

05-24-2000



101365669

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment  
Effective Date  
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date  
Month Day Year

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership
- Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

05/22/2000 ASCOTT 00000057 1893483

FOR OFFICE USE ONLY

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(40.00 DP)

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Mail documents to be recorded with required cover sheet(s) information to:  
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TRADEMARK  
REEL: 002078 FRAME: 0157

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1893483"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**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. Charges to deposit account are authorized, as indicated herein.

Kimberly Katherine Till

*Kimberly Katherine Till*

05/03/2000

Name of Person Signing

Signature

Date Signed

## ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT, is dated and entered into as of 29 July, 1999, by and between Teledyne Industries, Inc., a California corporation (the "Seller"), and AC, Inc., an Alabama corporation (the "Purchaser"), with reference to the following:

### RECITALS

A. The Seller, through the Fabricated Products business unit ("**Fabricated Products**") of its Teledyne Brown Engineering division, is the owner of certain assets more particularly described in this Agreement used by Fabricated Products in the production of U.S. military or commercial tents and camouflage nets and hunters' camouflage (the "**Business**") at the Fabricated Products facility located in Jackson, Alabama (the "**Facility**").

B. The Purchaser wishes to purchase the Business and certain of the assets of Fabricated Products used in the Business, and the Seller is willing to sell the Business and such assets of Fabricated Products, on the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

Section 1: Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the United States Securities Exchange Act of 1934, as amended.

"Agreement" means this Asset Purchase and Sale Agreement, as the same may be amended from time to time in accordance with the terms hereof.

"Ancillary Agreements" means, collectively, the Assignment Agreement, the Assumption Agreement, the Bill of Sale, the Promissory Note and the Security Agreement.

"Assignment Agreement" has the meaning set forth in Section 3.3.

"Assumed Contracts" has the meaning set forth in Section 2.3(a).

"Assumed Obligations" has the meaning set forth in Section 2.3(a).

"Assumption Agreement" has the meaning set forth in Section 3.3.

"Bill of Sale" has the meaning set forth in Section 3.3.

“Business” has the meaning set forth in the Recitals to this Agreement.

“Cash” means cash on hand or in banks and cash equivalents, marketable securities and short-term investments.

“CERCLA” means the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“Closing” has the meaning set forth in Section 3.1.

“Closing Date” has the meaning set forth in Section 3.2.

“COBRA Provisions” has the meaning set forth in Section 8(c).

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Contracts” has the meaning set forth in Section 2.1(b).

“Disclosure Schedules” means, collectively, the various Schedules referred to in this Agreement.

“Employees” means all of the Seller’s employees who are actively employed primarily in connection with the Business, including those employees who are on temporary leave for purposes of jury duty, vacation, annual military duty, disability, workers’ compensation or sick leave.

“Employee Benefit Plan” means an Employee Pension Benefit Plan or an Employee Welfare Benefit Plan, where no distinction is required by the context in which the term is used.

“Employee Pension Benefit Plan” has the meaning set forth in Section 3(2) of ERISA.

“Employee Welfare Benefit Plan” has the meaning set forth in Section 3(1) of ERISA.

“Environmental Law” means any Law relating to the protection of the air, surface water, groundwater or land, and/or governing the handling, use, generation, treatment, storage or disposal of Hazardous Materials.

“ERISA” means the United States Employee Retirement Income Security Act of 1974, as amended.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Liabilities” has the meaning set forth in Section 2.3(b).

“Fabricated Products” has the meaning set forth in the Recitals to this Agreement.

“Facility” has the meaning set forth in the Recitals to the Agreement.

“Government Tent Contract” means the following contracts awarded by the U.S. Government: SPO100-99-C-6004 and SPO100-99-M-NA20.

“Governmental Entity” means any government or any governmental agency, bureau, board, commission, department or political subdivision, whether federal, state or local, domestic or foreign.

“Intellectual Property” has the meaning set forth in Section 2.1(e).

