

R.J.Reynolds Tobacco Company  
Winston-Salem, N.C. 27102  
(919) 777-5000



88-781-010

March 8, 1988

Mr. Robert Bradley  
Advanced Plasma, Inc.  
2853 Lee Avenue  
P. O. Box 2088  
Sanford, North Carolina 27330

Dear Mr. Bradley:

In order to enable representatives of R. J. REYNOLDS TOBACCO COMPANY (hereinafter "Reynolds") to have discussions with representatives of Advanced Plasma, Inc. (hereinafter "API"), to determine whether API will perform services for Reynolds in the general area of ceramic plasma spray coating, it will be necessary to make available to API valuable confidential information concerning Reynolds new products developments. All such information whether oral, written or observed while on Reynolds premises is considered by Reynolds to be highly confidential proprietary information (hereinafter "Proprietary Information"). Such Proprietary Information will be disclosed to API upon the following terms and conditions:

1. You agree that API will not disclose Proprietary Information to any third party without the prior written approval of Reynolds.

2. You agree that Proprietary Information shall be used by API solely for the purpose of evaluating its capability and interest in performing services for Reynolds.

3. You agree to return all written material containing Proprietary Information to Reynolds at its request including any summaries, records, descriptions, and copies of Proprietary Information.

4. You agree that API shall not disclose to any third parties the fact that it is performing services for Reynolds or the nature of such services.

5. Nothing contained in this Agreement shall in any way restrict or impair API's right to use, disclose or otherwise deal with any information or data which:

- (a) at the time of disclosure by Reynolds is generally available to the public or thereafter becomes available to the public through no act of API's;

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- (b) you can demonstrate was in API's possession prior to the time of disclosure by Reynolds and was not acquired directly or indirectly from Reynolds or any person, firm or corporation acting on API's behalf; or,
- (c) is independently made available as a matter of right to API by a third party who is under no confidentiality obligation to Reynolds.

6. Proprietary Information shall be disclosed by API solely to the those employees of API who have a need to know such information in order to determine whether API has the capability and interest to perform such services for Reynolds and who have a need to know such information in order to enable API to perform such services for Reynolds. Any such employee of API shall be advised of this agreement and be bound by its terms and API shall take all steps necessary to insure that such employees abide by the terms of this agreement.

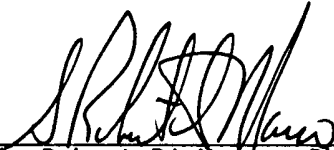
7. Nothing herein shall be construed to grant any right or license under any Reynolds patent or trade secret.

8. API's obligations of nondisclosure as set forth in this Agreement shall survive for a period of five (5) years from the date of your acceptance of this Agreement.

If the above is acceptable to you, please sign both copies of this agreement and return one copy for our files.

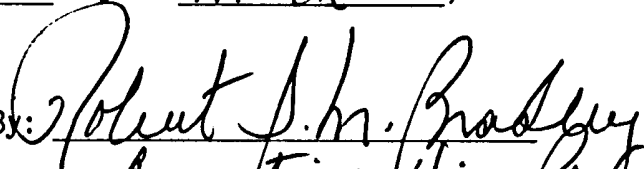
Sincerely,

R. J. REYNOLDS TOBACCO COMPANY

By:   
G. Robert Di Marco, Ph.D.  
Senior Vice President - R&D

Agreed and accepted this

11<sup>TH</sup> day of March, 1988

By:   
Title: Executive Vice President

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