

CYBERLUX CORP

FORM 10SB12G/A

(Amended Securities Registration Statement (small business, section 12(g)))

Filed 02/04/02

| | |
|-------------|--|
| Address | 4625 CREEKSTONE DRIVE SUITE 100 DURHAM, NC 27703 |
| Telephone | 919-474-9700 |
| CIK | 0001138169 |
| Symbol | CYBL |
| SIC Code | 3674 - Semiconductors and Related Devices |
| Fiscal Year | 12/31 |

CYBERLUX CORP

FORM 10SB12G/A

(Amended Securities Registration Statement (small business, section 12(g)))

Filed 2/4/2002

| | |
|-------------|---|
| Address | 4625 CREEKSTONE DRIVE SUITE 100 DURHAM, North Carolina 27703 |
| Telephone | 919-474-9700 |
| CIK | 0001138169 |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

File No. 000-33415

Amendment No. 1

to

FORM 10 - SB

**GENERAL FORM FOR REGISTRATION OF SECURITIES OF SMALL BUSINESS ISSUERS
Under Section 12(b) or (g) of the Securities Exchange Act of 1934**

Cyberlux Corporation

(Name of Small Business Issuers in its charter)

Nevada

91-2048978

(State of other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification
Number)

50 Orange Road

PO Box 2010

Pinehurst, North Carolina

28370-2010

(Address of principal executive
offices)

(Zip code)

Issuer's telephone number: (910) 235-0066

Securities to be registered under section 12(b) of the Act:

Title of Each Class Name on each exchange on which
To be so registered Each class is to be registered

Securities to be registered under section 12(g) of the Act:

Common Stock, \$0.001 par value per share, 20,000,000 shares authorized, 5,014,748 issued and outstanding as of the most practicable date.

/1/

TABLE OF CONTENTS

| | Page |
|--|------|
| Part I | |
| Item 1. Description of Business | 3 |
| Item 2. Management's Discussion and Analysis and Plan of Operation | 11 |
| Item 3. Description of Property | 12 |
| Item 4. Security Ownership of Management | 13 |
| Item 5. Directors and Executive Officers | 15 |
| Item 6. Executive Compensation | 17 |
| Item 7. Certain Relationships and Related Transactions | 18 |
| Item 8. Description of Securities | 18 |
| Part II | |
| Item 1. Market for Common Equity and Related Stockholder Matters | 21 |
| Item 2. Legal Proceedings | 22 |
| Item 3. Changes in and Disagreements with Accountants | 22 |
| Item 4. Recent Sales of Unregistered Securities | 22 |
| Item 5. Indemnification of Directors and Officers | 24 |

| | | |
|----------|----------------------|----|
| Part F/S | | |
| Item 1. | Financial Statements | 25 |
| Part III | | |
| Item 1. | Index to Exhibits | 33 |
| | Signatures | 35 |

/2/

Forward Looking Statements

Some of the statements contained in this Form 10-SB that are not historical facts are "forward-looking statements" which can be identified by the use of terminology such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements, that such statements, which are contained in this Form 10-SB, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

1. Our ability to attract, maintain and integrate internal management, technical information and management information systems;
2. Our ability to remain abreast of trends in the optoelectronics industry;
3. The level of acceptance of our products by retail merchants and their respective customers; and
4. Our ability to address potential additional capital requirements.

All written and oral forward-looking statements made in connection with this Form 10-SB that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

Part I

We are filing this Form 10-SB on a voluntary basis with the intention of establishing the full reporting status of Cyberlux Corporation with the SEC. Upon the effectiveness of the Registration Statement, we will be required comply with the reporting, proxy solicitation and certain other requirements by the Securities Exchange Act of 1934. We are also filing to:

1. Provide current, public information to the investment community;
2. Expand the availability of secondary trading exemptions under the Blue Sky laws and thereby expand the trading market in our securities; and
3. Comply with prerequisites for listing of our securities on the NASD OTC Bulletin Board.

Item 1. Description of Business

A. Business Development and Summary

We were formed as a Nevada Corporation on May 17, 2000 under the name Cyberlux Corporation. Our articles authorize us to issue up to 20,000,000 shares of common stock at a par value of \$0.001 per share and 5,000,000 shares of preferred stock at a par value of \$0.001 per share. We are filing this Form 10-SB voluntarily with the intention of establishing a fully reporting status

/3/

with the SEC. Obtaining a fully reporting status is a necessary step in accomplishing our goal of having our stock listed on the OTC Bulletin Board. Consequently, we will continue to voluntarily file all necessary reports and forms as required by existing legislation and SEC rules and regulations.

Our management founded the Company to design, develop, manufacture, market and sell advanced lighting systems that utilize white (and other) light emitting diodes as illumination elements. Although the diode illumination industry is in its infancy, these lighting systems offer the potential to make continued advancements in illumination technology. Light emitting diodes (LEDs) consume 90% less energy than their

incandescent or fluorescent counterparts to produce a comparable lumen output. A "lumen" is a unit of measure used to determine light intensity. We believe that in electrochemical (battery powered) applications, this decrease in energy consumption positions our lighting solutions as a much more durable and reliable lighting source than other alternatives. In standard electrical current applications, the calculated life of diodes as lighting elements is over ten years versus hours for traditional incandescent or fluorescent bulbs. The performance characteristics of diminutive energy consumption and extended life have prompted LED implementation in traffic lights and brake lights, and to a lesser degree in our area of focus, diode illumination.

B. Business of Issuer

(1) Principal products and principal markets

In April 1999, Research Econometrics, LLP, began an investigative research study for a new long-term interim lighting system to be used during power outages. Research Econometrics is a limited liability partnership in which the president of Cyberlux Corporation, Donald F. Evans, was a partner.

During the course of the research study, the newly developed bright white diode was discovered, which served to validate the intent of the study, as an economical solution to long-term battery powered interim lighting systems. Subsequently, Cyberlux Corporation was formed to pursue development of diode illumination products. Research Econometrics Partners founded Cyberlux and received stock therein in return for assignment of research data and a provisional patent (see Recent Sale of Unregistered Securities page 17).

The original patent application was filed as "ELECTROCHEMICAL PORTABLE POWER PLANT AND LIGHTING SYSTEM", September 30, 1999 and registered as a provisional patent, number 60/156/718, on October 14, 1999. The provisional patent was assigned to Cyberlux, a corporation in formation, on March 31, 2000. The patent application was subsequently expanded to include mechanical drawings, resubmitted as CYBERLUX STORM LIGHT on April 16, 2001 and registered as a provisional patent number 60/283/898 on July 2, 2001. The patent and trademark development was undertaken by the law firm of Alston and Bird, LLP on May 19, 2001. Trademarks for "Cyberlux", serial number 76/339,373 and the "Home Safety Light", serial number 76/337,236 were effective on November 16, 2001 and November 12, 2001, respectively. The comprehensive "utility patent" application entitled, "APPARATUS AND METHODS FOR PROVIDING EMERGENCY LIGHTING" was filed by Alston and Bird on January 11, 2002. The current status of the twenty-six patent claims contained in the application during its review period is that of "Patent Pending".

The reliable manufacture of Cyberlux designed products requires the coordination of resources to provide detailed working drawings to tool manufacturers for injection molded parts and optics; precise circuitry diagrams to receive diodes, resistors and capacitors into the electronics platform; source identification for volume supplies of batteries and diodes; packaging considerations for presentation of product and corresponding dimensions of containment's for shipping and display; and an experienced contract assembly

/4/

organization with an extensive infrastructure capable of collation of all component parts, assembly, testing, packaging and inventory of the finished product(s).

During the Fall of 2000, Cyberlux identified Shelby County Community Services (SCCS), Shelbyville, Illinois, as a contract manufacture and assembly organization that was well positioned to meet our requirements. SCCS has over a decade of successful performance on behalf of Fortune 100 companies and represented the quality of management, performance and fiscal stability that Cyberlux sought to employ in the production process.

We entered into a Proprietary Product Manufacturing Agreement with SCCS (see Exhibit 10a) on April 24, 2001 that provides for the purchase of all component parts for our products by SCCS; conformance of parts acquired to Cyberlux specifications; exact assembly of parts in accordance with schematics; verified accountable tests of each unit prior to packaging; individual-packaging; finished goods inventory warehousing; palletized shipping containment's per purchase orders; and loading for shipment FOB Shelbyville. Cyberlux has agreed to pay SCCS 112% of the costs associated with production of finished products within thirty days of the shipment date.

SCCS coordinates materials inventory with Cyberlux approved vendors based upon purchase orders or blanket orders for products. Robrady Design, Inc., our industrial design firm, is instrumental in providing detailed working drawings for injection molded parts to tool manufacturers in the US and abroad. We have retained International Consolidated Technologies (ICT), an Illinois corporation headquartered in Casey, Illinois, to produce multi-cavity steel molds and temporary molds required for proprietary injection molded parts. The molds will be manufactured at ICT's plant in Korea and the component part manufacture will occur in Casey, IL, which is within 35 miles of the SCCS assembly operation in Shelbyville, IL.

Similarly, the engineering firm of TKJ, Inc. in Northbrook, Illinois manages our proprietary circuitry design. TKJ, Inc. has engaged an integrated circuit board contract manufacturer, Controls, Inc., Logansport, Indiana, to manufacture the electronic platforms to precise specifications. Although the boards are rigidly tested prior to shipment to Shelbyville, SCCS will test each board on receipt consistent with the quality assurance protocols established by Cyberlux.

TKJ, Inc. has negotiated diode supply agreements with Nichia Chemical and others. Nichia Chemical, Tokushima, Japan, a major manufacturer

of diodes, will be supplying us with white emitting diodes for our products. Although Nichia is the principal supplier, we are also searching for other manufacturers of these diodes who may have equal or greater quality diodes at favorable prices. SCCS has been delivered an agreement provided by Cyberlux wherein Rayovac supplies AA alkaline batteries to SCCS for \$.152 per unit, FOB Shelbyville, IL. The agreement with Rayovac provides for certain cooperative advertising arrangements and the blister packaging of eight individual batteries for subsequent insertion into a packaging cavity in the Cyberlux Home Safety Light retail box.

(2) Distribution methods of our products

We have targeted our marketing and sales efforts of our initial product, the Home Safety Light, to home improvement chain retailers, which have historically experienced a high volume flow of consumers, many of whom may be classified as opportunistic buyers. Although the consumer may be in the store for a specific item, if the retailer in a prominent position features a new product, the consumer is inclined to evaluate its merits. By researching locations in the various stores, we feel that our initial product will get the most exposure in the home safety section that displays products, which concentrate on items such as fire alarms, child protection products and other items that protect

/5/

homeowners from potential dangers in the home. We recognize these markets as the optimum entry point for introduction of the Cyberlux Home Safety Light to be followed by a broader market exposure in the mass-market chain stores.

During the Spring of 2001, we had an opportunity to show design illustrations of the Home Safety Light to certain sales representatives that routinely call on the leading home improvement warehouse chains. We entered into an agreement with Hynes, Inc., Charlotte, North Carolina, a national sales organization founded in 1939 to market and sell our products. Pursuant to the agreement, Hynes will provide us with a sales force on a commission basis. The term of the agreement is one year with automatically renewable one year terms. Hynes represents manufacturers to retail chain stores, which include Lowe's and Home Depot. Hynes maintains sales offices from Maine to Florida west to Texas and Oklahoma. Their experienced staff is highly respected by buyers who are familiar with the professional services provided by Hynes and the reliability of the products they represent. Hynes will also service the accounts, process orders electronically and coordinate tracking of deliveries through real time communications with Cyberlux and SCCS.

We are positioned to go to full production of the Home Safety Light on completion of the injection molds in January, 2002. These molds provide the proprietary component parts, which in conjunction with the proprietary circuit board and battery pack, complete the finished product. Our objective is delivery to the first purchase orders in early 2002.

We intend to introduce the Home Safety Light through a national home improvement warehouse chain by placing the product in display containers holding 18 to 24 units per container. Our initial concentration will be in approximately 250 stores located in the States of Virginia, North Carolina, South Carolina, Georgia and Florida.

The anticipated placement of approximately 250 displays will require initial production of 12,000 Home Safety Lights. Based upon consumer acceptance and resulting reorders, we have made provisions to produce up to 80,000 units per month at the SCCS facilities. We have undertaken other marketing initiatives with SCCS, a not-for-profit quasi-government entity, which will introduce the Home Safety Light in a different format to the Federal Emergency Management Agency (FEMA), the Department of Defense (DOD) and comparable state, county and municipal emergency service organizations. While SCCS has received no commitments from these agencies to purchase our products, SCCS currently does business with these entities and is of the opinion that their emergency services would be enhanced by the use of our products.

We have retained an advertising and public relations firm, T. Franzen, Inc., which will initiate a campaign in January 2002 to create interest in and educate potential consumers to the merits of the Cyberlux Home Safety Light. Although the central advertising message is product benefit to the consumer, the underlying emphasis is the identity of Cyberlux as a leader in diode illumination or applied optoelectronics. This approach is designed to educate the consumer to identify Cyberlux as a brand name that will support interest in new products.

(3) Status of any announced new products

The Cyberlux Home Safety Light is a portable fixture that may be hand-held, placed on a level platform in a horizontal or vertical plane, or suspended by a wall-mounted hook to broadcast a blanket of light. The fixture, patent pending, is designed to produce three levels of light; level one activates 4 amber diodes which serve as a locator or night light; level two disengages the amber diodes and activates 6 white diodes which produce a reading level light; and level three engages all 10 diodes to produce an intense space light for room, corridor or stairwell illumination. To that extent, the Home Safety Light is unique in that through the use of diodes and circuitry, it is able to provide up to 500

/6/

hours of light on one set of batteries. It has no bulbs, such as are used in flashlights, which normally provide only one to two hours of illumination. When a home suffers power outage, without the necessary illumination to move about the house during this period, the occupants are placed in a precarious situation. Using the moderate level of illumination, the Home Safety Light can provide 42 hours of illumination and under high intensity illumination, it can provide 27 hours of illumination. In other words, the Home Safety Light can provide practically a full week of reliable, portable light in storm situations and power outages.

