires a license to make use of the Licensor's three component process, trademark, Intellectual Property, initial know-how and continuing consultation with regard thereto, under the terms and conditions provided therein;

NOW THEREFORE, in consideration of the covenants contained herein, and other good and valuable consideration, the parties hereto covenant and agree as follows:

1. Definitions. Wherever used in the Agreement, the following terms shall have the following meaning:
 - a. "Independent Application Contractor" is defined to mean any legal business entity which will use the Licensor's three component process, Intellectual Property, and know-how for insulating purposes in existing or new construction of residential or commercial structures, and any other legal use of the Licensee is able to successfully market.
 - b. The Three Component Process comprises the following components (other than air):
 - i. "Component A" is defined to mean an aqueous solution made up of (1) "Additive A", (2) Magnesium Oxide, (3) ceramic talc and (4) water;
 - ii. "Component B" is defined to mean an aqueous solution comprising (1) an "Expanding Agent" and (2) water;
 - c. "Application Gun and Pump Set" is defined to mean the apparatus developed by the Licensor, which may be used in conjunction with the Three Component Process to produce Cementitious Foam Insulation.
 - d. "Three Component Process" is defined to mean the process by which Components A and B are combined with air to produce a Cementitious Foam Insulation.
 - e. "Licensor's Products" is defined to mean the Licensor's Three Component Process, Component A, Component B and Application Gun and Pump Set.
 - f. "AK Unit" is defined to mean an appropriate amount of Component A and Component B which, when used in accordance with the Licensor's

Three Component Process, will produce between 200 and 250 cubic feet of Cementitious Foam Insulation.

- g. “Unit” refers to AK Units, unless otherwise specified.
2. Grant of License. During the term of this Agreement, the Licensor hereby grants to the Licensee a personal, indivisible, non-exclusive, non-assignable and non-transferable (except as otherwise provided in this Agreement) right and license:
- a. To use Licensor’s Three Component Process, Component A and Component B, in order to make, use and sell the resulting Cementitious Foam Insulation in the residential, commercial, institutional, agricultural and industrial insulation fields;
 - b. To use Licensor’s trademark, “Air Krete”, and any other trademarks under which the Licensor’s Products are sold in connection with the Licensor’s Products, and the Licensor’s Application Gun and Pump Sets, under the terms and conditions provided in the Agreement;
 - c. To make use of all disclosed technical know-how, advice and all other disclosures made to the Licensee by the Licensor in connection with the grant to the Licensee of the right to use the Licensor’s Products and apparatus; and
 - d. To receive ongoing consultations with regard to the rights granted herein.
3. General and Products Liability Insurance. Licensee agrees to add Air Krete, Inc. as an additional insured on all insurance policies pertaining to the business associated with the installation of Licensor’s Products, other than for policy coverage relating to worker’s compensation.
4. Property Rights and Quality Standard. The Licensee acknowledges, consents and agrees as follows:
- a. The combining of certain cementitious materials and other organic and inorganic compounds by Licensor’s Three Component Process to produce Cementitious Foam Insulation comprise new and useful inventions and advances in the art. Such inventions and advances in

the art, and any patents which issue to the Licensor on any such inventions, are owned exclusively by and comprise a property right of the Licensor, subject only to the rights granted to the Licensee in Paragraph 2 of this Agreement. The unauthorized use by Licensee of the Licensor's Three Component Process for producing Cementitious Foam Insulation is an infringement of the Licensor's property rights (including Intellectual Property Rights) thereto.

- b. The Licensee further acknowledges that other than the rights granted under this Agreement, the Licensee acquires no right, title or interest to Licensor's Products, including any such inventions or advances in the art, or patents resulting therefrom or improvements thereto. During the term of and for a period of three years following the termination or expiration of this Agreement, the Licensee shall not, directly or indirectly, commit any act of infringement with regard to any property rights associated with Licensor's Products, or contest or aid in contesting the validity of ownership of such property rights, or take any other action in derogation thereof.
- c. The Licensor is the owner of various trademarks, including the trademark "Air Krete Foamsulation/Greensulation", which the Licensee has been licensed to use under this Agreement.
 - i. The Licensee shall use such trademark or trademarks only in connection with the promotion, distribution, sale and use of the Licensor's Products, including the Three Component Process, and the Application Gun and Pump Sets. The continued use by the Licensee of the Licensor's trademarks is conditioned upon the Licensee providing insulation related good and services of a quality which meets the Licensor's reasonable standards, which standards may be changed from time to time. The failure of the Licensee, at any time, to meet the Licensor's quality standards for the goods and services provided by the Licensee under the Licensor's trademarks is a material breach

of this Agreement for which the Licensor may terminate this Agreement pursuant to the provisions of Paragraph 17, below; provided that Licensee shall not terminate this Agreement without first (i) providing Licensor with written notice of any failure(s) by Licensee to meet Licensor's reasonable quality standards, which notice shall specifically identify such failure(s), and (ii) providing Licensee a 30 day period to cure such failure(s).