“Jackson IDB” means the Industrial Development Board of the City of Jackson, Alabama or any successor.

“Knowledge” as applied to the Seller means the actual knowledge of the following members of management of Fabricated Products: James L. Murdy, Richard A. Holloway, John L. Lee, Charles Grainger, Harry Chaffee and Sam Williams.

“Law” means any federal, state or local, domestic or foreign, constitutional provision, statute, law, rule, regulation, Permit, decree, injunction, judgment, order or legally binding ruling, determination, finding or writ of any Governmental Entity enacted as of the date hereof.

“Leased Real Property” has the meaning set forth in Section 2.2(b).

“Lien” means any lien, mortgage, pledge, security interest, charge, claim or other encumbrance.

“Losses” has the meaning set forth in Section 10.1.

“Permit” means any license, permit, franchise, certificate of authority or order, certificate of occupancy, building, safety and fire and health approval, or any waiver of the foregoing, issued by any Governmental Entity.

“Permitted Lien” means (a) any Lien for Taxes, assessments or governmental charges or claims that are not yet delinquent, (b) any mechanics’, materialmen’s or similar Liens with respect to amounts that are not yet delinquent, (c) any purchase money Lien or any Lien securing rental payments under capital lease arrangements, (d) in the case of the Leased Real Property, (i) utility and other easements, building and other restrictions, and other non-monetary charges and encumbrances of record, or in each case, if not of record, that do not (either individually or in the aggregate) materially interfere with or detract from the use, marketability or value of the Leased Real Property and (ii) provisions of any zoning or building Laws or any similar Laws, and (e) the Liens set forth on Schedule 1.2 of the Disclosure Schedules.

“Person” means an individual, a partnership, a corporation, a limited liability company or partnership, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Entity.

“Promissory Note” has the meaning set forth in Section 2.4(b).

“Purchase Price” has the meaning set forth in Section 2.4(a).

“Purchased Assets” has the meaning set forth in Section 2.1.

“Purchaser” has the meaning set forth in the Preamble to this Agreement.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding, burying, abandoning or disposing into the environment.

“Schedule” means, unless the context otherwise requires, the referenced Schedule included in the Disclosure Schedules.

“Security Agreement” has the meaning set forth in Section 2.4(b).

“Seller” has the meaning set forth in the Preamble to this Agreement.

“Seller Plans” means any Employee Pension Benefit Plans, material Employee Welfare Benefit Plans and any other material employee benefit arrangements or payroll practices (including employment agreements and severance agreements) maintained by the Seller or to which the Seller contributes or has any existing liability, in each case with respect to any Employees (or, if the Seller has any existing liability, former employees) of the Seller who are employed in connection with the Business.

“Tax” means any federal, state, local or foreign net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other tax, fee, assessment or charge, including any related interest, penalty or addition thereto.

“Tax Return” means any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto.

“Transferred Employees” has the meaning set forth in Section 8(a).

“US Dollars”, “US\$” and “\$” means the lawful currency of the United States of America.

“WARN Act” means the United States Federal Worker Adjustment and Retraining Notification Act, as amended.

Section 2: The Transaction.

2.1 Sale and Purchase of Assets. At the Closing, the Seller will sell, transfer, assign, convey, set over and deliver to the Purchaser, and the Purchaser will purchase, acquire and accept from the Seller all right, title and interest of the Seller in and to all of the assets, rights and properties of Fabricated Products that are owned by the Seller primarily in connection with the conduct of the Business at the Facility (collectively, the “**Purchased Assets**”) including, without limitation, the following assets, rights and properties owned or leased by the Seller as of the Closing Date and directly associated with the Business:

(a) the machinery, equipment, furniture, and other tangible personal property located at the Facility and used or held for use solely in connection with the Business as of the Closing Date as set forth on Schedule 2.1(a) to the Disclosure Schedules;