The circuitry design of the Cyberlux Home Safety Light contributed to the development of a second-generation product, Cyberlux Wireless Interim Lighting System (CWILS), which is currently in the design and testing stage. CWILS is a permanently installed system comprised of three light fixtures and one radio frequency (RF) transmitter. The circuit board in each of the fixtures contains an RF receiver that is activated by a signal from the RF transmitter that is plugged into an electrical wall outlet in a home or business. When the power that activates the wall outlet is interrupted (as in a power outage), the RF transmitter sends a signal to the three fixtures, which illuminates the diodal lighting elements thereby providing a bright blanket of light to the space in which the fixture is installed. The CWILS product is forecast for introduction to retail sales during the second quarter of 2002.

(4) Industry background

Our Company was born from an investigative research study designed to identify a new approach to the development of an electrochemical (battery powered), portable, interim lighting system capable of providing safe illumination for extended periods of time to property owners deprived of electrical service caused by power outages. Although power outages have come to be a recurring phenomenon due to anomalies in electrical service distribution networks, the focus of the initial study was on disruptions caused by severe storm activity along the Atlantic and Gulf States' coastlines and the corresponding affected inland electrical grids. The National Weather Service labels annual storm activity as the "Hurricane Season", which is officially monitored from June 1st to November 30th each year. Other deficiency outages not related to weather have been labeled by the press as "rolling blackouts".

The loss of electrical power related to tropical and subtropical storms can be wide spread and cover extensive regional segments surrounding the matrix of the storm. It is the pervasive incidence of power outages that identified the need for a reliable, durable, safe and economical interim lighting system for property owners and the general population in areas affected by these seasonally severe weather systems. The research conducted to identify an optimum interim lighting system led to the discovery of a new illumination technology (optoelectronics). We plan to implement this technology through the development of diode illumination fixtures for domestic, commercial and industrial applications. Management has identified several opportunities, which are discussed in Section (10) Research and Development Activities below, where our optoelectronic technology can be introduced as a cost effective solution for antiquated, expensive and unreliable lighting systems currently in use. The introduction of our Cyberlux Home Safety Light is an example of our advanced illumination technology. We hope that this will establish us as an innovative leader in the industry.

(8) Regulation

Our advertising and sales practices concerning the Home Safety Light and the Wireless Interim Lighting Systems are regulated by the Federal Trade Commission and state consumer protection laws. Such regulations include restrictions on the manner that we promote the sale of our products.

/7/

(9) Effect of existing or probable government regulations

We believe that we will be able to comply in all material respects with laws and regulations governing the conduct of business operations in general. We are not aware of any pending government regulations that may adversely affect our business.

(10) Research and development activities

The Cyberlux Wireless Interim Lighting System (CWILS), referenced in sub section (3) above, is an example of ongoing research into several applications for our technology. Other products that have been positioned for design and testing are battery powered trade show display lighting elements; navigational lighting for small craft; sealed lighting elements for miner's helmets; and replacement lighting elements for hard-wired outdoor walkway, parking lot or landscape illumination systems. During the last two years, we have incurred research and development expenses of \$151,505.57 for the year 2000 and \$188,100.00 for the year 2001. These numbers do not include administrative overhead, travel or other expenses associated with that development.

Charges to research and development by Research Econometrics prior to incorporation of Cyberlux Corporation in May 2000:

| | | |
|---------------|----|-----------|
| January 2000 | \$ | 8,536.11 |
| February 2000 | \$ | 6,058.02 |
| March 2000 | \$ | 6,021.59 |
| April 2000 | \$ | 12,389.98 |
| | | ----- |
| | \$ | 33,005.57 |

In May 2000, all research and development was assigned to Cyberlux Corporation (incorporated May 17, 2000) which continued the research and development effort with Technology Associates, Inc., Reno, Nevada and later with Light Technology, Inc., Sarasota, Florida. The following amounts were expended directly to the two companies for development of circuitry, optics and mechanical design:

| | | | |
|----------|----|----------|---|
| May 2000 | \$ | 5,000.00 | Technology Associates, Inc. (circuitry) |
|----------|----|----------|---|

| | | |
|----------------|---------------|---|
| July 2000 | \$ 30,000.00 | Light Technology, Inc. (mechanical design and optics) |
| August 2000 | \$ 20,000.00 | Light Technology, Inc. |
| September 2000 | \$ 20,000.00 | Light Technology, Inc. |
| October 2000 | \$ 30,000.00 | Light Technology, Inc. |
| | ----- | |
| | \$ 105,000.00 | |

In October 2000, Cyberlux agreed to assist Safe-Light Industries, LLP, Steamboat Springs, Colorado in the development of diode lighting elements and attendant circuitry for its barricade light design for highway construction applications. The following funds were expended toward that development:

| | | |
|-----------------|---------------|--|
| November 2000 | \$ 8,500.00 | Safe-Light Industries, LLP (barricade light development) |
| December 2000 | \$ 5,000.00 | Safe-Light Industries, LLP |
| | ----- | |
| | \$ 13,500.00 | |
| Total Year 2000 | \$ 151,505.57 | |

In January 2001, it became clear that Light Technology, Inc. could not produce a production prototype model to the specifications provided by Cyberlux. (On April 18, 2001, we subsequently filed a civil complaint against Light Technology, Inc. and Safe-Light Industries, LLP and their principals alleging breach of contract, fraud, misappropriation of trade secrets and sought injunctive action against the defendants to prevent them from misappropriating trade secrets as well as to recovery monetary damages) (See, Legal Proceedings, p. 17.)

/8/

At that time, Cyberlux identified and retained an industrial design firm, Robrady Design, Inc., Sarasota, Florida and an electronic circuitry design firm, TKJ, Inc, Northbrook, Illinois to pursue development consistent with Cyberlux specifications.

In January 2001, Cyberlux advance another \$3,500 to Light Technology, Inc. to recover any work in process that was proprietary to Cyberlux. The deliverable was of no substantive use and was discarded as "dead-end" material.

Research and Development Expenditures for the year 2001 were as follows:

| | | |
|-----------------|---------------|--|
| January 2001 | \$ 3,500.00 | Light Technology, Inc. (CAD illustrations) |
| February 2001 | \$ 12,500.00 | Robrady Design, Inc. (mechanical architecture and casings) |
| March 2001 | \$ 12,500.00 | Robrady Design, Inc. |
| April 2001 | \$ 40,000.00 | Robrady Design, Inc. (design, optics, first light & wireless system) |
| April 2001 | \$ 7,500.00 | TKJ, Inc. (circuitry design & circuit board manufacture) |
| May 2001 | \$ 12,500.00 | Robrady Design, Inc. (mechanical, optics & ergonomic design) |
| June 2001 | \$ 12,500.00 | Robrady Design, Inc. |
| July 2001 | \$ 12,500.00 | Robrady Design, Inc. |
| August 2001 | \$ 12,500.00 | Robrady Design, Inc. |
| September 2001 | \$ 5,000.00 | Robrady Design, Inc. |
| October 2001 | \$ 10,600.00 | Robrady Design, Inc. |
| October 2001 | \$ 15,000.00 | TKJ, Inc. (final circuitry for Home Safety Light) |
| November 2001 | \$ 5000.00 | Robrady Design, Inc. (final CAD delivery for tools) |
| November 2001 | \$ 16,500.00 | ICT, Inc. (deposit on single cavity tools for injection molds) |
| November 2001 | \$ 5,000.00 | Robrady Design, Inc. (final delivery on revised blueprints) |
| December 2001 | \$ 2,500.00 | Robrady Design, Inc. |
| January 2001 | \$ 2,500.00 | Robrady Design, Inc. |
| | ----- | |
| Total Year 2001 | \$ 188,100.00 | |

Total "Pure" Research and Development for years 2000 and 2001 = \$151,505.57 plus \$188,100.00 or \$339,605.57.

12) Employees

We currently have five full time employees. Our employees are primarily at the executive level based upon our role in coordination of outsource contracts for manufacturing and other production considerations. Currently, there exist no organized labor agreements or union agreements between Cyberlux and our employees. However, we have employment agreements with the following executive officers: Donald F.

Evans, President (see Exhibit 10b), Alan H. Ninneman, Senior Vice President (see Exhibit 10c) and John W. Ringo, Secretary and Corporate Counsel (see Exhibit 10d). We believe that our relations with our employees are good.

C. Reports to Security Holders

Our annual report will contain audited financial statements. We are not required to deliver an annual report to security holders and will not deliver a copy of the annual report to security holders unless they send us a formal request. We intend, from this date forward, to file all of our required information with the Securities and Exchange Commission. Before this form was filed, we had filed no other forms with the SEC. We plan to file with the SEC our Forms 10-KSB, 10-QSB, and all other forms that may be or become applicable to the Company.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, D.C. 20549. The Public may obtain information on the operation of the Public Reference Room

/9/

by calling the SEC at 1-800-SEC-0330. The statements and forms we file with the SEC have also been filed electronically and are available for viewing or copying on the SEC-maintained Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The Internet address for this site is www.sec.gov.

(13) Dependence on Key Personnel

The success of our Company depends upon the efforts, abilities and expertise of our executive officers and other key employees, including our Chief Executive Officer, Senior Vice President for Operations, Treasurer/Chief Financial Officer and Secretary/Corporate Counsel. The loss of the services of such individuals and/or other key individuals could have a material adverse effect on our operations.

[Balance of this page intentionally left blank]

/10/

Item 2. Management's Discussion and Analysis

When used in this Form 10-SB and in our future filings with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or "we expect," "will continue," "is anticipated," "estimated" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. These statements are subject to risks and uncertainties, some of which are described below. Actual results may differ materially from historical earnings and those presently anticipated or projected. We have no obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

A. Management's Discussion and Analysis

(1) For the period May 17, 2000 (inception) through September 30, 2001, we did not generate revenue from sales or other sources. During this development stage, we pursued capital accumulation through debt and equity financing and development of the Cyberlux Home Safety Light. The manufacturing of our products will begin in January 2002 for sale and distribution in early 2002. During the ensuing twelve months of operation we intend to:

- 1. Complete the tools (molds) necessary for production of component parts;
- 2. Hire mid-level management personnel and support staff; and
- 3. Develop relationships with retail outlets to distribute and market our products.

We cannot guarantee that we will be able to compete successfully or that the competitive pressures we may face will not have an adverse effect on our business, results of operations and financial condition. We believe that we can satisfy our cash requirements for 12 months, assuming we commence generating revenues in early 2002. If we require more capital, we may be required to raise additional capital via a public or private offering of equity or debt. The Company's officers and directors loaned \$129,502 to the Company. The notes bear interest at 12% and are due June 30, 2002. We have no arrangements or commitments for accounts and accounts receivable financing. We cannot assure you that any such financing can be obtained or, if obtained, that it will be on reasonable terms.

| Classification | Fixed/Variable | Ability to Control |
|--------------------|----------------|------------------------|
| ----- | ----- | ----- |
| Employee Wages and | Salary = Fixed | Can reduce through lay |

| | | |
|----------------------------------|-------------------|--|
| Benefits | Hourly = Variable | off of personnel |
| | Hourly = Variable | |
| Subcontractor Expense | Fixed | Can reduce through discontinuation or restructuring of agreements |
| Accounting and Legal Expenses | Variable | May increase as Company becomes fully reporting |
| Building Rental Expense | Fixed | Little control over, per agreement |
| Utilities | Variable | May fluctuate due to seasonality |
| Business Insurance | Fixed | Will increase when "Key Man" life insurance is obtained |
| Misc. Office Supplies & Shipping | Variable | Can control through reduced office supply requisitions, negotiating alternative shipping solutions |

/11/

To fund ongoing fiscal 2002 operations, we will need to begin to generate revenues to fund our operations and provide for our working capital needs. If we are unable to generate sufficient revenues, we may need to obtain additional funding through a public or private offering of equity or debt. In the meantime, our officers and directors plan to advance funds to us on an as-needed basis, although there is no definitive or legally binding agreement to do so. We have no arrangements or agreements to obtain funding, and we cannot assure you that such financing will be available on reasonable terms, if at all. Unless we begin generating revenues, obtain additional financing or continue to receive funds advanced by officers and directors, there is substantial doubt of our ability to continue as a going concern. However, we may experience fluctuations in operating results in future periods due to a variety of factors, such as:

1. We have a limited operating history on which to base estimates of future performance;
2. We may need to obtain additional financing in the event that we are unable to realize sales of our products or if we require more capital than we currently have; and
3. We may experience difficulty in managing growth.

We issued certain promissory notes which were due on September 30, 2001 which were for accrued salaries for Messrs. Evans, Ninneman and Ringo. These notes have been extended to June 30, 2002, by agreement between the parties.

Item 3. Description of Property

A. Description of Property

Our corporate headquarters are located at 50 Orange Road, Pinehurst, North Carolina 28374. The office space is defined as the 12' by 14' office located at the northeast corner of the property situated at 50 Orange Road, Pinehurst, North Carolina 28374 and adjacent common spaces consisting of restroom facilities, storage closets and conference room access. Equipment consists of two telephone units; two calculators; one HP printer, copier, fax; one IBM typewriter; one IBM computer with CTX color monitor and Logitech keyboards. Furniture and fixtures consist of two leather executive swivel chairs; two executive desks; two 2 drawer file cabinets; one lateral file cabinet; one cherry wood storage cabinet; one steel typewriter table; two brass banker's lamps, two extended halogen task lamps and various desk top appurtenances.