- ii. The Licensee acknowledges the Licensor's ownership of all right, title and interest to its trademarks, and further acknowledges that any unauthorized use of such trademarks by the Licensee is and shall be deemed an infringement on the Licensor's rights thereto, and a material breach of this Agreement. It is further acknowledged by the Licensee that other than the rights granted hereunder, the Licensee acquires no right, title or interest to any such trademark or trademarks or Intellectual Property, and upon expiration or termination of this License Agreement, the Licensee shall not, directly or indirectly commit any act of infringement with regard to any such trademark or trademarks or Intellectual Property or contest or aid in contesting the validity or ownership of any such trademark or trademarks or Intellectual Property or take any action in derogation thereof.
- d. All know-how, technical data, advice and disclosures provided to Licensee by the Licensor to make effective use of the Licensor's inventions, as such may be supplemented from time to time, is proprietary to the Licensor and the Licensee's right to use all such disclosures shall terminate upon the termination of this Agreement.
- e. The provisions of Paragraph 4 shall survive termination or expiration of this agreement.

5. Issuance of Additional Letters Patents.
 - a. In the event the United States Patent Office issues additional Letters Patent to the Licensor relating to Licensor's Products, this Standard License Agreement, all attachments hereto, and all written amendments or modifications thereto, shall include, in addition to the other rights granted to the Licensee, a license under any such patents to use the Licensor's Products for producing Cementitious Foam Insulation, as limited by Paragraph 2, above, of this License Agreement.
 - b. In the event no patents issue to the Licensor from the United States Patent Office, or in the event any patents that do issue to the Licensor do not cover the subject matter of this License, this License Agreement shall remain in full force and effect, with all rights, duties and obligations of both parties remaining unaffected by any such actions taken by the Patent Office.
6. Royalties and Other Payments. The Licensee hereby agrees to make payments to the Licensor as follows:
 - a. The Licensee shall pay to the Licensor, the sum of Fifty Dollars (\$50.00) for each AK Unit used by the Licensee in producing Cementitious Foam Insulation in accordance with the Licensor's Three Component Process and the Licensor's know-how, regardless of whether the Licensee purchases or otherwise acquires such units from Licensor or any other source.
 - b. The parties acknowledge that the payment of Fifty Dollars (\$50.00) per Unit used by the Licensee represents consideration for the rights granted by the Licensor to the Licensee pursuant to this License Agreement, including all disclosures made to the Licensee, the rights under any patents which may issue to the Licensor, and ongoing retainer for consultation fees payable to the Licensor during the term of this Agreement.

- c. In the event the Licensee purchases the AK Units from the Licensor, the Licensor shall add Fifty Dollars (\$50.00) to the invoiced price for each AK Unit sold by the Licensor to the Licensee at its prevailing prices. Said invoiced price (including said \$50.00 payment) shall be payable as provided in Paragraph 12 below.
 - d. The parties acknowledge that any purchase made by the Licensee from the Licensor includes said Fifty Dollar (\$50.00) payment in the invoiced price of each Unit.
- 7. Improvements. If the Licensee or any of the officers, agents or employees of Licensee devise or acquire any improvement in the chemical composition of Air Krete, the Licensee shall grant back to the Licensor a non-exclusive, worldwide license for any such inventions or patents, which license shall include the right to sublicense, without payment by the Licensor of any additional consideration.
- 8. Inspection Rights. The Licensee hereby grants to the Licensor the right upon three days' written notice, by certified mail, return receipt requested, to inspect, or cause to have inspected by the Licensor's duly authorized agent, all of the business books and records relating to Air Krete Inc. including but not limited to the purchase or sale of any and all components used in the manufacturing of Air Krete insulation.
- 9. Non-Exclusive Territory. Licensee is hereby granted an area of nonexclusive distribution within which the Licensee shall locate at least one, but may locate more, principal places of business, which area is defined in Schedule A, annexed hereto and made a part hereof (the "Nonexclusive Territory"). The Licensee shall concentrate its efforts in using the Licensor's Three Component Process in the Nonexclusive Territory. To this end, any shipments of materials by the Licensor to the Licensee shall be within the Nonexclusive Territory. Although the Licensee is required to concentrate its efforts in the Nonexclusive Territory, the Licensee is free to make, use, and sell the Licensor's Products anywhere within the continental United States, and nowhere else, except in any jurisdiction where any such sales would violate any franchise, business opportunity, or other local, state or federal laws. Licensor agrees that during the term of this Agreement,

other than sales and shipments to Licensee, it shall not sell within or ship to any location within the Nonexclusive Territory any of Licensor's Products, for its own account, or by or on behalf of any other person, firm or corporation, directly or indirectly engaged in the business of selling or soliciting or taking orders for the sale of Cementitious Foam Insulation.