(b) the benefit of (but subject to the burden of) all contracts, agreements, leases, commitments, instruments, guaranties, bids, orders and proposals to which the Seller is a party solely in connection with the Business as of the Closing Date, including the Assumed Contracts, but excluding all corporate-wide purchasing arrangements which relate generally to the Business and other divisions or business units of the Seller or any of its Affiliates and any other arrangements with other divisions or business units of Seller or any of its Affiliates (collectively, the “**Contracts**”);

(c) to the extent legally assignable, all Permits held by the Seller in connection with the Business as of the Closing Date;

(d) all books, records (other than personnel records), ledgers, files, documents, correspondence, lists, plats, drawings, creative materials, advertising and promotional materials, studies, reports and other printed or written materials used or held for use by the Seller solely in connection with the Business which are located as of the Closing Date at the Facility and are material to continuing the operation of the Business as a going concern;

(e) the intellectual property owned by the Seller and relating exclusively to the Business identified on Schedule 2.1(e) of the Disclosure Schedules, including the Seller’s right to use the name “Fabricated Products” and the U.S. registered trademark “Bushy Ridge®” (collectively, the “**Intellectual Property**”).

2.2 Excluded Assets. Notwithstanding the provisions of Section 2.1, the Purchased Assets will not include any assets not located at the Facility, or any assets which are not used primarily in the operation of the Business, including, without limitation, any of the following assets, rights or properties (collectively, the “**Excluded Assets**”):

(a) any and all assets, rights and properties of the Seller or any of its Affiliates other than those used by Fabricated Products in connection with the operation of the Business;

(b) the real property leased to Seller by the Jackson IDB described on Schedule 2.2(b) of the Disclosure Schedules, together with all buildings, structures, improvements and fixtures and fittings located on or attached to such real property, and all rights appurtenant thereto (the “**Leased Real Property**”);

(c) any Cash of the Seller or any of its Affiliates, including all bank accounts;

(d) all accounts and notes receivable and other current assets (other than the Inventories) of the Seller, including without limitation, all trade and other debts owed to the Seller in connection with the operation of the Business prior to the Closing Date;

(e) any rights or claims of the Seller or any of its Affiliates with respect to any Tax refund, carryback or carryforward or other credits to the Seller for periods ending prior to the Closing Date;

(f) any property, casualty, workers’ compensation or other insurance policy or related insurance services contract relating to the Seller or any of its Affiliates, and any rights of the Seller or any of its Affiliates under any such insurance policy or contract, including, but not limited to, rights to any cancellation value;

(g) any rights of the Seller under this Agreement, the Ancillary Agreements or under any other agreement between the Seller and the Purchaser;

(h) all “Teledyne,” “Allegheny Teledyne,” “Teledyne Brown Engineering,” and “Brown Engineering” marks, including any and all trademarks or service marks, trade names, registered and unregistered designs, slogans or other like property relating to or including the names “Teledyne,” “Allegheny Teledyne,” “Teledyne Brown Engineering,” and “Brown Engineering,” the marks Teledyne, Allegheny Teledyne, Teledyne Brown Engineering, Brown Engineering, and any derivative thereof and the Teledyne, Allegheny Teledyne, Teledyne Brown Engineering, and Brown Engineering logos or any derivatives thereof and any and all related trade dress; the Seller’s proprietary computer programs or other software, including but not limited to the Seller’s proprietary data bases (including environmental databases), accounting and reporting formats, systems and procedures which are not used primarily in the Business; and any documents or information which are subject to the attorney-client or work product privilege;

(i) proprietary or confidential non-technical business information, books, files, papers, records, data and policies of the Seller or any of its Affiliates that do not relate primarily to the Business, including proprietary business management software used by the Seller or any of its Affiliates other than the Business, such as the Teledyne corporate directories, management procedures and guidelines, proprietary data bases, accounting and financial reporting formats, systems and procedures, instructions and organization manuals;

(j) any claim, cause of action, suit, judgment, demand or right of any nature against third parties to the extent relating to any Excluded Liability or Excluded Asset and all attorney-client, work product and other legal privileges of the Seller related thereto;



(k) any pension assets attributable to Employees or any former employee of the Seller under any Seller Plans; and

(l) the consideration to be paid to the Seller pursuant to this Agreement.

