

RE 08-31-1998

1 SHEET -Y

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To the Honorable Commissioner of

100810589

attached original documents or copy thereof.

1. Name of conveying party(ies):

Kryptonics, Inc. 740 South Pierce Avenue Louisville, CO 80027

- Individual(s), Association, General Partnership, Limited Partnership, Corporation-State Colorado, Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

MRTD 8-26-98

- Assignment, Merger, Security Agreement, Change of Name, Other Asset Purchase Agreement

Execution Date: December 19, 1997

2. Name and address of receiving party(ies)

Name: Kryptane Systems, LLC

Internal Address:

Street Address: 740 South Pierce Avenue

City: Louisville State: CO ZIP: 80027

- Individual(s) citizenship, Association, General Partnership, Limited Partnership, Corporation-State, Other Limited Liability Company-Colorado

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,100,352; 1,672,596; 2,052,583

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Scott S. Havlick

Internal Address:

Street Address: Holland & Hart LLP

1050 Walnut Street - #500

City: Boulder State: CO ZIP: 80302

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41) \$ 90.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

082623

(Attach duplicate copy of this page when paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Scott S. Havlick Name of Person Signing

[Signature] Signature

August 25, 1998 Date

Total number of pages including cover sheet, attachments, and documents: 12

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this 19th day of December, 1997, by and between KRYPTONICS, INC. ("Seller"), a Colorado corporation, and KRYPTANE SYSTEMS, LLC, a Colorado limited liability company ("Buyer").

RECITALS

A. Seller is engaged, among other things, in lines of businesses other than those related to developing, manufacturing, selling and marketing urethane wheels and accessory products for the in-line skating, skateboarding, roller hockey and roller skating industries (including, without limitation, skate chassis, bearings, protective gear and so on for such products) (the "Commercial Division");

B. Buyer desires to purchase, and Seller desires to sell to Buyer, all of the assets, property and improvements of Seller used or in any way related to the operation by Seller of the Commercial Division, excluding among other items, cash, accounts receivable and intellectual property rights (except the right to the name and mark "Kryptane"), all on the terms and conditions hereinafter set forth;

C. Concurrent with the purchase and sale of the Commercial Division, Seller is licensing to Buyer certain intellectual property and chemical formulations currently used in the Non-Skate Business as described more fully in Section 1.2 below and the License (as hereinafter defined);

D. Seller, Bravo Corporation ("Bravo") and Bravo Acquisition Sub, Inc. ("Acquisition Sub"), have previously entered into the Merger Agreement dated December 11, 1997, whereby Seller is merging into Acquisition Sub (the "Merger"); and

E. A condition precedent to the closing of the Merger is that Seller convey the Commercial Division to Buyer as set forth herein.

AGREEMENT

In consideration of the covenants and agreements herein set forth and in reliance on the representations and warranties included herein, the parties agree as follows:

ARTICLE 1.

PURCHASE AND SALE OF ASSETS

Section 1.1 Conveyance of Assets. At the Closing (as defined in Article 3 below), Seller will sell, transfer, assign and convey to Buyer, and Buyer agrees to purchase, accept, acquire and take assignment and delivery of, certain of the assets

(tangible and intangible, real, personal and mixed) of Seller used in the operation of the Commercial Division (hereinafter referred to as the "Transferred Assets"):

- a. All of the physical assets, machinery, equipment, and tangible personal property listed on Schedule 1.1;
- b. All inventory listed on Schedule 1.1 (the "Inventory");
- c. Seller's interest and obligations as lessee under the equipment leases listed on Schedule 1.1 (the "Equipment Leases");
- d. All rights under those contracts and agreements listed on Schedule 1.1 (the "Assigned Agreements"); and
- e. The trademark "Kryptane," including all goodwill associated therewith, that is owned by Seller.

Section 1.2 License Agreement. At the Closing, Seller shall execute and deliver to Buyer the License Agreement in substantially the form attached hereto as Exhibit A (the "License"). The License grants to Buyer the nonexclusive right to use Seller's chemical formulations and associated intellectual property described therein in the fields of use other than those related to Skate Business (as defined therein).

ARTICLE 2.

ASSUMPTION OF LIABILITIES; INDEMNIFICATION

Subject to the conditions specified in this Agreement, Buyer shall not assume, perform, pay or discharge any liabilities, obligations, payables or debts of Seller or the Commercial Division, whether known or unknown, fixed or unfixed, accrued, absolute, contingent or otherwise, occurring prior to the Closing, except that Buyer will assume, pay, discharge or perform when due Seller's obligations under the (a) Equipment Leases and Assigned Agreements incurred for periods after the Closing Date (and excluding any liabilities or obligations incurred or accrued with respect to any period prior to the Closing Date (the "Unassumed Obligations")) and (b) Buyer will assume all obligations arising from the conduct of the Commercial Division in the nature of warranty obligations, obligations to return or repair defective products or disputes or claims by customers or suppliers in connection with contractual obligations and similar matters (the "Warranty Claims," and together with the Equipment Leases and Assigned Agreements, the "Assumed Liabilities").