10. Minimum Performance. The Licensee hereby acknowledges that the grant of this license is a valuable property right and is granted by the Licensor on condition, among others contained in this Agreement, that the Licensee shall meet minimum annual sales quotas of AK Units. All sales made by the Licensee in the continental United States shall be included in establishing the minimum sales. Said minimum annual sales quotas, and the procedure for establishing said quotas, are contained in Schedule B, annexed hereto and made a part hereof. This Annex should reflect that the sales quotas are cumulative (i.e., overages in Y1 can be applied to Y2). The parties acknowledge that failure of the Licensee to meet cumulative sales quotas (other than failures resulting from Licensor's inability to fill purchase orders from Licensee) in any calendar year shall be a material breach of this Agreement and the Licensor, at its option, may terminate this Agreement on sixty (60) days written notice pursuant to the provisions of Paragraph 17 below, provided however, that within said sixty (60) days the Licensee, at its option, may cure the default by purchasing in bulk the number of Units lacking to meet minimum performance hereunder. Any Units purchased to cure such default shall be deemed to have been purchased solely for the calendar year for which the default is cured.

The Licensor's sole remedy for the Licensee's nonperformance of the provisions of this Paragraph shall be termination of this License Agreement pursuant to the provisions of Paragraph 17 below.

11. Initial Purchase of Equipment. Upon execution of this Agreement, the Licensee shall purchase from the Licensor one Application Guns and one Pump Set installed in AK Standard Portable Cell Package, and 11 AK Units, at Licensor's prevailing prices, for each demographic area comprising the Nonexclusive Territory defined in Schedule A.

- a. The terms of purchase shall be COD, the Licensor's business premises at Weedsport, New York, or COD destination, at Licensor's option; the cost of freight from Licensor's business premises shall be borne by and shall be the liability of the Licensee.
- b. The provisions of this Paragraph shall not apply to any License which was executed by the Licensor under a prior written License Agreement, which prior Agreement is superseded, nullified and terminated pursuant to the provisions of Paragraph 29 hereof.

12. Licensee's Requirements and Terms of Payment. During the term of this Agreement, Licensor, or its duly authorized agents, shall furnish to Licensee its requirements of AK Units (Component A & Component B), and application guns and pump sets installed in AK Standard Portable Cell Package at Licensor's or its agents' prevailing prices provided, the Licensor has adequate supplies of such product to meet Licensee's requirements, and the Licensor shall exert its best efforts to maintain adequate inventory for business.

- a. The Licensor shall have the option to have the Licensee purchase locally any compound which is a part of Component A or B in the Three Component Process.
- b. The Licensor shall have no liability to the Licensee for any damages, consequential or special, which the Licensee may suffer in the event the Licensor cannot reasonably meet the Licensee's requirements.
- c. All sales shall be:
 - i. COD at Licensor's business premises at Weedsport, New York; or
 - ii. COD at destination, at Licensor's option; or
 - iii. Pre-payment by electronic bank transfers (unless the requirement for pre-payment is waived by the Licensor in writing).
- d. The cost of all freight from Licensor's business premises to Licensee's destination shall be borne by and shall be the liability of the Licensee.

- e. This Paragraph contains the exclusive terms of sale agreed to by the parties, and cannot be modified except by a written instrument signed by both parties.
13. Best Efforts. The parties hereby agree to devote their best efforts in the performance of this License Agreement.
14. Term. This Agreement shall become effective only upon execution hereof by both parties, and shall continue in full force and effect, unless otherwise terminated pursuant to the provisions of this Agreement, for a period of three (3) years from the date of execution hereof. Unless otherwise extended pursuant to Paragraph 15 below, upon the termination of this Agreement, all rights, duties and obligations hereunder shall expire, except as to any rights and liabilities which are accrued as of the expiration date, and except as otherwise provided in this Agreement.
15. Option to Extend Term. In the event the Licensee performs its duties and obligations under this Agreement during term provided above and no event of default has occurred and if this Agreement has not been otherwise terminated for cause by Licensor, upon sixty (60) days' prior written notice to Licensor prior to the expiration of the term of this Agreement as set forth in Section 14, the Licensee shall have the option to extend the term of this Agreement for two (2), additional three (3) year periods upon the same terms and conditions.
16. Business Relationship. The parties hereto agree that it is their intent to establish a business relationship between them by which the Licensee is an independent contractor. More specifically, this Agreement does not constitute the Licensee a legal representative, agent, joint venture, partner or employee of Licensor for any purpose whatsoever. The Licensee is not authorized to, nor shall the Licensee make, any contract, agreement, warranty or representation on behalf of the Licensor, nor shall the Licensee create any obligation, express or implied, on behalf of the Licensor.
17. Termination For Cause. The Licensor, at its option, may terminate this Agreement for cause by giving written notice to the Licensee of its intent to so terminate the Agreement; provided that Licensee shall not terminate this