Research Econometrics, LLP, provides these facilities to Cyberlux at a cost of \$650 per month. The managing partner of Research Econometrics, LLP, Carothers H. Evans, is the son of Donald F. Evans, president of Cyberlux. The leasing terms represent a fully negotiated contract price between two related parties at an arms length transaction. According to the Sublease Agreement, as of July 1, 2000 the space is rented on a month-to-month basis continuing until such use and enjoyment is terminated by either party on thirty days notice in writing. Our management believes that suitable expansion space is available to meet our future needs at commercially reasonable terms, if required.

B. Investment Policies

Management does not currently have policies regarding the acquisition or sale of assets primarily for possible capital gain or primarily for income. We

/12/

do not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in those persons primarily engaged in real estate activities.

Item 4. Security Ownership of Management

A. Security Ownership of Management

The following table sets forth as of September 30, 2001, certain information regarding the beneficial ownership of our common stock by:

1. Each person who is known us to be the beneficial owner of more than 5% of the common stock,
2. Each of our director and executive officers and
3. All of our directors and executive officers as a group.

Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, except to the extent such power may be shared with a spouse. No change in control is currently being contemplated.

| Name and Address of Beneficial Owner | Shares Beneficially Owned | Percentage of Shares Outstanding |
|---|---|--|
| ----- | ----- | ----- |
| Donald F. Evans Fifty Orange Road Pinehurst, NC 28374 | 875,000 @ \$0.001/share 380,000 @ \$0.065/share1., 2 | 25% |
| David D. Downing 100 Country Meadow Drive Marietta, OH 45750 | 400,000 @ \$0.001/share | 8% |
| Scott W. Elliot Masonic Park Road, Box 274C Marietta, OH 45750 | 300,000 @ \$0.001/share | 6% |
| Alan H. Ninneman 17 Barberry Court Corrales, NM 87048 | 500,000 @ \$0.001/share | 10% |
| John W. Ringo 241 Lamplighter Lane Marietta, GA 30067 | 300,000 @ \$0.001/share | 6% |
| Total ownership by our officers and directors (four individuals) | 2,455,000 ----- | 49% 3 --- |

Footnotes:

1. Mr. Evans was issued 875,000 shares individually in connection with his founding of Cyberlux Corporation and assignment of his patent for the Electrochemical Portable Power and Lighting System to the Company. Research Econometrics was issued 750,000 shares in connection with an assignment of all of its interests derived from its funding of the initial development of the long-term interim lighting system. The Research Econometric shares were distributed to the partners in this venture and, as one of the partners, Mr. Evans received 380,000 of the partnership's 750,000 shares.

/13/

2. 380,000 shares received by Mr. Evans pursuant to the distribution of Research Econometrics shares are common stock of the Company owned by him individually. The balance of the Research Econometric shares were distributed to ten other individual partners no one of whom owns an amount approaching 5% of the shares outstanding.

3 There is no voting trust among any of the shareholders , officers or directors. Pursuant to the Incentive Stock Option Plan (see Item 6, page 13,) officers of the Company, Messrs. Evans, Ringo, Ninneman and Downing are vested with 350,000 options, which, when exercised, increase the percentage of ownership to 52% of total outstanding shares

B. Persons Sharing Ownership of Control of Shares

No person other than Donald F. Evans, David D. Downing, Scott W. Elliot, Alan H. Ninneman, and John Ringo owns or shares the power to

vote 5% or more of our securities.

/14/

Item 5. Directors and Executive Officers

A. Directors and Executive Officers

The following table sets forth certain information with respect to each of our executive officers or directors.

| Name ---- | Age --- | Position ----- | Appointed ----- |
|------------------|------------|---|--------------------|
| Donald F. Evans | 67 | President & Chairman of the Board | May 19, 2000 |
| John W. Ringo | 56 | Secretary, Corporate Counsel & Director | May 19, 2000 |
| Alan H. Ninneman | 58 | Senior Vice President & Director | May 19, 2000 |
| David D. Downing | 52 | Treasurer & CFO | May 19, 2000 |

B. Work Experience

Donald F. Evans, President, Chairman of the Board - Mr. Evans graduated from the University of North Carolina, Chapel Hill, NC with a BS Degree in Economics. Mr. Evans represented the investment interest of Research Econometrics in Waste Reduction Products Corporation, a privately held North Carolina corporation from June of 1996 to until March of 1999. Mr. Evans served on the Board of that Company and as its representative for product sales to the U.S. Department of Defense. On March 19, 1999, Research Econometrics sold its interest in Waste Reduction Products Corporation and on April 1, 1999, he began an investigative research study on behalf of Research Econometrics into the feasibility of a long-term electrochemical interim lighting system. The resulting study identified the feasibility of white diodes as lighting elements which, when managed by solid state circuitry, would provide a reliable source (over forty-two hours from one battery pack) lighting solution to homeowners or businesses during extended power outages. The study provided the performance specifications and methods for the development of the light which led to the formation of Cyberlux Corporation in May 2000 as the business management entity for the project. Mr. Evans has served as the CEO of Cyberlux since its inception.

John W. Ringo, Secretary, Corporate Counsel & Director - Mr. Ringo graduated from the University of Kentucky, Lexington, KY with a BA Degree in Journalism. Subsequently, he received a Juris Doctor Degree from the University of Kentucky College of Law. Since 1990, he has been engaged in private practice in Marietta, GA specializing in corporate and securities law. He is a former Staff Attorney with the U. S. Securities and Exchange Commission, a member of the Bar of the Supreme Court of the United States, the Kentucky Bar Association and the Georgia Bar Association. Mr. Ringo is a founder of Cyberlux and has served as Secretary and General Counsel since its inception.

Alan H. Ninneman, Senior Vice President & Director - Mr. Ninneman attended Elgin Community College, Elgin, IL and subsequently majored in business administration at Southern Illinois University, Carbondale, IL. Mr. Ninneman was a senior support analyst for Tandem Computer, San Jose, California from 1982 to 1985; senior business analyst at Apple Computer, Cupertino, California from 1985 to 1987; Director of Operations at Scorpion Technologies, Inc., San Jose, California; and CEO of City Software, Inc., Albuquerque, New Mexico from 1992 until becoming a founder of Cyberlux in May 2000.

David D. Downing, Treasurer & CFO - Mr. Downing graduated from Grove City College, Grove City, PA with a BA Degree in Accounting. Mr. Downing joined Marietta Industrial Enterprises, Inc., Marietta, Ohio in November 1991 as its

/15/

Chief Financial Officer. He was elected to the Board of Directors of that Company in January 1994. He has been a Director of American Business Parks, Inc., Belpre, Ohio since January 1998 and served as a director of Agri-Cycle Products, Inc. from May 1998 until April 2001. He is a founder of Cyberlux and served as its Treasurer since its inception.

/16/

Item 6. Executive Compensation

Remuneration of Directors and Executive Officers

We have employment agreements with Messrs. Evans, Ringo and Ninneman listed below. No officer or director has received any compensation as of yet until such time as we begin generating revenues. However, the following table sets forth the annual compensation due our executives that has accrued based on the inability of the Company to meet the obligation.

| Name | Capacities in which | Annual |
|------|---------------------|--------|
|------|---------------------|--------|

| ----- | Remuneration was Recorded ----- | Compensation 1,2,3 ----- |
|------------------|--|-----------------------------|
| Donald F. Evans | President & Chairman of the Board | \$98,000 |
| John W. Ringo | Secretary, Corporate Counsel & Director | \$66,000 |
| Alan H. Ninneman | Senior Vice President & Director | \$78,000 |
| David D. Downing | Treasurer & CFO | \$0 |

Footnotes to Executive Compensation:

1. No officer has been paid a salary since our inception as a capital conservation measure designed to invest all available funds into the development of our products. Annual compensation began accruing as of July 2000. The compensation indicated in the table is the annualized amount of salary to be paid the respective officers in accordance with their employment agreements. Salary accruals for Mr. Evans began in July 2000 at \$3,000 per month through September 2000 and \$6,500 per month from October to December 2000. Salary accruals for Messrs. Ninneman and Ringo began in September 2000 at \$3,000 each for September and October 2000, followed by \$4,500 in November and December for Mr. Ninneman and \$3,500 in November and December for Mr. Ringo. From 001 forward, salaries have accrued in accordance with the annualized salaries outlined in the table. The salary accruals are non-interest bearing obligations of the Company that are to be retired from revenues when product sales begin.

2. Management's salaries will be based upon the performance of the Company. Managements' performance bonuses will be decided by a majority of the Board of Directors of the Company. In addition, managements' base salaries can be increased by the Board of Directors of the Company based on the attainment of financial and other performance guidelines set by the Company.

3. Members of the Company's Board of Directors will serve until the next annual meeting of the stockholders and until their successors are duly elected and qualified, unless earlier removed as provided in the Bylaws of the Company. Executive officers serve at the pleasure of the Board of Directors.

Compensation of Directors

There are no arrangements made to compensate any director for services as a director. Such arrangements for compensation of directors for services will commence once we begin earning revenues.

/17/

Stock Option Plan

The Company has created an Employee Stock Option Plan for incentive/retention of current key employees and as an inducement to employment of new employees. The plan, which sets aside 600,000 shares of common stock for purchase by employees, was made effective in the second quarter by the Board of Directors. Cyberlux will not issue options or warrants to any employee or affiliate with an exercise price of less than 85% of the fair market value of the Common Stock on the date of the grant.

On May 31, 2001, Cyberlux issued stock options to purchase 350,000 shares of the 600,000 shares authorized by the Board of Directors to the following individuals, in the following amounts:

| Individual ----- | Corporate Position ----- | Number of Shares ----- |
|---------------------|------------------------------------|---------------------------|
| Donald F. Evans | President and CEO | 100,000 |
| John W. Ringo | Secretary and Corporate Counsel | 100,000 |
| Alan H. Ninneman | Senior Vice President | 100,000 |
| David D. Downing | Treasurer and CFO | 50,000 |

The exercise price is 85% of the fair market price per share. The options expire on the tenth anniversary of the Stock Option Agreement (all dated May 31, 2001).

Item 7. Certain Relationships and Related Transactions

The Company entered into a sub-lease agreement with Research Econometrics, LLP, which provides the Company the ability to continue the research and development efforts of the Electrochemical Portable Power Plant and Lighting System. The agreement is on a month-to-month basis. Total rental expense for the nine months ending September 30, 2001 was \$10,606, and for the period ending December 31, 2000 was

\$10,606. Mr. Evans was the partner in Research Econometrics who undertook the investigative research study designed to determine the feasibility of an electrochemical (battery powered) interim lighting system that could provide long-term solutions to property owners during extended power outages. The study confirmed the feasibility of such a system consistent with an application of new technologies that, when combined, provided extended life to existing battery resources. He began the study with an investigation of the incidence of power outage attributable to severe storm activity along the east coast and west along the gulf coast states of the United States. Later, he communicated his interest in exploring the development of a new light to PU AN Trading Company, Taipei, Taiwan, an organization known to him as a representative of several electronic product manufacturers in Taiwan. He then filed a provisional patent for the proposed system as "first to invent" and granted a license for "foreign filing". the foreign filing license was communicated to PU An Trading to secure its confirmation of confidentiality, non-disclosure clauses in its representation agreements with Research Econometrics. PU AN provided a variety of battery pack configurations for experimentation with incandescent, fluorescent and fiber optic elements. The chemical and physical properties of those lighting elements proved that existing electrochemical (battery) technology could not sustain a light life to the protracted level specified. Mr. Evans then discovered the newly perfected white light emitting diode that required 90% less energy than its incandescent and fluorescent counterparts to produce optimum light. The diode was established as the model lighting element that could be efficiently serviced by a specially designed circuit board that would moderate the flow of electricity from the battery pack to the diodes thereby extending the life of the energy source ten fold. The agreement with Research Econometrics, therefore, is on whereby the light design system perfected by Research Econometrics was assigned as the foundation of the newly created Cyberlux Corporation.

/18/

The Company's officers and directors loaned \$129,502 to the Company. The notes bear interest at 12% and payable on demand.

Item 8. Description of Securities

The authorized capital stock of our Company consists of 20,000,000 shares of common stock, \$0.001 par value per share, and 5,000,000 shares of preferred stock, \$0.001 par value per share. The following summary of certain provisions of the common stock of our Company does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of our Articles of Incorporation, which is included as an exhibit to this document and by the provisions of applicable law.

Common Stock

The Company currently has 5,014,748 shares of common stock issued and outstanding. As a holder of our common stock:

1. You have equal rights to dividends from funds legally available, ratably, when as and if declared by our Board of Directors;
2. You are entitled to share, ratably, in all of our assets available for distribution upon liquidation, dissolution, or winding up of our business affairs;
3. You do not have preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions applicable;
4. You are entitled to one vote per share of common stock you own, on all matters that stockholders may vote, and at all meetings of shareholders; and
5. Your shares are fully paid and non-assessable.

Additionally, there is no cumulative voting for the election of directors.

Preferred Stock

The preferred equity securities authorized to be issued under the Articles is comprised of 5,000,000 shares of the preferred stock, \$0.001 par value. As of the date of this filing, our Company has issued no preferred shares. Preferred shares may be issued in one or more series by the board of directors of the Company and such board has the authority to alter any and all rights or preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of common stock, and to fix, alter or reduce (but not below the number outstanding) the number of preferred shares comprising any such series and the designation thereof, or any of them, and to provide for the rights and terms of redemption or conversion of the shares of any series.

