



CONFIDENTIAL DISCLOSURE AGREEMENT

THIS CONFIDENTIAL DISCLOSURE AGREEMENT is made and entered into as of this _____ day of _____ (hereinafter the "Effective Date") (together with its Exhibit A, the "Agreement") by and between _____ ("Customer") having a place of business at _____ and Polycarbon Industries Inc. d/b/a/ PCI Synthesis "PCI", a Delaware company, having a place of business at 9 Opportunity Way Newburyport, MA 01950. _____ and PCI are referred to herein individually as a "Party" and collectively as the "Parties". _____ and PCI hereby agree as follows:

1. Background Customer and PCI intend to engage in communications/activities for the purposes summarized in Exhibit A (the "Purpose"). In the course of these communications and activities, it may be necessary or desirable for Customer and PCI to disclose or deliver to each other Confidential Information (defined below). Customer and PCI have entered into this Agreement in order to ensure the confidentiality and proper use of Confidential Information.

2. Definitions.

2.1 "Confidential Information" means any scientific, technical, trade, financial, or business information possessed by, obtained by, developed for or given to the Disclosing Party which is treated by the Disclosing Party as confidential or proprietary, or that Recipient has reasonable basis to believe is confidential or proprietary, including, without limitation, Research Materials (defined below), its products whether commercially viable or not, developed products, Derivatives (defined below) of a disclosed product, techniques, methodology, assay systems, formulae, procedures, tests, equipment, visual works, developments, discoveries, designs, technology, informatics, data, results, documentation, reports, knowhow, patent applications, patent positioning, patent strategy, sources of supply, relationships with consultants, employees, customers and business associates, finances, financials, financial plans, information relating to investors or potential investors, strategies, tactics, business plans, business developments, information concerning the existence, scope, or activities of any research, development, manufacturing, marketing, sales, or other projects or products of the Disclosing Party, and any other confidential information about or belonging to the Disclosing Party, or its suppliers, licensors, licensees, partners, affiliates, customers, or any potential suppliers, licensors, licensees, partners, or customers.

2.2 "Derivatives" include derivatives or replications of a chemical compounds thereof or there from, which is substantially similar in structure to another compound. Derivatives include esters, all salt forms, etc.

2.3 "Disclosing Party" means the Party disclosing Confidential Information, or on whose behalf Confidential Information is disclosed under this Agreement.

2.4 "Recipient" means the Party receiving Confidential Information under this Agreement.

2.5 "Research Materials" include, without limitation, pharmaceuticals, formulation excipients, biological substances, derivatives or replications thereof or there from, together with all reagents, adjuvants, chemical compounds, or other materials.



3. Confidentiality and Use

3.1 Ownership. Customer and PCI shall at all times remain the sole and exclusive owner of their respective Confidential Information.

3.2 Marking. The Parties will use commercially reasonable efforts, (a) to label or identify Confidential Information as confidential at the time of disclosure and (b) for Confidential Information disclosed or delivered other than in writing, to indicate that such Confidential Information is confidential at the time of disclosure, and upon request of the Recipient, provide a written document summarizing such Confidential Information within thirty (30) days of the Recipient's request.

3.3 Nondisclosure of Confidential Information. Except as otherwise provided in this Section 3.3, Customer and PCI shall not directly or indirectly publish, disseminate, or otherwise disclose, deliver, or make available to third parties any of the other Party's Confidential Information. A Recipient shall protect Confidential Information received hereunder with the same degree of care used to protect its own confidential information of a like nature, but no less than a reasonable degree of care. Each Recipient agrees that for the term of this Agreement the Disclosing Party is the sole owner of Confidential Information disclosed by or on behalf of the Disclosing Party.

3.3.1 A Recipient may disclose Disclosing Party's Confidential Information to its affiliates and its and its affiliates' employees, directors, officers, agents, advisers, representatives and consultants (collectively, "Representatives") who have a business need to receive such Confidential Information solely for carrying out the purposes of this Agreement, provided that those Representatives are bound by confidentiality and use restrictions no less stringent than those set forth in this Agreement. The Recipient must advise such Representatives of the confidential nature of the Confidential Information and direct them to abide by the terms of this Agreement.

3.3.2 A Recipient agrees to be responsible for any breach of this Agreement by its Representatives.

3.3.3 As used in this Agreement, "affiliate" of a person means any other person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person.

