



PHLUORUS® INC.
LICENSE AGREEMENT

1. INTRODUCTION

This exclusive Basic Unit Distributor License Agreement (this "Agreement") is being entered into as of ___ / ___ / ___ (the "Agreement Date"). The parties to this are you, _____ as licensee; and us, pHluorus Inc., a Utah corporation, of P. O. Box 95870 South Jordan, Utah 84095-0870, as Licensor.

This Agreement has been written in an informal style in order to make it easily readable and to help you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. In this Agreement, we refer to pHluorus Inc. in the first person as "we" or "us" or in some cases as pHluorus. We refer to you as "you" or "Licensee."

We are the exclusive owners of certain patent applications and compound formulas regarding a unique and valuable method of reducing or eliminating slips and falls on porcelain tubs, tile and other floor surfaces and for use as a cleaning micro-biofrenic agent (all of which patents applications and the methods, formulations, products, uses and designs described therein we refer to together in this Agreement as "the pHluorus System"). We identify the pHluorus System by the use of a certain trademark, designs, copyrights, logos and other commercial symbols. (the "Marks"). Descriptions of the patent applications and samples of the Marks are contained in the pHluorus web site, "www.phluorus.com." All documents obtained through said web site are exclusively included also (see "Business Training" 4020 from site map at Home Page).

We have not made, and you acknowledge that you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of sales or the pHluorus System within the Territory (defined below) as contemplated by this Agreement, including the "Market Share Method the Bottom Line" web publication, which you have already reviewed. You acknowledge that there have been no representations by us or our employees or agents that are not consistent with the statements made in the provisions of this Agreement.

2. GRANT OF LICENSE

2.1 Six-Year Term; Extent of license. Subject to the provisions of this Agreement, we grant to you a protected territory license (the "License") to sell and apply the pHluorus System, and the component parts thereof, and to sublicense others to do the same, at retail or wholesale, within the Territory (defined in next column) and to use the marks in connection therewith for a term of six (6) years starting on the Agree-

ment date, unless this Agreement terminates before that six-year period granted in this Agreement.

2.2 Territory defined as;

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3. TERRITORIAL RIGHTS AND OBLIGATIONS

3.1 We will grant no other person or entity a license to sell or apply the pHluorus System within the Territory during the term of this agreement. You acknowledge that prior to the Agreement Date, we have licensed at least one non-exclusive national distributor of the pHluorus System. Termination or expiration of this Agreement will constitute a termination or expiration of your License. All references to the “term” of this Agreement refer to the Agreement Date to the date on which this Agreement terminates or expires.

3.2 You agree that you will not sell or apply the pHluorus System initial or cleaning treatments, or any part thereof, to any person or property located any where outside the boundaries described in Section 2.2 of this Agreement. Notwithstanding the foregoing, if solely through your effort and sales activities exclusively within the Territory, you have an opportunity to sell and apply the pHluorus System to a single customer operating multiple or “chain” locations, one of which is located within the Territory and one or more of which are situated outside of the Territory, nothing in this Agreement shall be construed so as to prohibit your selling or applying the pHluorus System to all such locations. In consideration therefore, you agree to waive all objections or claims under this Agreement to pHluorus or another licensee similarly selling and applying the pHluorus System to “chain” locations situated within your Territory under the same or similar circumstances or opportunities.

3.3 In the event another Protected Territory licensee has a Territory in which the “chain” has facilities, a mutually acceptable profit split arrangement will be negotiated between the Protected Territory Licensee with pHluorus having the power to arbitrate the arrangement. By the same token, in the event another licensee from outside the Territory sells to a chain with outlets or facilities in your Territory, pHluorus will protect by enforcing an equitable arrangement as to commissions, service requirements or profit split.

3.4 Unless given written permission to the contrary, you also agree that you will not sell pHluorus, or any component part thereof, to any customer anywhere if you know, or should reasonably know, that the customer intends to resell same in any fashion, including reselling to retail end-use customers in stores.

“We will grant no other person or entity a license to sell or apply the pHluorus System within the Territory during the term of this agreement.”