Nevada Anti-Takeover Provisions

The anti-takeover provisions of Sections 78.411 through 78.445 of the Nevada Corporation Law apply to Cyberlux Corporation. Section 78.438 of the Nevada law prohibits us from merging with or selling Cyberlux Corporation or more than 5% of our assets or stock to any shareholder who owns or owned more than 10% of any stock or any entity related to a 10% shareholder for three years after the date on which the shareholder acquired the Cyberlux Corporation shares, unless the transaction is approved by Cyberlux Corporation's Board of Directors. The provisions also prohibit us from completing any of the transactions described in the preceding sentence with a 10% shareholder who has held the shares more than three years and its related entities unless the transaction is approved by our Board of Directors or a majority of our shares, other than shares owned by that

/19/

10% shareholder or any related entity. These provisions could delay, defer or prevent a change in control of Cyberlux Corporation.

Part II

Item 1. Market for Common Equity and Related Stockholder Matters

A. Market Information

There is no current market for our common equity. Additionally, our common equity is subject to outstanding options (see Stock Option Plan page 13) and shares of our common equity have been sold pursuant to Rule 144 of the Securities Act (see Item 4. Recent Sale of Unregistered Securities page 17), which could have a material effect on the on the market price of our common equity.

There are currently 762,966 shares of our common stock which are freely tradable and which are held of record by approximately 46 people. The remaining 4,251,782 shares will become freely tradable in accordance with the requirements of Rule 144. Any shares held by "affiliates" of us, which would otherwise be freely tradable, will be subject to the resale limitations under Rule 144. In general, under Rule 144, as currently in effect, a person, or persons whose shares are aggregated, who has beneficially owned shares for at least one year would be entitled to sell, within any three month period, that number of shares that does not exceed the greater of one percent (1%) of the then-outstanding shares of common stock and the average weekly trading volume in the common stock during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the Securities and Exchange Commission, provided certain manner of sale and notice requirements and public information requirements are satisfied.

In addition, affiliates of ours must comply with the restrictions and requirements of Rule 144, other than the one-year holding period requirement, in order to sell shares of common stock. As defined in Rule 144, an "affiliate" of an issuer is a person who, directly or indirectly, through the use of one or more intermediaries controls, or is controlled by, or is under common control with, he issuer. Under Rule 144(k), a holder of "restricted securities" who is not deemed an affiliate of the issuer and who has beneficially owned shares for at least two years would be entitled to sell shares under Rule 144(k) without regard to the limitations described in the paragraph above.

B. Holders

As of September 30, 2001, we had approximately 110 stockholders of record.

D. Reports to Shareholders

We will furnish our shareholders with annual reports containing audited financial statements and such other periodic reports as we determine to be appropriate or as may be required by law. We are filing this Form 10-SB voluntarily with the intention of establishing the fully reporting status of Cyberlux Corporation, with the SEC. Upon the effectiveness of this Registration Statement, we will be required to comply with periodic reporting, proxy solicitation and certain other requirements by the Securities Exchange Act of 1934.

E. Transfer Agent and Registrar

The Transfer Agent for our shares of common stock is Pacific Stock Transfer Company, 500 East Warm Springs Road, Suite 240, Las Vegas, Nevada 898119. The telephone number is (702) 361-3033.

Item 2. Legal Proceedings

Cyberlux has filed a complaint against Light Technology, Inc., Ervin J. Rachwal, and others (Defendants) alleging, among other things, that Defendants breached a contract entered into on July 12, 2000, that gave the Company the option to purchase all of the assets of Light Technology for \$100,000. The contract also stipulated, as part of the \$100,000, which the Defendants were to develop an emergency storm light to be completed on or before September 30, 2000. Additionally, the agreement was contingent upon a satisfactory employment agreement with Defendant Rachwal and the issuance of the Company's securities in amounts and classes consistent with an independent valuation of the transaction by an accredited expert acceptable to the Defendants and the Company. The defendants never produced the emergency storm light and were never able to place an ascertainable value on the assets to be acquired.

On April 18, 2001, Cyberlux filed a civil complaint alleging breach of contract, fraud, misappropriation of trade secrets and sought injunctive action against the defendants to prevent them from misappropriating trade secrets as well as to recover monetary damages.

On May 11, 2001, the Court granted a temporary injunction against the Defendants. On June 5, 2001, the Defendants filed a counterclaim against the Company alleging the we misrepresented to the Defendants that we had the ability to raise capital to fund the development of the products, that we had the ability to market the products and that we had the ability to purchases the assets of the Defendants. The Defendants

also alleged breach of contract and violation of trade secrets.

On January 18, 2002, the Court granted the Defendants Motion to Dissolve the Injunction.

On January 28, 2002, we filed a Motion for Rehearing of Clarification of the Motion to Dissolve.

The Company denies all material allegations against the Company and intends to fully defend the counterclaim of the Defendants and prosecute the Company's claims and actions against the Defendants. This litigation is still in the discovery stage and the ultimate outcome cannot presently be determined.

Court: Circuit Court of the Twelfth Judicial District In and For Sarasota County, Florida.

Case Name: Cyberlux Corporation, Plaintiff v. Ervin J. Rachwal, Light Technology, Inc., Safe-Light Industries, LLC a/k/a JFER Innovations Group, LLC, James Meyer and John Fleming.

Case Number: 2001 CA 005309 NC Div. C.

Item 3. Changes in and Disagreements with Accountants

We have had no disagreements with our independent accountants.

Item 4. Recent Sale of Unregistered Securities

The following discussion describes all the securities we have sold within the past three fiscal years:

On May 17, 2000, we were incorporated under the laws of the State of Nevada as Cyberlux Corporation. We are authorized to issue 20,000,000 shares of common stock, par value \$0.001, and 5,000,000 shares of preferred stock, par value \$0.001.

On May 19, 2000, we issued 3,265,000 shares of our common stock with par value of \$0.001 per share to nine founding individuals, which were fully paid and non-assessable. All shares issued by the Company were issued in accordance

/22/

with Section 4(2) of the Securities Act of 1933. Subsequently, one of those founding shareholders, Research Econometrics, distributed on a pro-rata basis its 750,000 shares to its ten shareholders, one of whom was already a founding shareholder of Cyberlux Corporation.

On June 23, 2000 we completed a private placement of convertible notes at \$5000 per note at 10% interest with detachable warrants pursuant to Regulation D, Rule 505 of the Securities Act of 1933, as amended. There were originally 11 noteholders, 8 of whom converted their notes and exercised their warrants at \$0.15 per share. Some noteholders were granted warrants to purchase shares at \$0.10 per share by agreeing to extend the due date on the notes. Accordingly, we sold 288,000 shares of common stock to approximately 8 shareholders of record, one of which was an officer of the Company.

On November 30, 2000, we completed a public offering of shares of common stock in accordance with Regulation D, Rule 504 of the Securities Act of 1933, as amended, and the registration by qualification of the offering in the State of Nevada and the State of Arkansas. This offering was conducted on a best efforts basis and was not underwritten. We sold 762,966 shares of common stock, par value, at a price of \$0.15 per share to 51 unaffiliated shareholders of record, none of whom were or are our officers or directors. The offering was sold for \$96,026 in cash and \$18,419 in services rendered. Listed below are the requirements set forth under Regulation D, Rule 504 and the facts, which support the availability of Rule 504 to this offering:

Exemption

Offers and sales of securities that satisfy the conditions in paragraph (b) of this Rule 504 by an issuer that is not:

1. Subject to the reporting requirements of section 13 or 15(d) of the Exchange Act;
2. An investment company; or
3. A development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person, shall be exempt from the provision of section 5 of the Act under section 3(b) of the Act.

At the time of the offering, we were not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. Further, we have never been considered to be an investment company. In addition, we have continuously pursued our specific business plan of developing and manufacturing miscellaneous chemical products.

Conditions to be met

General Conditions - To qualify for exemption under this Rule 504, offers and sales must satisfy the terms and conditions of Rule 501 and Rule 502 (a), (c) and (d), except that the provisions of Rule 502 (c) and (d) will not apply to offers and sales of securities under this Rule 504 that are made:

1. In one or more states that provide for the registration of the securities that require the filing and delivery to investors of a prospectus before sale, and are made in accordance with those state provisions;
2. In one or more states that have no provision for the registration of the securities or the filing or delivery of a disclosure document before sale, if the securities have been registered in at least one state that provides for such registration, public filing and delivery before sale, offers and sales are made in that state in accordance with such provisions, and the disclosure document is delivered before sale to all purchasers; or

/23/

3. Exclusively according to state law exemptions from registration that permit general solicitation and general advertising so long as sales are made only to "accredited investors" as defined in Rule 501(a).

On August 21, 2000, we were issued a notice of effectiveness by the State of Nevada, in response to our application for registration by qualification in that state. The application for registration by qualification was filed in accordance with the provisions of NRS 90.490, which requires the public filing and delivery to investors of a disclosure document before sale.

On October 31, 2000, we were issued a notice of effectiveness by the State of Arkansas, in response to our application for registration by qualification in that state. The application for registration by qualification was filed pursuant to Arkansas Code Ann. Section 23-42-503(b) and Rule 503.01(B)(1) of the Rules of the Commissioner, which requires the public filing and delivery to investors of a disclosure document before sale. This offering was conducted exclusively in the states of Nevada and Arkansas.

Proceeds of the Offering - The aggregate offering price for an offering of securities under this Rule 504, as defined in Rule 501(c), shall not exceed \$1,000,000, less the aggregate offering price for all securities sold within the twelve months before the start of and during the offering of securities under this Rule 504, in reliance on any exemption under section 3(b), or in violation of section 5(a) of the Securities Act. The aggregate offering price was \$345,000, of which \$114,445 was sold.

On January 31, 2001, we completed a private placement of convertible notes in the aggregate amount of \$102,455, pursuant to Regulation D, Rule 505 of the Securities Act of 1933, as amended, whereby we sold Notes to 34 unaffiliated noteholders, none of whom were or are our officers or directors. On or about June 1, 2001 the Notes were converted to 698,782 shares of common stock at a price of \$0.15 per share.

288,000 shares were issued for conversion of debt and 122,795 were issued for consulting services.

As of September 30, 2001, we have 5,014,748 shares of common stock issued and outstanding, which are held by approximately 110 stockholders of record.

Item 5. Indemnification of Directors and Officers

Our Articles of Incorporation and bylaws provide for the indemnification of any present or former director or officer. Moreover, pursuant to Nevada Revised Statutes Section 78.750 and 751 we must indemnify any of our directors, officers, employees or agents who are successful on the merits or otherwise in defense on any action or suit. Such indemnification shall include, expenses, including attorney's fees actually or reasonably incurred by him. Nevada law also provides for discretionary indemnification for each person who serves as or at our request as one of our officers or directors. We may indemnify such individuals against all costs, expenses and liabilities incurred in a threatened, pending or completed action, suit or proceeding brought because such individual is one of our directors or officers. Such individual must have conducted himself in good faith and reasonably believed that his conduct was in, or not opposed to, our best interests. In a criminal action, he must not have had a reasonable cause to believe his conduct was unlawful.

[Balance of this page intentionally left blank]

/24/

Part F/S

Item 1. Financial Statements

The following documents are filed as part of this report:

| | |
|--|----|
| Report of Independent Certified Public Accountants | 25 |
| Balance Sheet | 26 |
| Statement of Operations | 27 |
| Statement of Stockholders' Equity | 28 |
| Statement of Cash Flows | 29 |
| Notes to Financial Statements | 30 |

/25/

G. BRAD BECKSTEAD

Certified Public Accountant

330 E. Warm Springs Las Vegas, NV 89119 702.257.1984 702.362.0540 fax

INDEPENDENT AUDITOR'S REPORT

November 28, 2001

Board of Directors
Cyberlux Corporation
Las Vegas, NV

I have audited the Balance Sheet of Cyberlux Corporation (a Development Stage Company), as of September 30, 2001 and December 31, 2000, and the related Statements of Operations, Changes in Stockholders' Equity, and Cash Flows for the nine-months ended September 30, 2001, the year period May 17, 2000 (Date of Inception) to December 31, 2000, and the period May 17, 2000 (Date of Inception) to September 30, 2001. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cyberlux Corporation, (A Development Stage Company), as of September 30, 2001 and December 31, 2000, and the results of its operations and its cash flows for the nine-month period ended September 30, 2001, the period from May 17, 2000 (Date of Inception) to December 31, 2000, and the period from May 17, 2000 (Date of Inception) to September 30, 2001 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has had limited operations and has not commenced planned principal operations. This raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ G. Brad Beckstead

G. Brad Beckstead, CPA

/26/

G. BRAD BECKSTEAD

Certified Public Accountant

330 E. Warm Springs Las Vegas, NV 89119 702.257.1984 702.362.0540 fax

January 29, 2002

To Whom It May Concern:

The firm of G. Brad Beckstead, CPA, consents to the inclusion of my report of November 28, 2001, on the Financial Statements of Cyberlux Corporation from the inception date of May 17, 2000 through September 30, 2001 and the year ended December 31, 2000, in its Form 10-SB Registration Statement filed December 17, 2001 with the US Securities and Exchange Commission.