ARTICLE 3.

THE CLOSING

The closing (the "Closing") of the purchase and sale of the Transferred Assets shall take place on the earlier of (i) the date chosen by Buyer (the "Closing Date") pursuant to Section 4 of that certain Option Agreement dated December 11, 1997, by and between Buyer and Seller, granting Buyer an irrevocable option to purchase the Transferred Assets pursuant to this Agreement, or (ii) such other date upon which the

parties may agree; provided, however, the Option shall not be exercised after the closing date of the Merger. The Closing of this Agreement and the deliveries hereunder shall take place at 10:00 a.m. on the Closing Date at the offices of Holland & Hart, 555 17th Street, Suite 3200, Denver, Colorado 80202, or at such other time of day and place as the parties mutually may agree.

Section 3.1 Deliveries by Seller. At the Closing, Seller shall execute and deliver to Buyer:

- a. A Bill of Sale in substantially the form attached hereto as Exhibit B, along with such, deeds, assignments and other instruments of conveyance and transfer as may be reasonably required to transfer effectively to Buyer all of the Transferred Assets;
- b. A Sublease (the "Sublease") of the premises on which the Transferred Assets are held in substantially the form attached hereto as Exhibit C granting Buyer certain rights and interest in the real property commonly known as 740 S. Pierce Avenue, Louisville, Colorado as more particularly set forth therein, subject to any waivers or consents required from any third party, including but not limited to landlords, co-tenants, sublessees, leasehold mortgageholders, secured creditors and any governmental agency;
- c. All third party consents necessary to assign the Equipment Leases included in the Transferred Assets, as set forth in Schedule 3.1(c);
- d. The License;
- e. All other certificates, instruments, documents and lists required to be delivered by Seller under this Agreement; and
- f. Such other documents as counsel for Buyer may reasonably request for the purpose of closing the transactions contemplated by this Agreement.

Notwithstanding anything to the contrary contained herein, in the event that Seller shall use its commercially reasonable efforts to obtain and deliver the consents referenced in subparagraph c. above but shall fail to obtain all such consents prior to the Closing, such failure shall not result in a breach by Seller of its obligations hereunder and shall not create any liability from Seller to Buyer related thereto.

Section 3.2 Deliveries by Buyer. At the Closing, Buyer shall execute and deliver to Seller:

- a. Evidence of bank wire transfer, or other immediately available funds representing the Purchase Price (as defined in Article 4 herein);
- b. The Note (as defined below);
- c. The License;

- d. The Sublease;
- e. All other certificates, instruments, documents, and opinions required to be delivered by Buyer under this Agreement; and
- f. Such other documents as counsel for Seller may reasonably request for the purpose of closing the transactions contemplated by this Agreement.

Section 3.3 Other Action. The parties shall take such further action and shall make such further deliveries as may be required to close the transactions contemplated by this Agreement.

ARTICLE 4. PURCHASE PRICE AND METHOD OF PAYMENT

Section 4.1 Purchase Price. As consideration for the purchase of the Transferred Assets (the "Purchase Price"), Buyer shall pay the following amount and execute and deliver the following Promissory Note which shall be paid and delivered, as applicable, on the Closing Date:

- a. \$155,825.48 in the form of cashier's check or wire transfer of readily available funds; and
- b. A Promissory Note (the "Note") in the original principal amount of \$83,906.02 executed by Buyer and payable to the order of Seller, in the form substantially similar to the promissory note attached hereto as Exhibit D.

Section 4.2 Allocation of Purchase Price. The parties agree that the Purchase Price shall be allocated as set forth on Schedule 4.2 hereto and that such allocation will be used by the parties in reporting the transaction contemplated hereby for federal, state, county and local tax purposes.

Section 4.3 Adjustment. Operation of the Commercial Division and the income and expenses attributable thereto up through the close of business on the day before the Closing Date shall be for the account of Seller and thereafter for the account of Buyer. Without limiting the foregoing, items such as personal property taxes shall be prorated between Seller and Buyer as of the Closing Date in accordance with the principles customary for such prorations. The prorations and adjustments hereunder shall be made and paid at the Closing as adjustments to the amount of cash to be paid by Buyer to Seller and shall be final, notwithstanding any change in the final taxes payable for such period by Buyer. The parties hereto agree that any invoices, payments or collections received by such party will be allocated, assigned and delivered (i) to the Seller for such items arising from or related to pre-Closing matters and (ii) to the Buyer for such items arising from or related to post-Closing matters, based upon a payor's indication of invoices being paid. If no such indication is provided, payments shall be applied chronologically, with the oldest invoices being paid first.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

Section 5.1 Organization and Corporate Powers. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado. Seller has all requisite corporate power and authority to enter into this Agreement and the transactions contemplated hereby.