4. RENEWAL OF LICENSE

4.1 Licensee’s Renewal Rights. Subject to the provisions of paragraph 4.2 below, and until such time as one or all of the patents and or copyrights comprising the pHluorus System shall have expired, you will have the right to renew the License within the Territory for unlimited successive terms of five (5) years each, if, at the expiration of this Agreement or the License Agreement then in effect between us during any such renewal term, you have fully complied with all provisions of this Agreement or the License Agreement then in effect between us, and any other agreement between us.

4.2 Notice of Renewal. You must give us written notice of your election to exercise your option to renew at least six (6) months, but not more than twelve (12) months, before the end of the term of this Agreement (of the end of the term of the License Agreement then in effect between us during any renewal term). If you fail to sign and deliver to us the new Agreement you will be deemed to elect not to renew.

5. DEVELOPMENT OF BUSINESS

5.1 Opening and development of business. You agree not to open your business until; (1) all of your obligations under Paragraphs 5.2 and 5.3 of this Section have been fulfilled: (2) you have completed all necessary licenses and insurance requirements.

5.2 Equipment and Materials. You agree to use in the sale and application of the pHluorus System initial and cleaning treatments only those brands, types and/or models of equipment, compounds, solutions, chemicals and other materials that are approved or designated by us.

5.3 Purchase requirements. You agree to purchase from us, and to prepay the purchase price therefore in full, upon the execution hereof, _____gallons of chemicals, compounds and solutions that comprise the pHluorus System. On or before the day which is six (6) months after the Agreement Date, you must purchase and prepay at least an additional _____gallons of said material. Then, on or before each succeeding six (6) month period of this Agreement, you must purchase and prepay at least an additional _____gallons of said material. Such purchase requirements to be determined as outlined in the document “Market Share Method” that you agree you have reviewed. You further agree and understand that, should you fail to purchase the required gallons in the time frame specified above, then we have the right to terminate this Agreement.

6. RELATIONSHIP OF PARTIES: INDEMNIFICATION.

6.1 You understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you are an independent contractor, and that nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, franchise, franchisee or employee of the other for any purpose whatsoever.

6.2 We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark or patent, pursuant to and in compliance with this Agreement and for all cost you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with this Agreement.

6.3 We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of your sales or application of the pHluorus System initial or cleaning treatments pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, service, use, excise, income, gross receipts, property or other taxes levied against you or your assets or on us in connection with the business you conduct or any payments you make to us pursuant to this Agreement or any related agreement (except for our own income taxes).

6.4 You and your assignees will strictly comply with the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (42 USC Section 6901 et seq.), as amended, the Resource Conservation and Recovery Act of 1976, as amended, all regulations promulgated there under, and all applicable state, federal and local laws and regulations in effect during the term of this Agreement regulating or concerning storage, use and disposal of hazardous material. These indemnification obligations will continue after the termination or expiration of this Agreement.

“We possess certain unique confidential and proprietary information and trade secrets.. “

7. INFORMATION

7.1 Types of Confidential information.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products and knowledge owned, developed or compiled by us: (1) knowledge of sales and profit performance and potential of the pHluorus System; (2) the selection and testing of materials, chemicals, compounds and solutions for the pHluorus System; (3) formats, specifications, procedures, information, and knowledge of the development and manufacture of the pHluorus System; (4) the patents, copyrights, and patent applications; (5) methods and techniques of effectively reducing slips and falls on porcelain, tile and other flooring materials; and (6) methods and techniques of cleaning flooring and surfaces and other materials. We will disclose much of the above-described information to you. You or your associates may develop and add to the said information and it will be referred also as “Confidential.”

8. CONFIDENTIALITY

8.1 Non-competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among our other licensees if you were permitted to hold interests in any competitive businesses, as described below. You also acknowledge that we have granted the license to you in part in consideration of and in reliance on your agreement to deal exclusively with us. Therefore, during the term of this Agreement and for a period of thirty (30) months after the termination or expiration of the term hereof, either you, your stockholders or limited partners nor any members of their immediate families, will perform services as or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any business or association which engages in any manufacturing or sales activities of products similar to the pHluorus System or other non-slip floor treatment or chemical cleaning businesses, or which licenses, franchises or develops such businesses anywhere or within the Territory. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your sales business and would constitute an unfair method of competition for Licensees.