Signed,

/s/ G. Brad Beckstead

G. Brad Beckstead, CPA

/27/

Cyberlux Corporation
(a Development Stage Company)

Balance Sheet

| | September 30, 2001 | December 31, 2000 |
|--|-----------------------|----------------------|
| Assets | ----- | ----- |
| Current assets: | | |
| Cash | \$ 1,835 | \$ 21,697 |
| | ----- | ----- |
| Total current assets | 1,835 | 21,697 |
| | ----- | ----- |
| Fixed assets, net | 2,527 | 3,538 |
| Other assets: | | |
| Deposit | 6,819 | 1,819 |
| | ----- | ----- |
| Total assets | \$ 11,181 | \$ 27,054 |
| | ===== | ===== |
| Liabilities and Stockholders' Equity (Deficit) | | |
| Current liabilities: | | |
| Accrued interest | \$ 1,267 | \$ 1,267 |
| Shareholder Loan | 129,502 | 55,000 |
| Notes payable | 220,926 | 30,000 |
| | ----- | ----- |
| Total current liabilities | 351,695 | 86,267 |
| | ----- | ----- |
| Convertible debentures | 55,500 | 117,455 |
| | ----- | ----- |
| | 407,195 | 203,722 |
| | ----- | ----- |
| Stockholders' Equity (Deficit): | | |
| Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding | - | - |
| Common stock, \$0.001 par value; 20,000,000 shares authorized, 5,014,748 and 4,315,966 shares issued and outstanding as of 9/30/01 and 12/31/00, respectively | 5,015 | 4,316 |
| Additional paid-in capital | 375,423 | 273,667 |
| (Deficit) accumulated during development stage | (776,452) | (454,651) |
| | ----- | ----- |
| | (396,014) | (176,668) |
| | ----- | ----- |
| | \$ 11,181 | \$ 27,054 |
| | ===== | ===== |

The accompanying Notes are an integral part of these financial statements.

/28/

Cyberlux Corporation
(a Development Stage Company)

Statement of Operations

For the nine months ended September 30, 2001, the period May 17, 2000 (Inception) to December 31, 2000, and for the period May 17, 2000

(Inception) to September 30, 2001

| | Nine Months ended September 30, 2001 | May 17, 2000 (inception) to December 31, 2000 | May 17, 2000 (inception) to September 30, 2001 |
|---|---|--|---|
| | ----- | ----- | ----- |
| Revenue | \$ - | \$ - | \$ - |
| | ----- | ----- | ----- |
| Expenses: | | | |
| Marketing and advertising expense | 74,535 | 44,013 | 118,548 |
| Depreciation and amortization expense | 1,011 | 676 | 1,678 |
| Organizational costs | - | 25,473 | 25,473 |
| Research and development costs | 47,000 | 157,314 | 204,314 |
| Professional and consulting - related party | 141,336 | 153,730 | 295,066 |
| General and administrative expenses | 57,427 | 71,041 | 128,468 |
| | ----- | ----- | ----- |
| Total expenses | 321,309 | 452,247 | 773,556 |
| | ----- | ----- | ----- |
| (Loss) from operations | (321,209) | (452,247) | (773,556) |
| Other income (expense): | | | |
| Interest (expense) | (492) | (2,444) | (2,936) |
| Interest income | - | 40 | 40 |
| | ----- | ----- | ----- |
| Net (loss) | \$ (321,801) | \$ (454,651) | \$ (776,452) |
| | ===== | ===== | ===== |
| Weighted average number of common shares outstanding | 5,014,748 | 3,825,000 | 5,014,748 |
| | ===== | ===== | ===== |
| Net loss per share | \$ (0.07) | \$ (0.07) | \$ (0.12) |
| | ===== | ===== | ===== |

The accompanying Notes are an integral part of these financial statements.

/29/

Cyberlux Corporation
(a Development Stage Company)

Statement of Changes in Stockholders' Equity For the Period May 17, 2000 (Date of Inception) to September 30, 2001

| | Common Stock | | Additional Paid-in Capital | | (Deficit) Accumulated During Development Stage | Total Stockholders' |
|--|--------------|----------|----------------------------------|--------|--|------------------------|
| | Shares | Amount | Shares | Amount | | Equity |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Shares issued to founders for cash | 1,640,000 | \$ 1,640 | \$ 560 | \$ | | \$ 2,200 |
| Shares issued for provisional patent | 1,625,000 | 1,625 | 103,713 | | | 105,338 |
| Shares issued for conversion of debt | 288,000 | 288 | 39,712 | | | 40,000 |
| Donated capital | | | 16,000 | | | 16,000 |
| Shares issued for cash pursuant to Rule 504 offering | 640,171 | 640 | 95,386 | | | 96,026 |
| Shares issued for consulting services | 122,795 | 123 | 18,296 | | | 18,419 |

| | | | | | |
|---|-----------|----------|------------|--------------|--------------|
| Net (loss) May 17, 2000 (inception) to December 31, 2000 | | | | (454,651) | (454,651) |
| Balance, December 31, 2000 | 4,315,966 | 4,316 | 273,667 | (454,651) | (176,668) |
| Shares issued for conversion of debt | 698,782 | 699 | 101,756 | | 102,455 |
| Net (loss) Nine months ending September 30, 2001 | | | | (321,801) | (321,801) |
| Balance, September 30, 2001 | 5,014,748 | \$ 5,015 | \$ 375,423 | \$ (776,452) | \$ (396,014) |
| | ===== | ===== | ===== | ===== | ===== |

The accompanying Notes are an integral part of these financial statements.

/30/

Cyberlux Corporation
(a Development Stage Company)

Statement of Cash Flows

For the nine months ended September 30, 2001, the period May 17, 2000 (Inception) to December 31, 2000, and for the period May 17, 2000 (Inception) to September 30, 2001

| | Nine months ended September 30, 2001 | May 17, 2000 (inception) to December 31, 2000 | May 17, 2000 (inception) to September 30, 2001 |
|---|---|--|---|
| | ----- | ----- | ----- |
| Cash flows from operating activities | | | |
| Net (loss) | \$ (321,801) | \$ (454,651) | \$ (776,452) |
| Depreciation and amortization expense | 1,011 | 676 | 1,687 |
| Shares issued for consulting services | - | 55,004 | 55,004 |
| Shares issued for Research and Development | | 108,774 | 108,774 |
| Adjustments to reconcile net (loss) to cash (used) by operating activities: | | | |
| (Increase) in prepaid consulting fee | - | | |
| (Increase) in deposit | (5,000) | (1,819) | (6,819) |
| Increase in accrued interest | - | 1,267 | 1,267 |
| | ----- | ----- | ----- |
| Net cash (used) by operating activities | (325,790) | (290,779) | (616,569) |
| | ----- | ----- | ----- |
| Cash flows from investing activities | | | |
| Purchase of fixed assets | - | (4,205) | (4,205) |
| Proceeds from notes payable | 205,926 | 30,000 | 235,926 |
| | ----- | ----- | ----- |
| Net cash provided by investing activities | 205,926 | 25,795 | 231,721 |
| | ----- | ----- | ----- |
| Cash flows from financing activities | | | |
| Convertible debentures | 25,500- | 117,445 | 142,955 |
| Shareholder Loans | 74,502 | 55,000 | 129,502 |
| Donated Capital | | 16,000 | 16,000 |
| Issuance of common stock | - | 98,226 | 98,226 |
| | ----- | ----- | ----- |
| Net cash provided by financing activities | 100,002- | 286,681 | 386,683 |
| | ----- | ----- | ----- |
| Net increase in cash | (19,862) | 21,697 | 1,835 |
| Cash - beginning | 21,697 | - | - |
| | ----- | ----- | ----- |
| Cash - ending | \$ 1,835 | \$ 21,697 | \$ 1,835 |

| | | | |
|---|-------|------------|------------|
| Supplemental disclosures: | ===== | ===== | ===== |
| Interest paid | \$ - | \$ 1,202 | \$ 1,202 |
| | ===== | ===== | ===== |
| Income taxes paid | \$ - | \$ - | \$ - |
| | ===== | ===== | ===== |
| Non-cash investing and financing activities: | | | |
| Purchase of patent through issuance of common stock | \$ - | \$ 123,757 | \$ 123,757 |
| | ===== | ===== | ===== |

The accompanying Notes are an integral part of these financial statements.

/31/

Cyberlux Corporation
(A Development Stage Company)

Notes

Note 1 - History and organization of the company

The Company was organized on May 17, 2000 (Date of Inception) under the laws of the State of Nevada, as Cyberlux Corporation. The Company has limited operations, and in accordance with SFAS #7, the Company is considered a development stage company.

Note 2 - Accounting policies and procedures

Accounting method

The Company reports income and expenses on the accrual method.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company maintains a cash balance in a non-interest-bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There are no cash equivalents as of September 30, 2001 and December 31, 2000.

Intangible assets

The intangible asset "Provisional Patent" is being amortized using the straight-line method over 20 years.

Impairment of long lived assets

Long lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. No such impairments have been identified by management at September 30, 2001.

Reporting on the costs of start-up activities Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," which provides guidance on the financial reporting of start-up costs and organizational costs, requires most costs of start-up activities and organizational costs to be expensed as incurred. SOP 98-5 is effective for fiscal years beginning after December 15, 1998. With the adoption of SOP 98- 5, there has been little or no effect on the Company's financial statements.

Loss per share

Net loss per share is provided in accordance with Statement of Financial Accounting Standards No. 128 (SFAS #128) "Earnings Per Share". Basic loss per share is computed by dividing losses available to common stockholders by the weighted average number of common shares outstanding during the period.

Dividends

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid or declared since inception.

/32/

Fixed assets

Property and equipment are recorded at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Office equipment 5 years

Year end

The Company has adopted December 31 as its fiscal year end.

Note 3 - Income taxes

Income taxes are provided for using the liability method of accounting in accordance with Statement of Financial Accounting Standards No. 109 (SFAS #109) "Accounting for Income Taxes". A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities. There is no provision for income taxes for the period ended December 31, 2000 due to the net loss and no state income tax in Nevada, the state of the Company's domicile and operations.

Note 4 - Intangible Assets

The Company purchased a provisional patent and all future amendments to the provisional patent (e.g. a comprehensive 20-year patent) from the Company's president. Included in the total amount capitalized of \$85,344, \$48,759 represents the cost incurred by Research Econometrics, LLP. to develop the technology used in the Electrochemical Portable Power Plant and Lighting System. The Company's president is a partner in Research Econometrics, LLP. The remaining \$36,585 represents the value of the time the Company's president spent in developing the technology and in applying for the provisional patent. In consideration for the intangible asset, the Company issued 875,000 shares of its \$0.001 par value common stock to its president and 750,000 shares of its \$0.001 par value common stock to Research Econometrics, LLP.

Note 5 - Notes payable and convertible debentures

The Company received cash in exchange for promissory notes totaling \$351,927 as of September 30, 2001. \$222,425 of the unsecured notes bear an interest rate of 10.0%, and the principal and interest are due on July 31, 2001. Certain shareholders loaned \$129,502 of the total to the Company which bear interest at 12% per annum and are due on demand. Stock warrants were issued in connection with some of the promissory notes (see Note 7).

During the period ended September 30, 2001 and December 31, 2000, the Company issued convertible debentures totaling \$25,500 and \$117,455. The debentures are convertible into the Company's \$0.001 par value common stock at the discretion of the note holders. During the periods ended December 31, 2000, certain of the note holders elected to convert their debentures totaling \$40,000 into 288,000 shares of the Company's \$0.001 par value common stock. During the nine-months ended September 30, 2001, certain note holders elected to convert their debentures totaling \$102,455 into 698,782 shares of the Company's \$0.001 par value common stock.

Note 6 - Stockholder's equity

The Company is authorized to issue 20,000,000 shares of its \$0.001 par value common stock and 5,000,000 shares of its \$0.001 par value preferred stock.

The Company issued 1,640,000 shares of its \$0.001 par value common stock in exchange for cash of \$2,200.

/33/

The Company issued 1,625,000 shares of its \$0.001 par value common stock in exchange for research and development valued at \$85,359 and for organizational costs paid for by Research Econometrics, LLP in the amount of \$19,994.

The Company issued 1,086,782 shares of its \$0.001 par value common stock in exchange for convertible debentures in the amount of \$142,455.

The Company issued 640,171 shares of its \$0.001 par value common stock for total cash of \$99,026 pursuant to a Regulation D, Rule 504 of the Securities and Exchange Commission Act of 1933, offering.

The Company issued 122,795 shares of its \$0.001 par value common stock for consulting services valued at \$18,419.

There have been no other issuances of common or preferred stock.

Note 7 - Warrants and options

During 2000, the Company issued 19,612 warrants to unrelated note holders convertible on a 1-for-25,000 basis at \$0.10 per share for the Company's \$0.001 par value common stock with an expiration date of July 31, 2001. No warrants were exercised before the expiration date. No warrants or options are outstanding as of September 30, 2001.

The Company created an Employee Stock Option Plan for incentive/retention of current key employees and as an inducement to employment of new employees. The plan, which sets aside 600,000 shares of common stock for purchase by employees, was made effective in the second quarter by the Board of Directors. On May 31, 2001, the Company issued stock options to its officers to purchase 350,000 shares at an exercise price of 85% of the fair market price per share on the exercise date. The options expire on the tenth anniversary of the Stock Option Agreement dated May 31, 2001.

Note 8 - Related Party Transactions

The Company entered into a sub-lease agreement with Research Econometrics, LLP, which provides the Company the ability to continue the research and development efforts of the Electrochemical Portable Power Plant and Lighting System. The agreement is on a month-to-month basis. Total rental expense for the nine months ending September 30, 2001 was \$10,606, and for the period ended December 31, 2000 was \$10,606.

The Company paid cash and issued 122,795 shares of its \$0.001 par value common stock to officers and shareholders of the Company for offering and marketing services valued at \$141,336 for the nine-months ended September 30, 2001 and \$111,660 for the period ended December 31, 2000.

Certain of the Company's shareholders loaned \$129,502 to the Company representing cash of \$36,669 and accrued salaries of \$92,833 as of September 30, 2001. The notes bear interest at 12% per annum and are due on demand.

Note 9 - Going concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. It is the intent of the Company to seek to raise additional capital via a private placement offering filed in accordance with Regulation D, Rule 504 of the Securities Act of 1933 in Nevada and Arkansas.