3.4 Use of Confidential Information. Customer and PCI (and Representative to whom Customer or PCI discloses the other Party's Confidential Information pursuant to Section 3.3 above, as appropriate) shall not use the other Party's Confidential Information for any purpose other than the purposes set forth in Exhibit A, or for such other purposes as may be agreed upon by the Parties in writing.

3.5 Exceptions. The obligations of Sections 3.3 and 3.4 herein shall have no application when and to the extent the Recipient can establish by that Confidential Information:



- (i) was known to the Recipient at the time it was disclosed, except as a result of disclosure by the Disclosing Party,
- (ii) is at the time of the disclosure or later, becomes publically known under circumstances involving no breach of this Agreement.
- (iii) is made available to the Recipient by a third party who did not derive it, in any manner, from the Disclosing Party; or
- (iv) is independently developed by the Recipient without use of the Disclosing Party's Confidential Information.

If Recipient is requested or required by law, regulation, or other act of governmental authority jurisdiction or legal process to disclose Confidential Information of the Disclosing Party, Recipient will promptly notify the Disclosing Party to the extent practicable in the circumstances of the required disclosure so that Disclosing Party at its sole cost may seek confidential treatment or appropriate protective order of any such Confidential Information required to be disclosed. Absent the entry of a protective order, the Recipient and its applicable Representatives may disclose such information to the extent legally required based upon the advice of Recipient's counsel without liability under this agreement.

4. Expiration; Remedies for Breach

4.1 Expiration; Return of Confidential Information. The term of this Agreement will commence on the Effective Date and will continue for a period of three (3) years thereafter. Upon expiration, or sooner upon the Disclosing Party's request, the Recipient shall promptly return to the Disclosing Party all Confidential Information and written embodiments thereof. The Recipient may retain one archival copy of Confidential Information solely for (a) the purpose of determining any continuing obligation under this Agreement or (b) the purposes of defending or maintaining any litigation (including any administrative proceeding) relating to this Agreement or a possible transaction. Nothing contained herein shall require the destruction or purging of any Confidential Information maintained on routine computer system backup tapes, disks or similar storage devices or if such destruction would violate law or the internal document retention policy of the Recipient.

4.2 Remedies for Breach. The Parties acknowledge and agree that a breach of the non-disclosure or non-use provisions of this Agreement by a Party may materially harm the non-breaching Party and that non-breaching Party may seek any and all remedies and relief available, including but without limitation, injunctive relief.

5. Miscellaneous.

5.1 Further Obligations or Relationship. The Parties recognize that this Agreement creates no obligation on the part of either Party to enter into a business relationship or to negotiate or seek such a relationship. Each of the Parties and their affiliates are free to terminate discussions and negotiations, and to pursue other business opportunities alone or in conjunction with the discussions between the Parties, at any time and for any reason in their sole discretion without liability. Moreover, unless and until a mutually satisfactory definitive written agreement has been executed and delivered by the Parties, neither Party, nor or any of their respective affiliates, will be under any legal obligation with respect to any transaction except for the matters specifically agreed to in this Agreement.



5.2 No License Grant. Each Party understands that this Agreement in no way constitutes the grant of a license or any other right to or under any intellectual property of the other Party.

5.3 Assignment. This Agreement may not be assigned by either Party without the other Party's prior written consent.

5.4 Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, U.S.A., without regard to any choice of law principle that would dictate the application of the law of another jurisdiction. All disputes arising out of or relating to this Agreement or the subject matter hereof shall be exclusively resolved in Delaware State Courts or the federal courts of the United States located in the State of Delaware. Each of the Parties irrevocably and unconditionally waives any objection or defense that it may have based on improper venue or forum non conveniens to the conduct of any such proceeding in any such courts. The Parties waive all rights to a jury trial in any dispute arising out of or relating to this Agreement. The Parties waive any rights to punitive, consequential, exemplary, special or indirect damages or lost profits.

5.5 Entire Agreement. This Agreement is the product of both of the Parties hereto, and constitutes the entire agreement between such Parties pertaining to the purpose, and merges all prior negotiations and drafts of the Parties with regard to the Purpose.

5.6 Amendments. The terms of the Agreement may be modified or waived only by a separate writing signed by the Parties that expressly modifies or waives any such term.

5.7 Counterparts. This Agreement may be executed in counterparts.

5.8 Survival. This Section 5 shall survive any termination or expiration of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Confidential Disclosure Agreement to be executed under seal in duplicate and entered into by their duly authorized representatives as of the date first written above.

By: _____

Date: _____

PCI Synthesis

By: _____

Date: _____



EXHIBIT A

Confidential Information for the route of synthesis and manufacture of _____