9. OPERATION OF THE BUSINESS

9.1 By signing this Agreement, you indicate that you understand and acknowledge that certain details of your business are important—in order to develop and increase the public demand for the pHluorus System, to establish and maintain a reputation for high quality, and to protect the goodwill of all licensees.

9.2 We have developed high standards and specifications for chemicals, compounds, solutions, materials, and supplies used in the manufacture and marketing of the pHluorus System. You agree that your business will purchase component parts, chemicals, solutions and other related equipment and raw materials only from us or from third party suppliers approved by us for the manufacture of those products or materials.

9.3 Our approval of alternate suppliers or private label status may be conditioned on requirements relating to the frequency of delivery, timeliness of response, product, quality, safety, consistency, reliability, concentration of purchases, financial capability, standards of service (including prompt attention to complaints), labor relations, customer relations and other criteria and may be temporary, pending on our continued evaluation of the supplier or your delivery/service practices.

9.4 A material part of the License granted to you is the right and obligation to develop a network within the Territory to promote sales of the pHluorus System. We agree to furnish you, at no expense to you, exclusive prospect lists, training, assisted closings thru our 800 number, samples, catalogues, literature and other marketing collateral material necessary for the proper promotion and sale of our products by you in your Territory. All literature and samples remain the property of us and shall be returned by you upon request. The amount of training, assistance and material at no cost, supplied to you will be solely determined by us and will be conditioned by the amount of gallons purchased by you. Section 10.1, describes the optional volume commitment levels of pHluorus **Basic**. Section 11.1 describes relative entitlement assistance we agree to deliver based on the gallons purchased, as herein subscribed in Section 5.3 of this Agreement. You agree that this policy is acceptable as a universal fair business standard and that you, at your option, therefore can increase the gallons purchased and so by doing elect to cost discounts, entitlements, more territory, free promotional material and sub-licensee enrollment strategies.

YOU AGREE YOU HAVE REVIEWED THE PHLUORUS WEB SITE AND UNDERSTAND THE 4030 "BUSINESS TRAINING", (TERRITORY/OPTS).

10. COMMITMENT LEVELS

10.1 Volume purchase rights. We hereby will agree to appoint you as a "pHluorus Approved Distributor Basic" and you can purchase pHluorus **Basic** on the following conditions: Go to our web site Home page and go to "Order Form." Back to Home Page, Click on "site map" and go to 2190 "Dilution Ratio Specifications." You agree to follow the recommended dilution ratios at this site in order to guarantee pHluorus is correctly applied.

As a commitment level Licensee order:

1. One (1) fifty-five gallon drum of **Basic** at the current price as herein described on our web site at "www.phluorus.com."
2. Five (5) fifty-five gallon drums of **Basic** at the current price as herein described on our web site at "www.phluorus.com."
3. Twenty (20) fifty-five gallon drums of **Basic** includes a twenty percent discount ordered as: sixteen (16) said drums at current price described herein at web site, "www.phluorus.com and we agree to ship twenty (20) fifty-five gallon drums for the price of the sixteen (16) 55 gallon drums.

11. VOLUME ENTITLEMENTS

11.1 pHluorus support responsibilities. We will disclose to you certain unique confidential and proprietary information and trade secrets exclusively including our copyrighted web site (including all "kit" items), Patent rights, Sub-Licensee enrollment assistance, seminars, conferences, newsletters, meetings and day to day consultation. Level three (3) Licensees see (**Sec. 10.1**), purchasing semi-annually, twenty (20) fifty-five gallon drums of **Basic** are entitled to all of the above mentioned business and technical support at no cost.

If you are a level one (1), Licensee (**Sec. 10.1**) "Commitment levels)," you agree to purchase desired materials from our web site: To order from the "Home Page," go to the "Site Map," click on "Market Development" (4030) and scroll down to "**Worldwide Market Tested Introduction** to order entire 53 page operational training manual with videos, **click here.**" We agree that a "Demo Kit and Application Kit" is free of cost for level two (2) Licensees, (**Sec. 10.1**)

For all levels (**Sec. 10.1**), we agree to maintain our full service web site and hereby authorize you to print there-from. Furthermore, we will help you in the design/placement of your own web site if desired. We also agree to conditionally make available our assisted closings "hotline" at no charge. You agree that in due course you, and/or Sub-Licensees, will develop the capability of closing you own prospects. We therefore, reserve the sole right to determine said time frame.