The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

/34/

Part III

| | |
|----------------|--|
| Item 1. | Index to Exhibits |
| Exhibit Number | Name and/or Identification of Exhibit |
| 3 | Articles of Incorporation & By-Laws |
| | a. Articles of Incorporation of the Company filed May 17, 2000 * |
| | b. By-Laws of the Company adopted May 19, 2000 * |
| 10 | Material Contracts |
| | a. SCCS Proprietary Product Manufacturing Agreement * |
| | b. Donald F. Evans Employment Agreement * |
| | c. Alan H. Ninneman Employment Agreement * |
| | d. John W. Ringo Employment Agreement * |
| | e. Hynes, Inc. Agreement |
| | f. Robrady Agreement |
| | g. TKJ, Inc. Agreement |
| | h. ICT, Inc. Agreement |
| | i. Research Econometrics Agreement |

Footnote:

* Previously filed and incorporated by reference herein.

/35/

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Cyberlux Corporation
(Registrant)

Date: 1/30/02

By: /s/ John W. Ringo

John W. Ringo, Secretary, Corporate Counsel & Director

/36/

EXHIBIT 10-e

10/30/01

Mr. Don Evans
Cyberlux
P. O. Box 2010
Pinehurst NC 28370-2010

RE: Sales Representative Agreement

Dear Mr. Evans;

This is to confirm and set forth the terms of our agreement whereby Hynes Inc. ("Representative") is retained by Cyberlux (the "Company") as your exclusive sales representatives for the sale of your products specified in item I of Exhibit 1 in the classes of trade specified in item 2 of Exhibit 1 in the territory specified in item 3 of Exhibit 1. This appointment shall be effective for a period of one (1) year beginning 11/1/01, and shall be automatically renewable for successive one-year terms, subject to the unqualified right of either party to terminate the agreement as outlined in the termination section.

REPRESENTATION

Representative will represent the Company in the sale of all specified product lines at the specified commission rates noted in item 4 of Exhibit 1 and such other products as may be added from time to time.

Representative shall adhere to the Company's sales policies and procedures in the promotion and sale of its products to the wholesale and retail trade in a manner judged by the Company as effective.

COMMISSIONS

In full and complete consideration for the services to be provided by the Representative under this Agreement, the Company shall pay the Representative a commission in accordance with the rate specified in item 4 of Exhibit 1 on all orders for shipment to customers headquartered in the specified territory, before any cash discounts, display or advertising allowance or P.M.'s, regardless of who obtained the order or where it was obtained. The Company will pay all earned commissions to Representative on or before the twentieth (20th) of the month immediately following the month in which the customer has been invoiced by the Company.

HYNES INC.

Southern Region

6525 Meson Blvd., Suite 515. Charlotte. NC 28211 FO. Sax 220948. Charlotte NC
28222

Telephone 704/365-1220 Fax 704/365-2711

Page 2

Commission payments shall be accompanied by an itemized commission statement. Copies of all invoices covering such orders shall be sent to Representative periodically during each month.

Commission payments and invoice copies should be mailed to:

Hynes P. O. Box 220948 Charlotte, NC 28222

COLLECTION AND DEDUCTION RESPONSIBILITIES

Representative agrees to assist Company in its review of all deductions and in communication of the need for prompt and full payment by customers for all deliveries of product sold. Representative is not responsible for payment by any customer and Company shall not deduct commissions of Representative or delay payment to Representative for such nonpayment.

PRICES AND TERMS OF SALE

Representative shall quote to customers only those prices and other terms that the Company shall designate to Representative in writing.

All orders taken or received by Representative shall be subject to the Company's acceptance. The Company may accept or reject orders in whole or in part. Acceptance by the Company shall occur only upon delivery of goods to the carrier for shipment to the customer.

The Company accepts all credit risk, and the Representative shall have no risk of loss with respect to shipment of any of the Company's products. Shipment on all orders that are accepted shall be made directly from the Company to the purchaser and title shall pass directly from the Company to the purchaser.

SCOPE OF AUTHORITY

Representative shall have no authority of power, express or implied, to accept any order on behalf of the Company or to bind or obligate the Company with respect to any order. Representative agrees that its status shall be that of an independent contractor and that all of its agents, salesmen, servants and employees shall be under its exclusive control; the Representative and not the Company shall be solely responsible for payment for all commissions, compensation, expenses, insurance, Federal and state taxes imposed upon employers, and any and all other costs incurred hereunder.

LIABILITY

The Company agrees to hold Representative harmless for all costs, including reasonable attorney's fees which arise out of claims for damages arising from the use by anyone of products covered by this Agreement, except to the extent that such claim is based upon the alleged negligence or intentional act, including the giving of unauthorized warranties of Representatives. Representatives agree to hold the Company harmless from all costs, including reasonable attorney's fees, which arise out of claims for damages based upon the alleged negligence or intentional acts of Representative, its employees, agents or sub-contractors. The Company agrees to cover Representative with a vendor's endorsement on the Company's product liability policies and shall provide Representative with a certificate of said insurance, so endorsed.

Page 3 .

PERSONNEL

The Company agrees not to enter into an employment agreement or any other form of remunerative relationship with any person employed by Representative on the date hereof unless and until one year has transpired save the termination of the employment relationship between such person and Representative, unless expressed written permission in writing is provided by an authorized officer of the representative,

Representative likewise agrees not to enter into any remunerative relationship with any person employed by the Company under the same terms as provided in the previous paragraph.

TERMINATION

This Agreement may be terminated by and upon either party giving to the other written notice to that effect. Such termination shall be deemed effective 90 days immediately following receipt of notice. In the event of the termination of this Agreement Representative shall be entitled to and shall be paid the commissions herein set forth, on all orders which had been taken or received prior to said termination even though the orders may be shipped after the effective date of said termination.

This Agreement supersedes any previous written or oral understanding between the parties hereto covering Representative's responsibility for the products covered hereunder, and may only be modified by an instrument in writing signed by both parties hereto.

If the foregoing is acceptable to you, please so indicate by signing and returning to us the enclosed duplicate original of this Agreement.

Sincerely,

HYNES, INC.

By: /s/ John E. Greene

John E. Greene
President

Accepted and Agreed:

By: /s/ Donald F. Evans

Date: 11/06/01

1. Products

All Cyberlux Products

2. Classes of Trade

All Retail Hardware/Home Improvement, Food, Drug, Mass.

3. Territory

All Hynes Areas

Alabama Arkansas, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New York, North Carolina. Ohio, Indiana, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South New Jersey, Tennessee, Texas, Vermont, Virginia, Washington, DC, West Virginia

4: Commission Rate

First \$500,000 @ 12%, \$501,000 to \$1,000,000 @ 10%, \$1,000,001 to \$2,000,000 @ 8% \$2,000,001 to \$3,000,000 @ 6% and all over \$3,000,000 @ 4%.

\$1,000 per month minimum guarantee until commissions exceed \$12,000 during a calendar year.

ROBRADY

Mr. Donald F. Evans; CEO; Cyberlux Corporation Robert Brady; President / Design Director; ROBRADY design Proposal; Stormlight product development

02.26m.01

10 pages total

Don, good morning...

The following proposal has been written to accommodate the Industrial and Mechanical design needs of Cyberlux Corporation's new Stormlight product- as requested during our recent series of meetings.

This proposal is broken into several phases of development to accurately develop your new product. Please review the breakdown and lets discuss any questions or concerns you may have.

We look forward to accurately and creatively developing your new product at an accelerated pace. In doing so, we request that the initial start fee be made and continuing cash flow concerns addressed early on.

Please phone to discus upon review.

Best regards,

Robert Brady

President / Design Director

ROBRADY design

www.robrady.com

/1/

Objective:

It is our understanding that Cyberlux Corporation is requesting ROBRADY design to support the Industrial and Mechanical design needs of a Stormlight device.

It is also our understanding that ROBRADY design will act as Industrial and Mechanical liaison on behalf of Cyberlux Corporation throughout this proposal.

Qualifications:

ROBRADY design is qualified to help Cyberlux Corporation with this program. The experience we bring in the Industrial and Mechanical design areas make us an ideal partner for focused product development. Our successful product development record is founded in our ability to creatively and economically present profitable product solutions for review and implementation.

Scope:

It is our understanding that the work scope will include the following product:

- Stormlight device.

Phases:

ROBRADY design proposes that this product development program be carried out over several phases.

Phase 1: Preliminary research and ideation phase

Phase 2: Preliminary product design

Phase 3: Refined product design

Phase 4: Preliminary mechanical design

Phase 5: Refined mechanical design

cblx-sl_design prop_022601.doc-ROBRADY design

2/10

Phase 1: Preliminary research and ideation phase

1.0 Program scope

Joint development of the product outline will facilitate an opportunity to accurately address the specific needs of this product inherently identifying the specific goals.

This document will serve to drive and validate development of the Stormlight device.

2.0 Research competitive products

ROBRADY will research competitors based on the product definition conveyed by Cyberlux Corporation.

3.0 Research comparative products

ROBRADY will research comparative products based on a more general product definition. This will serve to identify market trends in ergonomics, material selection, information presentation, and progressive product aesthetics.

4.0 Preliminary ideation (several design directions)

ROBRADY will create and present several initial design options exploring different physical form factors. This work will be presented, typically, front view only with support sketches as necessary.

Deliverables:

- Preliminary ideation presentation (2D).

Duration:

- To be scheduled.

Meetings:

- Program scope meeting or teleconference

- Preliminary ideation presentation.

cblx-sl_design prop_022601.doc-ROBRADY design

3/10

Phase 2: Preliminary product design

1.0 Design (single design direction)

Based on the preliminary ideation presentation, ROBRADY design will develop a more complete single design direction. This work will be

presented via full size color orthographic views, a monochromatic 3/4 top perspective view and misc. support sketches as needed.

The design work presented in this phase will include preliminary electronic and battery components. This will serve to validate the desired design direction.

2.0 Preliminary product design report

At this point, ROBRADY will capture all preliminary design art into a report format for presentation.

Deliverables:

- Preliminary product design presentation (2D).
- Preliminary product design report.

Duration:

- To be scheduled.

Meetings:

- Design directives meeting or teleconference.
- Product review meeting or teleconference.

cblx-sl_design prop_022601.doc-ROBRADY design

4/10

Phase 3: Refined product design

1.0 Foam modeling ROBRADY will model the exterior housing design in foam at full scale. The purpose of this model will be for 3D validation of the desired design direction.

- Technical factors
- Production factors
- Human factors

2.0 Digitizing of the model ROBRADY will digitize the foam model to accurately capture the design intent for next phase CAD development.

Deliverables:

- Foam model of Stormlight product device (3D).

Duration:

- To be scheduled. Meetings:
- To be scheduled as necessary.

cblx-sl_design prop_022601.doc-ROBRADY design

5 / 10

Phase 4: Preliminary mechanical design

1.0 CDRS surface modeling (Pro/Engineer surfacing module)

ROBRADY will surface model the exterior form developments via CDRS (in order to digitally capture any complex surfaces derived from the foam development). The purpose will be to explore and communicate the exterior housing design in detail with regards to:

- Technical factors
- Production factors
- Human factors

2.0 Pro/Engineer solid modeling

ROBRADY will solid model the entire housing design via Pro/E. The purpose will be to explore and communicate the exterior housing design in detail with regards to:

- Technical factors
- Production factors
- Human factors

At this point, the solid model is descriptive of the design, but not in complete or final detail. The goal is to effectively identify all the necessary parts and respective complexity for use in generating competitive budgetary quotes and supporting Cyberlux Corporation's costing efforts.

3.0 Create formatted CAD drawings of preliminary design

ROBRADY will create and maintain CAD drawings and respective Pro/E models (database).

Deliverables:

- CDRS surface modeling imagery (3D).
- Pro/Engineer imagery (3D).
- Pro/Engineer database and documentation.

Duration:

- To be scheduled.

Meetings:

- CDRS development reviews.
- Pro/Engineer development reviews.

cbll-sl_design prop_022601.doc-ROBRADY design

6/10

Phase 5: Refined mechanical design

1.0 CDRS surface modeling (Pro/Engineer module)

ROBRADY will complete detailed CDRS surface modeling for direct use in production of injection molded tools. The purpose will be to communicate the exterior housing design in final detail.

2.0 Pro/Engineer solid modeling

ROBRADY will complete detailed Pro/E solid modeling for direct use in production of injection molded tools. The purpose will be to communicate the entire housing design in final detail.

3.0 Create communication images of refined design (color)

ROBRADY will create and maintain color communication images and respective Pro/E models (database) per Cyberlux Corporation specified standards. The purpose of these communication images will be for:

- Marketing internally and externally.

- Investor relations.
- Assembly procedures.

4.0 Present design report ("P1 report")

Based on the refined Pro/E model, ROBRADY will create a report including the following:

- Communication images (color).
- CAD documentation.

5.0 Prototype (SLA)

ROBRADY will produce a SLA rapid prototype of the Stormlight product. The purpose of this model will be for validation and accuracy of the database. This model will be finished for photographic purposes to support any marketing efforts.

Deliverables:

- Pro/Engineer imagery.
- Pro/Engineer database.
- One Stormlight prototype (SLA)

Duration:

- To be scheduled.

Meetings:

- CDRS development reviews.
- Pro/Engineer development reviews.

cbIx-sl_design prop_022601.doc-ROBRADY design

7/10

Professional design fees:

Phase 1: Preliminary research and ideation Start fee: \$7725.
Accelerated duration.

Phase 2: Preliminary product design
Start fee: \$12,900.
Accelerated duration.

Phase 3: Refined product design
Start fee: \$2875.
Accelerated duration.

Phase 4: Preliminary mechanical design
Start fee: \$24,000.
Accelerated duration.

Phase 5: Refined mechanical design
Start fee: \$22,500.
Accelerated duration.

Total proposed development fee: \$ 70,000.