Agreement without first (i) providing Licensor with written notice of any substantial breach(es) of this Agreement by Licensee, and (ii) providing Licensee a 30 day period to cure such breach(es). Said notice shall contain the grounds for the termination (including a specific description of any substantial breach(es) of this Agreement), which grounds shall be reasonably specific, and the termination shall be effective on the 60th day following the mailing of said notice. Unless such breach(es) are not cured by Licensee within the 30 day cure period, on said 60th day, all rights, duties and obligations of the parties shall cease and terminate, except as otherwise provided in this Agreement, and except for rights and obligations which have accrued as of the date of termination. The Licensor's rights to terminate for cause are cumulative with all other rights and remedies to which it is entitled. "Cause" as used in this Paragraph 17 is defined as any substantial breach of any provision in this Agreement, including a breach of the provisions contained in Paragraphs 2, 4, 6, 7, 8, 9, 10, 13, 16 and 26.

Notwithstanding any other provisions in this Paragraph, in the event the Licensee breaches the provisions of Paragraphs 6, 9, 10, 13 and 26, the Licensor's sole remedy shall be termination of this Agreement as provided herein, except that as to any work in progress, this Agreement shall continue in force and effect until such work in progress is complete, or for a period within which such work in progress could reasonably be completed.

18. Immediate Termination. Licensor shall have the option to terminate this Agreement as of the date of mailing the notice of termination upon occurrence of any of the following events:

- a. The Licensee is declared insolvent or bankrupt by any courts;
- b. The Licensee makes any assignment for the benefit of creditors;
- c. A receiver is appointed with respect to the Licensee's business;
- d. The Licensee is financially unable to continue in business;
- e. The Licensee terminates doing business for fifteen (15) consecutive days;

- f. Commencement by the Licensee of any proceeding under any provisions of the Federal Bankruptcy Act or any amendment thereto, or any other laws for the relief of debtors; and
- g. The Licensee becomes the involuntary subject of any proceeding under the Federal Bankruptcy Act or any amendments thereto, or any other laws for the relief of debtors, or any insolvency law which proceeding continues undismissed for a period of sixty (60) days.
- h. The Licensee infringes or aids in the infringement of Licensor's patents or intellectual property during the license period.

Upon the mailing of such notice of termination, all rights, duties and obligations under this Agreement shall cease and terminate, except as otherwise provided in this Agreement, and except for rights and obligations which have accrued as of the date of termination. The Licensor's right to terminate this Agreement under the provisions of this Paragraph is cumulative with all other rights and remedies to which it is entitled.

19. Covenant Not to Compete. The Licensee covenants and agrees that for a period of three years after expiration or termination of this Agreement for cause (except in those states wherein by statute a definite period of less than one year has been specified, in which event such statutory period shall apply), it will not use or sell, or engage in any business which will use or sell, any type of Cementitious Foam Insulation product for his or their own account, or for any other person, firm or corporation, directly or indirectly engaged in the business of selling or soliciting or taking orders for the sale of such Cementitious Foam Insulation. In the event that a court having jurisdiction of this matter determines that the time frame set forth under this paragraph or the geographic area covered by this paragraph is unreasonable and therefore unenforceable for the full duration or geographic area contemplated by this agreement, the period and geographic area of non-competition shall be reduced to the longest reasonable and enforceable period and geographic area allowed by the court. This covenant not to compete shall cover and be

enforceable in the Nonexclusive Territory. The Licensee acknowledges that in light of the rights granted to it within the continental Nonexclusive Territory, the area of enforceability is fair and reasonable, and is hereby estopped from taking a position inconsistent with the provisions of this Paragraph. The provisions of this Paragraph shall survive the expiration or termination of this Agreement, and shall not apply if termination of this Agreement results from a material breach thereof by the Licensee.