12. MISCELLANEOUS

12.1 You agree to secure and maintain in force in your name, all required licenses, permits and certificates relating to the operation of your business. You agree to operate the business in full compliance with all applicable laws, ordinances and regulations, including, without limitations all government regulations relating to withholding workers' compensation insurance, unemployment insurance and payment of federal, state and local taxes. All advertising and promotion you use, if any, must be completely factual, in good taste, and must conform to the highest standards of ethical advertising. You further agree to refrain from any business or advertising practice which may be harmful to the goodwill associated with the Marks of the pHluorus System or of other future licensees.

12.2 In order to protect or insure you, sub-Licensees and customers from possible unintentional sub-standard business practices you agree to establish and maintain at your own expense an accurate book-keeping and record keeping system for the sale of the pHluorus System initial and cleaning treatments by you and/or your Sub-Licensees. You agree to furnish us from time to time at our request (1) monthly reports of receipts and gross revenues, on a job-by-job basis, for the pHluorus System initial and cleaning treatments; (2) monthly rolls of names and addresses of all new customers serviced by you or your Sub-Licensees, the type of service provided, and the amount of chemicals and products employed. You agree that from time to time we may randomly contact said customers for the purpose of quality control.

12.3 This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interest in this Agreement. You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on your character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement, the License, nor any other Interest is transferable without our prior written approval. The term Interest means direct or indirect ownership (legal or beneficial) or control of fifty percent (50%) or more of the equity, profits or voting control of your business entity. Any transfer that is made without our prior written approval constitutes a breach of this Agreement and conveys no Interest.

WE HAVE ENTERED INTO THIS AGREEMENT IN RELIANCE OF YOUR CHARACTER, SKILL, APTITUDE, ATTITUDE BUSINESS ABILITY...

13. LICENSE TERMINATION

13.1 Termination by Licensee. If you have substantially complied with your obligations under this Agreement and we materially breach this Agreement you will have the right to terminate this Agreement if we do not cure such material breach within thirty (30) days after we receive a written notice of default from you, unless the breach cannot reasonably be cured within thirty (30) Days. In such case we must furnish you reasonable proof of our efforts.

13.2 Termination by Licensor. This Agreement will terminate after written receipt of thirty (30) days notice if you do not reasonably cure a material breach of this Agreement unless the breach cannot reasonably be cured within thirty (30) days. You must furnish us reasonable proof of your efforts.

13.3 Termination without notice. This Agreement will terminate immediately without further action by us if you abandon, surrender or transfer control of the operation without our written approval.

14. ENFORCEMENT.

14.1 Severability ; substitution of Valid Provisions. The provisions of this Agreement are deemed to be severable (that is, independent of any other provision). If any court, agency or other tribunal with proper jurisdiction in a proceeding to which we are a party holds, in a final unappealable ruling that any part of this Agreement is invalid or in conflict with any applicable law, such ruling will not affect this Agreement unless and until; (1) if you are a party to that proceeding, the time for appeal expires; or (2) if you are not a party to that proceeding, we give you written notice that we will not enforce the part (s) of this Agreement held to be invalid and/or will modify this Agreement in accordance with such ruling. In either case, the parties to this Agreement agree that the only effect of such ruling and non-enforcement by us will be that the invalid part will be deleted from this Agreement or modified in accordance with such ruling, and the parts of this Agreement which are meaningful after the deletion or modification of the invalid part will continue to be effective and bind the parties to this Agreement.

14.2 Agreement to Arbitrate. Except as provided by in Section 14.3 of this Agreement, all controversies or claims arising between you (including all owner of Interests) and us in connection with or arising from: (1) any provision of this Agreement or any other agreement between you and us which is related to this Agreement ;— continued page 6.....