Section 5.2 Due Authorization by Seller. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized and approved by all necessary corporate action on the part of the Seller. This Agreement constitutes a legal, valid and binding agreement of Seller, and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, and except as to the availability of equitable remedies, which are subject to judicial discretion.

Section 5.3 Inventory; Personal Property.

a. Seller is the owner of and has good and marketable title to (or leasehold interest in, as applicable) all of the Inventory, physical assets, machinery, equipment, and tangible personal property listed on Schedule 1.1.

b. THE ASSETS LISTED ON SCHEDULE 1.1 ARE BEING SOLD BY SELLER TO BUYER "AS IS, WHERE IS," WITHOUT ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THOSE ASSETS. BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL EXPRESS OR IMPLIED WARRANTIES, OBLIGATIONS, CONDITIONS AND LIABILITIES OF SELLER AND ALL CLAIMS IT MIGHT HAVE AGAINST SELLER FOR ANY LOSS, DAMAGE OR EXPENSE ARISING OUT OF OR IN CONNECTION WITH THE ASSETS LISTED ON SCHEDULE 1.1 INCLUDING, WITHOUT LIMITATION, ANY DEFECT OR NONCONFORMANCE THEREOF.

Section 5.4 Board Approval. The Board of Directors of Seller has approved this Agreement and the transactions contemplated herein.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants that:

Section 6.1 Organization and Company Powers. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of Colorado. Buyer has full company power to enter into and perform this Agreement and the transactions contemplated hereby.

Section 6.2 Due Authorization by Buyer. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized and approved by all necessary company action on the part of Buyer. This Agreement constitutes a legal, valid and binding agreement of Buyer, and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally, and except as to the availability of equitable remedies, which are subject to judicial discretion.

Section 6.3 Manager Approval. The Manager(s) and members, to the extent required, of Buyer have approved this Agreement and the transactions contemplated herein. Except for the actions required herein, no other action is necessary or required on behalf of the Buyer to approve, execute and deliver this Agreement and perform the transactions contemplated herein.

ARTICLE 7 COVENANTS OF BUYER AND SELLER

Section 7.1 Expenses. Except as set forth herein, all sales, documentary, transfer, grantor, recordation or other taxes or fees assessed or levied in connection with the sale of the Transferred Assets shall be borne by Buyer. All other expenses incurred in connection with the negotiation, preparation, execution, and performance of this Agreement shall be paid by the party incurring such expenses.

Section 7.2 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement by Seller or Buyer or the transaction contemplated hereby. Each party shall indemnify and hold the other party harmless from any such claims.

Section 7.3 Seller's Covenant Regarding Sublease. In the event that Seller or any successor in interest ("Seller's Successor") under the Bravo Merger Agreement (as defined in the Option Agreement) terminates the Master Lease (as defined in the Sublease) and enters into a new lease covering the Premises (as defined in the Sublease), Seller or any such successor in interest shall, contemporaneously with the execution of such new lease, enter into a sublease with Buyer in substantially the form of the Sublease. Buyer understands and acknowledged that Seller does not guarantee continuity of the Master Lease, and the Sublease is subject to Seller's rights pursuant to the Master Lease, including without limitation, duration, occupancy, enjoyment and habitability, and is further subject to Seller's right to terminate the Sublease.

Section 7.4 Further Assurances. The parties hereto agree to execute and deliver or cause to be executed and delivered at the Closing and at other reasonable times and places such additional instruments as another party hereto reasonably may request for the purpose of carrying out this Agreement.

**ARTICLE 8.
INDEMNIFICATION**

Section 8.1 Buyer's Indemnification. Buyer hereby covenants and agrees to indemnify and hold Seller harmless from any and all claims, losses, costs, damages, expenses or other liabilities, including reasonable attorneys' fees, from and after the date hereof arising out of or related to (i) the operation of the Commercial Division after the Closing Date, (ii) the Assumed Liabilities, (iii) any breach of a representation and warranty in Article 6 and (iv) any tax liability resulting from the transactions contemplated herein, including but not limited to those set forth in Section 4.2 above.

Section 8.2 Seller's Indemnification. Seller hereby covenants and agrees to indemnify and hold Buyer harmless from any and all claims, losses, costs, damages, expenses or other liabilities, including reasonable attorneys' fees, from and after the date hereof arising out of or related to Seller's accounts payable, real property lease obligations and the Unassumed Obligations other than the Assumed Liabilities.