Terms:

1. Issuance of a \$20,000. Cyberlux 10% convertible debenture certificate (due March 31, 2002).
2. Certificate assigned and delivered to ROBRADY Inc. before the start of Phase 5:
Refined mechanical design.
3. Remaining development fee of \$50,000 to be paid on an ongoing basis of \$3500.per week, beginning March 2, 2001, and continuing until paid in full.

cblx-sl_design prop_022601.doc-ROBRADY design

8/10

Per typical:

Material expenses

Material expenses required for the proposed phases of development have not been accounted for in this proposal. Respective invoices will be submitted upon receipt of materials. Invoice terms are net 15 days.

Additional expenses

Please note that all requested travel will include reasonable expenses and a minimum daily travel rate of \$750. per day (unless noted). Shipping charges and extra copies of reports, art, etc. are also to be considered in addition to this proposal. Respective invoices will be submitted at the completion of travel or task. Invoice terms are net 15 days.

Additional work requested

Each of the phases listed are estimates for work required applied to specific tasks. In the event that Cyberlux Corporation requested work scope changes from this proposal, a new specific proposal, with respective fees (or fee range), will be presented for review and approval. These areas may include:

- Invention and / or testing of mechanical concepts.
- New design requirements.
- Database maintenance and changes.

Rights in design

All rights to final designs developed in conjunction with this proposal will become the exclusive property of Cyberlux Corporation. ROBRADY design will cooperate in the assignment of patents or other assistance to protect these rights and will be compensated for time and expenses incurred in this endeavor. Rights to designs become the property of Cyberlux after and only after all invoices for fees and expenses have been paid by Cyberlux. If any fees or expenses are not paid, all rights to designs developed in connection with this proposal will remain the exclusive property of ROBRADY design.

Technical liaison for product follow through

"ROBRADY design" is to be listed on all tooling contracts as a party to the tool design. This request is listed for Cyberlux Corporation's benefit in that it will help ROBRADY facilitate accurate follow through from design development to production ready part(s).

cblx-sl_design prop_022601.doc-ROBRADY design

9/10

In conclusion, if there are any additional questions or concerns, please feel free to contact me at your earliest convenience.

We look forward to the challenges of this design program and the opportunity to work with you and your team.

Best regards,

Best regards,

/s/ Robert Brady 03/02/01
Robert Brady
President / Design Director
ROBRADY design

Accepted by:

Mr. Donald F. Evans, CEO
Cyberlux Corporation
50 Orange Road
P.O. Box 2010
Pinehurst, North Carolina
28370-2010

Donald F. Evans, President, CEO

/s/ Donald F. Evans

Signature

3/2/01

Date

TKJ Inc.

This document contains information, which is confidential and proprietary to TKJ Inc.

TKJ Inc. / Cyberlux Corporation Supply Agreement

"Cyberlux Home Safety Light"

Version 1.01 August 28, 2001

/s/ Jerry Johnson

Author of Current Version

10/29/01

Date

/1/

| TKJ | Confidential | Cyberlux Home Safety Light |
|--|--------------|----------------------------|
| 1.Scope..... | | 4 |
| 2. Program Development Schedule..... | | 4 |
| 3. Description..... | | 4 |
| 3.1. Major Components of the System..... | | 4 |
| 3.2. Appearance..... | | 4 |
| 3.3. Operating Temperatures..... | | 4 |
| 3.4. Performance Validation..... | | 4 |
| 3.5. Tooling, Approvals..... | | 5 |
| 3.5.1. Tooling Defined..... | | 5 |
| 3.5.2. Tooling Costs..... | | 5 |
| 3.6. Application Testing. | | 5 |
| 4. Prototype Tooling and Prototype Production Expenses.... | | 5 |
| 5. Manufacturing Supply..... | | 6 |
| 5.1. Exclusivity..... | | 6 |
| 5.1.1. Failure to perform..... | | 6 |
| 5.1.2. Ongoing Product Quality Problems..... | | 6 |
| 5.2. TKJ Inc. Contribution..... | | 6 |
| 6. Features..... | | 6 |
| 6.1. Light Features..... | | 6 |
| 7. Warranty..... | | 7 |
| 7.1. Terms..... | | 7 |
| 7.2. Remedy..... | | 7 |
| 7.3. Standards..... | | 7 |
| 7.4. Disclaimer..... | | 7 |
| 8. Forecast..... | | 7 |
| 8.1. Increases..... | | 7 |
| 8.2. Obsolescence..... | | 7 |
| 8.3. Excess Inventory..... | | 8 |
| 9. Unit Pricing..... | | 8 |
| 9.1. Good Faith Estimate..... | | 8 |

| | |
|------------------------------|---|
| 9.2. Volume Price Tiers..... | 8 |
| 10. Orders..... | 8 |

Cyberlux-supply agreementV101 Page 2 of 9 08/28/01

| | | | |
|------------------------------------|--------------|----------------------------|---|
| TKJ | Confidential | Cyberlux Home Safety Light | |
| 10.1. Blanket P0..... | | | 8 |
| 10.2. Freight..... | | | 8 |
| 10.3. Payment Terms..... | | | 9 |
| 11. Force Majeure..... | | | 9 |
| 12. Cancellation..... | | | 9 |
| 13. Duration of the Agreement..... | | | 9 |
| 14. Agreement..... | | | 9 |

Cyberlux-supplyagreementV101 Page 3 of 9 08/28/01

TKJ Confidential Cyberlux Home Safafy Light

Scope

TKJ Inc. (632 Anthony Trail, Northbrook, IL.) wishes to design and manufacture, and Cyberlux Corporation (50 Orange Road, Pinehurst, N.C. 28370) wishes to purchase from TKJ Inc., Electronic LED lighting products as described herein. Separate documents, as agreed to by both parties, shall be incorporated into this agreement and shall stand as the functional design, appearance, and performance specifications for the System.

2. Program Development Schedule

The final Program Development phase shall commence upon execution of this agreement with elapsed time until availability of systems for mass production purposes within 8 weeks. Working Prototype Systems manufactured with production capable tools to be available within 6 weeks of Program Funding by Cyberlux. TKJ Inc has developed, tested, and revised multiple iterations of example designs prior to execution of this agreement. Other project management and development support activities have been funded by TKJ Inc and been supported by TKJ Inc personnel up until the execution of this agreement. These activities include coordination of fabrication of sample devices, material selection, vendor negotiations, manufacturing coordination, system cost estimating, and production launch planning.

3. Description

3.1. Major Components of the System

Primary components of the System include:

Electronic Assembly of PCB with control components and LED devices.

Battery Holder with wiring harness.

Unit Housing.

Reflector and Lens assembly.

Packaging and Batteries.

3.2. Appearance

Appearance requirements as agreed to between TKJ Inc, Cyberlux Corporation, Robrady Design, Controls Inc, and SCCS. Preliminary appearance requirements attached as Appendix "A". These requirements to be specifically related to the appearance goals for the PCB and LED assembly (LED height, cleanliness, alignment).

3.3. Operating Temperature

The Operating Temperature range for the completed product "home safety light" to be between 0 degrees Celsius and 45 degrees Celsius.

3.4. Performance Validation

TKJ Inc. shall provide functional samples of the system hardware to Cyberlux Corporation prior to final release of documents to production. Several functional sample systems will be available for testing during the development process. Cyberlux Corp. agrees to perform a system validation process to certify that all features agreed to in the functional specification operate as desired prior to final release by TKJ Inc.

TKJ Confidential Cyberlux Home Safety Light

3.5. Tooling Approvals

TKJ Inc. shall provide electronic copies of design files / rapid prototype models / or machined representative models of system components prior to tooling release to Cyberlux Corp. Cyberlux agrees to review the electronic data or other physical models for suitability for use prior to TKJ Inc. release of tooling to the suppliers.

3.5.1. Tooling Defined

"Tooling" includes hard tools to fabricate component parts for any system component and/or manufacturing & test fixtures. Specifically included in tooling are the following: PCB substrate, multiple array tool to produce PCB, pierce & blank die for PCB fabrication, films required to produce PCB foil pattern image, development tools, manufacturing fixtures for process flow and final assembly, model specific factory test equipment, and software for test.

3.5.2. Tooling Costs

The total project tooling cost is estimated at \$8,800 to cover expenses for all tooling defined in section 3.5.1. Some of these expenses are included in section 4 as non-recurring expenses (\$4,300), though only capable of supporting limited volume. The balance of the tooling expenses (\$4,500) will be required to prepare for full volume production. Completion of dedicated ICT (in circuit test) equipment for 100% in-process testing could increase costs above those estimated here, any expenses for ICT equipment above the cost specified here to be negotiated and agreed upon between the parties.

3.6. Application Testing

TKJ Inc. has provided control samples for application testing purposes to Cyberlux Corporation. TKJ Inc has also been conducting application testing at our facilities in Northbrook for approximately 12 weeks. Information derived from the combined test results and comments from both Cyberlux and TKJ Inc shall be used to accomplish final design revisions prior to the release of the design for production. Cyberlux Corporation agrees to due diligence in application testing the products for suitability for intended use. This application testing may include use in actual final environment by end users or "field test" participants prior to any high volume production run.

4. Prototype Tooling and Prototype Production Expenses

Cyberlux Corporation agrees to pay TKJ Inc. the sum of \$15,000 US Dollars to offset the cost of model specific tooling, process fixtures, minimum purchase quantities for components, line setup costs, and miscellaneous expenses in order to produce 200 sample units of the PCB assembly for the described system. Any comment inventory that remains after completion of said 200 piece prototype build shall be held for use on the production launch of the product. The value of these components shall be deducted from the cost of the production units until the inventory is exhausted. Payment schedule is as follows:

\$15,000 upon execution of this agreement

TKJ Confidential Cyberlux Home Safety Light

Breakdown of the expenses is as follows:

| | |
|---------|--|
| \$4,300 | Non-recurring expenses - fixtures, tools |
| \$3,000 | Factory costs, setup, labor, OH |

| | |
|---------|------------------------------------|
| \$3,700 | Model Specific material |
| \$4,000 | Engineering Support - Project Mgmt |

5. Manufacturing / Supply

5.1. Exclusivity

TKJ Inc. shall retain the exclusive right to manufacture and supply the electronic subassemblies for the subject Cyberlux home safety light for the life of the design. -his exclusive right to supply the electronic subassemblies may only be waived under one or both of the following conditions:

5.1.1. Failure to perform

TKJ Inc is unable to deliver product within 30 days of the scheduled delivery date for three consecutive months. The conditions set forth under section 8 of this agreement for forecast and increase requirements must first be met by Cyberlux before it can be determined that a delivery has been missed. Failure to perform does not apply as a result of a Force Majeure event as defined under section 11 of this agreement.

5.1.2. Ongoing Product Quality problems

TKJ Inc is unable to resolve ongoing product quality issues that are a result of design, materials, or manufacturing processes as these relate specifically to the electronic PCB subassembly. Ongoing shall be defined as 3 consecutive months without measurable improvement relative to the specific quality issue.

5.2. TKJ Inc. Contribution

TKJ Inc, in return for these exclusive manufacturing rights, has developed these products to their present status, has contributed engineering support, design Testing, material sourcing, and component part price negotiating. Furthermore, TKJ Inc shall continue to provide ongoing engineering support, material substitution support, DFM and DFT coordination, and ongoing productivity idea generation and implementation to help Cyberlux Corporation remain competitive in the marketplace. Material sourcing, manufacturing, and test of the PCB assemblies shall take place at the facilities of Controls Inc, headquartered at: One Technology Way, Logansport IN, 46947.

6. Features

6.1. Light Features

Portable or fixed

LED lighting

3 lamp intensities

1 switch toggles through off/low/med/high/off

Cyberlux supplyagreementV101 Page 6 of 9 08/28101

TKJ Confidential Cyberlux Home Safety Light

8 AA battery operated

Estimated maximum continuous use time of 40 hours

Field (user) replaceable batteries

7. Warranty

7.1. Terms

TKJ Inc- warrants assemblies to be free from defects in materials or workmanship for a period of 90 days in service or 130 days from the date of manufacture, whichever comes first. This warranty applies when used in compliance with the agreed to operating parameters. Damage due

to misuse, physical shock, over-voltage, tampering, or improper final assembly are not covered.

7.2. Remedy

Cyberlux Corporation's remedy for non-conforming product shall be limited to the repair or replacement (at TKJ's option) of the non-conforming product. Reasonable charges for freight costs to transport non-conforming product from Cyberlux Corp. facilities to TKJ Inc. for repair or replacement shall be borne by TKJ Inc.

7.3. Standards

System components to be manufactured in compliance with industry accepted standards. Workmanship on the devices shall meet ANSI I IPC A-610 Acceptability of Electronic Assemblies.

7.4. Disclaimer

Except as expressly stated above, TKJ Inc. disclaims all warranties, whether express or implied, oral or written, with respect to the subject devices. TKJ Inc. shall in no event be liable for any loss of sales or profits, or for any other special, indirect, incidental, punitive, exemplary, or consequential damages arising out of or in connection with the manufacture or performance of the devices.

8. Forecast

Cyberlux Corporation agrees to supply TKJ Inc, with a rolling 16-week forecast of expected unit volume for electronic assemblies.

8.1. Increases

Increases in quantities in excess of 15 percent (15%) above the forecasted requirements must be made with12 weeks notice to allow for material pull-in time and production planning.