CONTINUATION OF MISCELLANEOUS PAGES

14.2 (2) our relationship with you, or (3) any specifications, standard or procedure relating to the establishment or operation of the licensed business; which are not resolved within fifteen (15) days after either party notifies the other in writing of the controversy or claim, shall be submitted for arbitration to the American Arbitration Association on demand of either party. Such arbitration proceedings will be conducted in South Jordan, Utah and except as otherwise provided in this Agreement, will be conducted in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or like agency.

14.3 Notwithstanding the provisions of Paragraph 14.2 above, we have the right to seek injunc-

tive relief prohibiting unauthorized use or infringement of any of the Marks, or patents in any court of competent jurisdiction under customary equity rules, without submitting the matter for arbitration. You agree that we will not be required to post a bond to obtain any injunctive relief. You further agree that your only remedy if an injunction is entered against you will be injunctive dissolution.

14.4 This Agreement will be governed by the internal law of the State of Utah, USA or recognized as by international treaties.

14.5 The rights and remedies specifically granted by this Agreement to either party will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by

law or equity.

14.6 Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

14.7 All headings or inserts of the various section or in the left margins of this Agreement are for convenience only and do not affect the meaning or construction of any provision

14.8 Time is of the essence of this Agreement .

14.9 This Agreement, including introduction and exhibits to it (4020 and 4030) on our web site, www.phluorus.com, constitutes the entire agreement between you and us, and there are no other oral or written understanding or agreements between you and us. Changes are not valid unless approved in writing.

PHLUORUS DOUBLE STRENGTH MAY BE PURCHASED, IF ONE HUNDRED (100) 55 GALLON DRUMS ARE PURCHASED AT ONE TIME, FOR ONE THIRD MORE THAN BASIC.

15. WORLDWIDE PRODUCT DELIVERIES

15.1 International suppliers.

We agree to supply **Basic** pHLuorus to Licensees outside of the United States of America through a Formulator in your locale, to eliminate the import/export process. Said Formulator will be licensed by us and you agree that we have the sole right to contact said product source.

15.2 National suppliers.

We agree to supply **Basic** pHLuorus to Licensees inside of the United States of America through a Formulator selected by us to best supply your needs. Said Formulator will be licensed by us and you agree that we have the sole right to contact said product source.

15.3 Volume suppliers.

You agree that the International and National Markets may require a central distribution center capable of delivering large quantities of **Basic** or dilute pHLuorus on a special need condition or circumstance. We therefore reserve the sole right to determine said occasions.

16. PRODUCT PRICING AND SERVICING

16.1 Suggested retail price.

We agree that prices for initial treatment and on-going pHLuorus may vary from Territories however where the "chain" condition referred to in Section **3.2** and **3.3** of this Agreement exists, you agree that you will not allow said shared customers to purchase pHLuorus below the price set by the originating Licensee.

16.2 Wholesale price to Sub-licensee. Licensee may assess its Sub-Licensees a resale price for each of the pHLuorus System Components, however you agree to the principle of "universal standard pricing" to insure each Sub-Licensee an equal chance to compete with other Sub-Licensee.

16.3 Prices subject to change

It is understood and agreed that the prices currently applicable on our web site under "order form" are subject to change at any time with 30 days prior notice; such charges will be universally applicable to all Licensees. Additional charges may be assessed for special orders or sizes including processing costs.

THE STATE OF UTAH

Phluorus Inc
PO Box 95870
South Jordan UT. 84095

Phone: 800 728 7547
Fax: 801 561 2822
Email: phluorus@aros.net

, SS. ,

Then personally appeared Gary Holt, President of pHluorus Inc., and acknowledged the foregoing instrument to be the corporation's free act and deed, before me.

Notary Public, My commission expires:

THE STATE OR COUNTRY OF

, SS. ,

Then personally appeared _____, and acknowledged the foregoing instrument to be _____, free act and deed, before me.

Notary Public, or _____ My commission Expires:

pHluorus INC.
Web at www.phluorus.com

The parties to this License Agreement now execute and deliver this Agreement in multiple counterparts as of the Agreement date.

WITNESSED BY:

WITNESSED BY;

For Licensee

For pHluorus Inc.

pHluorus Inc.

.....
Gary Holt, President only Authorized

.....
Licensee