**ARTICLE 9.
SURVIVAL**

All representations and warranties, indemnifications and covenants of Seller and Buyer, as applicable, contained herein shall terminate one (1) year from the date hereof; except that, notwithstanding anything herein to the contrary, the covenant set forth in Section 7.3 shall not terminate until the earlier to occur of (i) the date on which Seller or Seller's Successor terminates its interest in the Premises (whether under the Master Lease, the Sublease, an extension of either or a new lease therefor) or (ii) ten (10) years from the date hereof.

**ARTICLE 10.
MISCELLANEOUS**

Section 10.1 Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either party directly or indirectly by operation of law without the prior written consent of the other party, except that the rights hereunder shall inure to the benefit of the Surviving Corporation (as defined in the Bravo Merger Agreement).

Section 10.2 Notices. Any notice or other communication required or permitted hereunder shall be sufficiently given if (i) hand delivered, (ii) sent by certified or registered mail, postage prepaid and return receipt requested or (iii) delivered by a nationally recognized overnight delivery service to the following addresses, or at such other address as a party may designate by notice given in accordance with this Section:

a. If to Buyer, addressed to:

Kryptane Systems, LLC
P.O. Box 7846
Aspen, CO 81612
Attn.: President

With copies to:

Bruce Dierking, Esq.
Hutchinson, Black & Cook
1215 Spruce Street
Boulder, CO 80302

b. If to Seller, addressed to:

Kryptonics, Inc.
740 S. Pierce Ave.
Louisville, CO 80027
Attn: President

With copies to:

Lawrence L. Ostema, Esq.
Holland & Hart LLP
555 17th Street, Suite 3200
Denver, Colorado 80202

Notices delivered personally or by courier shall be effective upon delivery to the intended recipient. Notices delivered by registered or certified mail shall be effective on the delivery date set forth on the receipt of registered or certified mail, or three days after deposit in the mail, whichever is earlier.

Section 10.3 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any person.

Section 10.4 Entire Agreement. The Schedules and Exhibits hereto are an integral part of this Agreement. All understandings and agreements between the parties are merged into this Agreement and the Schedules and Exhibits thereto, which fully and completely expresses their agreement and supersedes any prior agreement or understanding relating to the subject matter thereof.

Section 10.5 Governing Law. This Agreement and the agreements contemplated hereby shall be construed in accordance with and governed by the laws of Colorado.

Section 10.6 Counterparts. This Agreement may be executed in several counterparts, each of which may be signed by only one party, but all of which taken together shall constitute one and the same instrument.

Section 10.7 Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 10.8 Amendment and Waiver.

a. This Agreement may be amended, or any provision of this Agreement may be waived, provided that, except as expressly set forth herein, any such amendment or waiver will be binding upon a party hereto only if such amendment or waiver is set forth in a writing executed by such party.

b. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

Section 10.9 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed by their respective duly authorized officers, all as of the day and year first above written.

SELLER:

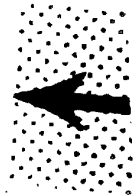
KRYPTONICS, INC.

By: [Signature]
Name: John R. O'd
Title: V.P. Finance

BUYER:

KRYPTANE SYSTEMS, LLC

By: _____
Name: _____
Title: _____



DENVER:0789385.12

EM202555604US

TRADEMARK
Express Mail No. EM202555604US
ATTORNEY DOCKET NO. 16265.8402

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Asset Purchase Agreement

Conveying Party: Kryptonics, Inc.
a Colorado Corporation

Receiving Party: Kryptane Systems, LLC
a Colorado Limited Liability Company

TO THE COMMISSIONER OF PATENTS AND TRADEMARKS:

Registration Numbers: 1,100,352; 1,672,596; and 2,052,583

CERTIFICATE OF MAILING BY EXPRESS MAIL

U.S. Patent and Trademark Office
Office of Public Records
Crystal Gateway 4, Room 335
Washington, D.C. 20231

Sir:

The undersigned hereby certifies that the attached Trademark Recordation Form Cover Sheet, Asset Purchase Agreement, check in the amount of \$90.00 and return card, relating to the above trademark application was deposited as "Express Mail", Mailing Label No. EM202555604US with the United States Postal Service, addressed to U.S. Patent and Trademark Office, Office of Public Records, Crystal Gateway 4, Room 335, Washington, D.C. 20231, on August 25, 1998.

August 25, 1998
Date

August 25, 1998
Date

Deborah A. Ricker
Mailer

Scott S. Havlick
Scott S. Havlick

HOLLAND & HART
555 Seventeenth Street, Suite 3200
Denver, Colorado 80202
(303) 473-2724