8.2. Obsolescence

Costs for obsolescence of components purchased by TKJ Inc. on behalf of Cyberlux Corporation, which are a result of TKJ Inc. ordering components in compliance with 16 week lead times, and result in obsolescence because of a change or cancellation on the part of Cyberlux Corporation shall be borne by Cyberlux Corporation. (Take or pay)

Cyberlux-supplyagreementV101 Page 7 of 9 08/28/01

TKJ Confidential Cyberlux Home Safety Light

8.3. Excess Inventory

Excess inventory that results from cancellation of orders or design revision by Cyberlux Corporation without sufficient notice given to TKJ Inc. (16 weeks for commodity components - volume discount quantity orders for specialized components) shall be reimbursed to TKJ Inc. by Cyberlux Corporation at TKJ's purchase cost.

9. Unit Pricing The unit pricing for the controls shall be per the following schedule. Any adjustments to individual unit pricing based upon increase in annual quantities shall be based upon the TKJ Inc. fiscal year (calendar year). Adjustments to unit pricing will become effective upon the shipment following the price change.

9.1. Good Faith Estimate The following table represents the good faith estimate for minimum annual purchase quantities of the home safety light.

| | |
|------------------|-----------------|
| Fiscal Year 2001 | 60,000 units |
| Fiscal Year 2002 | 1,000,000 units |
| Fiscal Year 2003 | 2,000,000 units |

9.2. Volume Price Tiers The following table specifies the unit pricing based upon annual usage. This unit pricing is for the PCB assembly only; this assembly includes the electronics, LED indicator lamps, and PCB substrate. Units are 100% assembled, soldered, and tested. Units to be built, tested, packaged, and shipped in a multiple-array configuration. Cyberlux or their assignee shall separate the individual assembly from the array at the time of final unit assembly.

Pricing: 60,000 units \$8.30 each

500,000 units \$8.01 each

1,000,000 units . . \$7.78 each

2,000,000 units \$7.38 each

The unit prices are contingent upon LED prices from Nichia and Yen/Dollar valuation. Nichia has agreed in writing to LED prices of \$0.66 each declining to \$0.52 each based upon the LED use volumes forecasted.

10. Orders

10.1. Blanket PO

Cyberlux Corporation or their assignee shall issue blanket Purchase Orders on an annual basis that reflect the expected annual use of assemblies, releases against these blanket PO instruments shall reflect a forecast for 16 weeks usage with 4 weeks firm.

10-2. Freight

Pricing for controls is FOB the TKJ selected manufacturing facility.

Cyberlux-supplyageementV101 Page 8 of 9 08/28/01

TKJ Confidential Cyberlux Home Safety Light

10.3. Payment Terms Invoice payment terms (for production) to be net 30 days.

11. Force Majeure

Neither party shall be deemed liable, or be deemed in breach of its obligations under this agreement, for any delay in performance or failure to perform as the result of an act of governmental authority, war, riot, fire, explosion, hurricane, flood, strike, lockout, or injunction; inability to obtain fuel, power, raw materials, labor, or transportation; accident, breakage of machinery or apparatus; or any other cause beyond its reasonable control which prevents the manufacture, delivery, or acceptance of the product, or any component thereof (Force Majeure) provided that the affected party (a) promptly notifies the other party of the Force Majeure event (b) uses reasonable diligence and efforts to remedy the situation if reasonably able to be remedied by that party (c) continues performance of its obligations to the extent that the Force Majeure event permits, and (d) resumes performance of its obligations delayed by the Force Majeure events as soon as possible. This requirement that any Force Majeure be remedied with all reasonable dispatch will not require the settlement of strikes or labor controversies by acceding the demands of the opposing parties.

12. Cancellation

In the event of the cancellation of this project by Cyberlux Corporation, TKJ Inc. shall be reimbursed by Cyberlux Corporation any reasonable expenses that are in excess of the payments made as outlined in section 4 of this agreement. Examples of possible unrecovered expenses include tooling expense, administrative costs, development expenses, program management expenses, prototype material, and sample devices. These expenses which are borne by TKJ Inc and which are intended to be recovered over time manufacturing product

13. Duration of the Agreement

This agreement to remain in effect between TKJ Inc. and Cyberlux Corporation for a period of four (4) years from the date of execution of the agreement by both of the parties; or for a period of three (3) years of production at the good faith estimate detailed in section 9.1.

14. Agreement

Agreed to between the parties this 29th day of October 2001.

TKJ Inc.

Cyberlux Corporation

By: /s/ Thomas S. Johnson

Name Thomas S. Johnson
Title President

By: /s/ Donald F. Evans

Name Donald F. Evans
Title President

Cyberlux Corporation and International Consolidated Technologies
MUTUAL NON DISCLOSURE AGREEMENT

This Mutual Non-Disclosure Agreement (the "Agreement") is made and entered into this 30th day of November, 2001 by and between Cyberlux Corporation ("Cyberlux") with its principal place of business located at 50 Orange Road, PO Box 2010, Pinehurst, NC 28370 and International Consolidated Technologies ("ICT"), with its principal place of business located at 400 West Delaware Casey, IL 62420.

WHEREAS, Cyberlux and ICT intend to enter into discussions concerning a business relationship whereby ICT will provide Cyberlux with certain services;

NOW, THEREFORE, the parties hereto agree as follows:

1. PROPRIETARY INFORMATION. For purposes of this Agreement, "Proprietary Information" shall mean written, documentary or oral information of any kind disclosed by Cyberlux or ICT to the other and designated as proprietary information, including, but not limited to, (a) information of a business, planning, marketing or technical nature, (b) models, tools, hardware and software, and (c) any documents, reports, memoranda, notes, files or analyses prepared by or on behalf of the receiving party that contain, summarize or are based upon any Proprietary Information, provided that "Proprietary Information" shall not include information which:

(i) is publicly available prior to the date of this Agreement;

(ii) becomes publicly available after the date of this Agreement through no wrongful act of the receiving party;

(iii) is furnished to others by the disclosing party without similar restrictions on their right to use or disclose;

(iv) is known by the receiving party without any proprietary restrictions at the time of receipt of such information from the disclosing party or becomes rightfully known to the receiving party without proprietary restrictions from a source other than the disclosing party;

(v) is independently developed by the receiving party by persons who did not have access, directly or indirectly, to the proprietary Information; or

/1/

(vi) is obligated to be produced under order of a court of competent jurisdiction or a valid administrative or congressional subpoena, provided that the receiving party promptly notifies the disclosing party of such event so that the disclosing party may seek an appropriate protective order or waive compliance by the receiving party with the terms of this Agreement.

2. CONFIDENTIALITY

a. The receiving party shall protect all of the disclosing party's Proprietary Information as confidential information and, except with the prior written consent of the disclosing party or as otherwise specifically provided herein, shall not disclose, copy or distribute such Proprietary Information to any other individual, corporation or entity for a period of three (3) years from the date of disclosure.

b. Except in connection with any joint project between Cyberlux and ICT, the receiving party shall not make any use of the disclosing party's Proprietary Information for its own benefit or for the benefit of any other individual, corporation or entity.

c. The receiving party shall not disclose all or any part of the disclosing party's Proprietary Information to any affiliates, agents, officers, directors, employees or representatives (collectively, "Representatives") of the receiving party except on a need-to-know basis. The receiving party agrees to inform any of its Representatives who receive the disclosing party's Proprietary Information of the confidential and proprietary nature thereof and of such Representative's obligations with respect to the maintenance of such Proprietary Information in conformance with the terms of this Agreement.

d. Each party shall maintain the other party's Proprietary Information with at least the same degree of care each party uses to maintain its own proprietary information. Each party represents that such degree of care provides adequate protection for its own proprietary information.

e. The receiving party shall immediately advise the disclosing party in writing of any misappropriation or misuse by any person of the disclosing party's Proprietary Information of which the receiving party is aware.

f. Any documents or materials that are furnished by or on behalf of the disclosing party, and all other Proprietary Information in whatever form, including documents, reports, memoranda, notes, files or analyses prepared by or on behalf of the receiving party, including all copies of such materials, shall be promptly returned by the receiving party to the disclosing party upon written request by the disclosing party for any reason.

3. NO LICENSES OR WARRANTIES. No license to the receiving party under any trade secrets or patents or otherwise with respect to any of the Proprietary Information is granted or implied by conveying proprietary Information or other information to such party, and none of the information transmitted or exchanged shall constitute any representation, warranty, assurance, guaranty or inducement with respect to the infringement of patents or other rights of others.

4. REMEDY FOR BREACH. Each receiving party acknowledges that the Proprietary Information of the disclosing party is central to the disclosing party's business and was developed by or for the disclosing party at a significant cost. Each receiving party further acknowledges that damages would not be an adequate remedy for any breach of this Agreement by the receiving party or its Representatives and that the disclosing party may obtain injunctive or other equitable relief to remedy or prevent any breach or threatened breach of this Agreement by the receiving party or any of its Representatives. Such remedy shall not be deemed to be the exclusive remedy for any such breach of this Agreement, but shall be in addition to all other remedies available at law or in equity to the disclosing party.

5. MISCELLANEOUS.

a. This Agreement contains the entire understanding between Cyberlux and ICT and supersedes all prior written and oral understandings relating to the subject hereof. This Agreement may not be modified except by a writing signed by both parties.

b. The construction, interpretation and performance of this Agreement, as well as the legal relations of the parties arising hereunder, will be governed by and construed in accordance with the laws of the State of North Carolina.

e. It is understood and agreed that no failure or delay by either Cyberlux or ICT in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver of any terms or conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of any term or condition. All waivers must be in writing and signed by the party sought to be bound

d. If any part of this Agreement shall be held unenforceable, the remainder of this Agreement will nevertheless remain in full force and effect.

IN WITNESS WHEREOF, each of the parties of this Agreement has caused this Agreement to be signed in its name and on its behalf by its representative thereunto duly authorized as of the day and year first above written.

Cyberlux Corporation

By: /s/ Donald F. Evans

Donald F. Evans
President

International Consolidated Technologies

By: /s/ Jim Goble 12/12/01

Jim Goble
Engineering and Tooling Manager

SUBLEASE AGREEMENT

Fifty Orange Road
Pinehurst, NC 28374

March 31, 2000

WHEREAS Cyberlux Corporation, a corporation in formation, has expressed its intention to use certain equipment that are the holdings or property of Research Econometrics, LLP, this document sets forth the understandings between Research Econometrics, LLP, the lessee of spaces, owner of all articles of furniture, and equipment, and Cyberlux, a business in formation, relative to use and enjoyment of such properties by Cyberlux on a month to month basis, commencing April 1, 2000 and continuing until such use and enjoyment is terminated by either party on thirty days notice in writing.

The spaces are defined as that particular 12' by 14' office located in the Northeast corner of the property situated at 50 Orange Road in the Village of Pinehurst, North Carolina and adjacent common spaces consisting of restroom facilities, storage closets and conference room access. Equipment consists of two telephone units; two calculators; one HP printer, copier, fax; one IBM typewriter; one IBM computer with CTX color monitor and Logitech keyboards. Furniture and fixtures consist of two leather executive swivel chairs; two executive desks; two 2 drawer cabinets; one lateral file cabinet; one cherry wood storage cabinet ; one steel typewriter table; two brass banker's lamps, two extended halogen task lamps and various desktop appurtenances.

FOR VALUE RECEIVED, Research Econometrics, LLP hereby sublets the spaces heretofore described with the furniture , fixtures and equipment contained therein as detailed above for a monthly fee of Six Hundred Fifty Dollars (\$650), such fee to be part of a management support fee billed monthly until June 30, 2000, thereafter as rental only monthly.

Research Econometrics, LLP Cyberlux Organization

By: /s/ C. H. Evans By: /s/ Donald F. Evans

March 29, 2000

Donald F. Evans
Cyberlux Corporation
Post Office Box 2010
Pinehurst, NC 28370-2010

Re: Time sheet records, Patent Application

Dear Mr. Evans:

Our billing records reflect time charges for the Provisional Patent entitled "Electrochemical Portable Power- Plant and Lighting System" of 187.5 hours.

The ledger is annotated for entries which allocate 179 hours to research and 8.5 hours to document preparation. The project, Wilderness Power & Light, was to be billed at your rate of \$175 per hour or \$32,812.50 plus expenses.

Your travel expanse charged to the project was \$3,410.12, the filing fee was \$75 and communications expense to PU AN in Taipei was \$287.34. Time and expense charges total \$36,584.96. Should you require further information, please call me or ism at your convenience.

Personal regards.

Research Econometrics

March 24, 2000

Donald F. Evans
Post Office Box 2010
Pinehurst NC 28370-2010

Re: Charges for services and equipment

Dear Mr. Evens:

Our records indicate that your draw from April, 1999 through February, 2000 that was charged to "light research and development" including auto expense, equipment rental, space and utilities was \$63,022.94.

The plan to move forward with the incorporation of Cyberlux will the record of R&D expenses on behalf of the Partnership effective March 31, 2000. Your allocation through the end of March is \$5,730.00 which reflects a total charge to the Partnership of \$68,752.94. I have been advised by Dr. Zapalac that you will arrange issuance of 750,000 shares of the new corporation's common stock valued at approximately \$.10 per share to reflect investment of funds expended on behalf of the Partnership

Effective April 1, 2000, the Partnership will bill Cyberlux Corporation a flat fee of \$3,850 per month through June 30, 2000. The fee structure accounts for \$2,600 allowance to Donald F. Evans, \$600 auto allowance and \$650 in rentals. Subsequent to June 30, 2000, the Partnership will bill Cyberlux Corporation \$650 in rentals only.

The foregoing is my understanding of the accounting as dictated in the Partners' Memorandum of March 22, 2000. Your question relative to the Provisional Patent charges can be documented from time applications in our projects files. I will advise you of those notations next week.

Personal regards

Research Econometrics, LLP

/s/

*Beverly Cordray,
Business Manager*

Post Office Box 1381, 148 Azulea Point Dr. South, Ponte Vedra, FL. 32682

End of Filing

Powered By **EDGAR**
Online

© 2005 | **EDGAR Online, Inc.**