20. Injunctive Relief. In the event the Licensee breaches this Agreement, in addition to any other relief to which the Licensor may be entitled, the Licensor shall be entitled to a permanent injunction and any preliminary or temporary equitable relief in conjunction therewith, and shall further be entitled, at its option, to restrain the breach of this Agreement by the Licensee. In any proceeding for a preliminary injunction commenced by the Licensor, the Licensee agrees to waive any right which it may have for requiring the Licensor to post a bond pending the outcome of any such proceeding.
21. Jurisdiction and Venue. The parties to this Agreement acknowledge that the Agreement was negotiated and executed in the State of New York and shall be construed according to the laws of the State of New York. Licensee consents to the jurisdiction of any State or Federal Court of general jurisdiction in Cayuga County, New York, and more particularly agrees to the jurisdiction of the United States District Court for the Northern District of New York, and of the New York State Supreme Court, with venue for both courts laid in Cayuga County. The Licensee further agrees that any legal proceedings arising out of this Agreement, commenced by either party, shall be brought only in said courts of general jurisdiction in Cayuga County.
22. Notices. All notices required under this Agreement shall be sent by certified mail, return receipt requested, to the following addresses:

such illegal part, term or provision shall be deemed not to be a part of this Agreement.

26. Assignability. This Non Exclusive Standard License Agreement is not transferable or assignable by the Licensee without the prior written consent of the Licensor, which consent will not be unreasonably withheld. Any attempt by the Licensee to make any assignment of this Agreement without prior written consent of the Licensor shall be considered a material breach entitling the Licensor to immediately terminate this Agreement under the provisions of Paragraph 18 above. In the event the Licensee is a corporation, the transfer by the shareholders of record to the issuance of new shares by the corporation whereby the shareholders of record of the corporation as of the date of this Agreement are left with fifty percent (50%) or less of all the issued and outstanding shares of this corporation, shall be considered an assignment of the Agreement.

27. Indemnification for Infringement. The Licensor warrants to the Licensee that it has indefeasible title to all property rights which are subject to this Agreement.

- a. In the event any claim by a third party is made, or any action is commenced against the Licensee, for the alleged infringement by the Licensee of any such third party's alleged patents, trademarks or of any other Intellectual Property rights, resulting from the use by the Licensee of Licensor's Products, the Licensee shall give written notice to the Licensor of any such claim within ten (10) days from notice of claim or service of process in any such action.
- b. The Licensor hereby agrees to indemnify the Licensee for any losses or damages suffered by the Licensee resulting from any such claim or action, including the reasonable costs and expenses and the reasonable attorneys fees incurred by the Licensee, provided, the Licensee gives notice to the Licensor of any such claim or action as provided above.
- c. The Licensor shall have the option, to be exercised in its sole discretion, to defend any such claim or action on behalf of the

Licensee in the same manner and to the same extent as if the claim or action was made or commenced against the Licensor. In any such election, the Licensee agrees to cooperate fully with the Licensor to defend, oppose or settle any such claim or action, in Licensor's sole discretion. Failure of Licensee to cooperate with the Licensor shall void Licensor's agreement to indemnify Licensee.

28. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective legal representatives, successors in interest and assigns.
29. Termination of Prior Agreements. This Agreement supersedes, nullifies and terminates any other License Agreement between the same parties hereto, executed prior to the date hereof. Any such prior License Agreement shall be deemed terminated by the execution of this Agreement, said termination effective on the date of execution hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement at the locations identified below, on the day and year written above.

LICENSOR: AIR KRETE, INC.

By: _____

Keene Christopher

President and CEO

Executed At:

Date:

LICENSEE:

By: _____

Date:

SCHEDULE A

The following one or more geographic counties within the State _____, is defined to be the “Nonexclusive Territory” for all purposes under this License Agreement and each county shall be defined as a separate demographic area:

County:

SCHEDULE B

Minimum Sales Quota Per Demographic Area

The minimum annual sales each Licensee is required to make for each demographic area under license, regardless of where in the Continental United States such sales are made, shall be the greater of:

a. 50 Units for the first year only; 70 Units for the second year and increased by twelve percent (12%) annually thereafter (or a proportional number of Units based on the number of days this Agreement is effective during any such year), said increase to be based on the previous year's minimum sales.

CORPORATE LICENSEE

The name, addresses, number of shares owned, and percentage of issued shares owned for each of the shareholders of the Corporate Licensee are as follows:

Name of Shareholder	Address	# Shares	% Ownership
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The undersigned shareholders of Licensee hereby agree to be bound by the provisions of paragraph 19, above, and sign this instrument solely for such purpose and no other.