### 2.3. Assumption of Obligations.

(a) At the Closing the Purchaser will assume and become responsible for, and will thereafter pay, perform and discharge when due, the following liabilities of, or arising from the use of the Purchased Assets or the operation of the Business, whether accrued, absolute, contingent or otherwise, known or unknown (collectively, the “**Assumed Obligations**”):

(i) those liabilities and obligations of the Seller arising on or after the Closing Date with respect to the Contracts listed on Schedule 2.3(a)(i) (the “**Assumed Contracts**”); and

(ii) all other debts, liabilities and obligations arising out of or relating to events or transactions on or after the Closing Date in connection with the operation of the Business or use of the Purchased Assets by the Purchaser.

(b) Other than as set forth in Section 2.3(a) above, the Purchaser will not assume, and will not be deemed to have assumed, any other obligation or liability of the Seller whatsoever, including, without limitation:

(i) any liabilities or obligations of the Seller under the Seller Plans;

(ii) except to the extent provided in Section 12.3, any liabilities or obligations of the Seller with respect to Taxes;

(iii) any liabilities or obligations (inclusive of lawsuits) of the Seller which relate to the operation of the Business by the Seller prior to the Closing; and

(iv) any liabilities under Environmental Laws which are caused by the Seller’s operation of the Business prior to the Closing.

Such unassumed liabilities and obligations, with respect to the Seller, are referred to in this Agreement collectively as the “**Excluded Liabilities**”.

### 2.4 Determination and Payment of Consideration.

(a) In consideration of the sale and transfer of the Purchased Assets to the Purchaser and the other undertakings of the Seller hereinafter, the Purchaser shall (i) pay the sum of Four Hundred Thirty Thousand One Hundred Eighty Three US Dollars (\$430,183) for the

Purchased Assets (herein referred to as the "**Purchase Price**") and assume the Assumed Obligations.

(b) On the Closing Date, the Purchaser shall (i) pay \$100,000 of the Purchase Price to the Seller, (ii) deliver to Seller a duly executed promissory note ("**Promissory Note**") in the form attached to this Agreement as Exhibit A to the order of Seller in the principal amount of Three Hundred Thirty Thousand One Hundred Eighty Three US Dollars (\$330,183), secured by the machinery, equipment and other tangible personal property of the Business and the inventory of the Business and payable in five installments of \$70,000, \$70,000, \$70,000, \$70,000 and \$50,183, on the six (6) month anniversary of the Closing Date, the twelve (12) month anniversary of the Closing Date, the eighteen (18) month anniversary of the Closing Date, the twenty-four (24) month anniversary of the Closing Date and the thirty (30) month anniversary of the Closing Date, respectively. The Promissory Note shall be accompanied by a Security Agreement (the "**Security Agreement**") in the form of Exhibit B duly executed by the Purchaser.

**Section 3: Closing and Closing Date.**

3.1. Closing. Subject to the provisions of Section 11, the consummation of the transactions contemplated by this Agreement (the "**Closing**") will take place at the offices of Teledyne Brown Engineering, 300 Sparkman Drive, N.W., Huntsville, Alabama 35805, at 10:00 a.m., local time, on 30 July 1999. The Closing will be deemed effective as of 11:59 p.m., Huntsville, Alabama time, on the day before the Closing Date.

3.2. Closing Date. The date on which the Closing actually takes place is referred to in this Agreement as the "**Closing Date.**"

3.3. Deliveries at the Closing. (a) At the Closing, (i) the Seller will deliver to the Purchaser the various certificates, instruments and documents referred to in Section 9.1, (ii) the Purchaser will deliver to the Seller the various certificates, instruments and documents referred to in Section 9.2, (iii) the Seller will execute, acknowledge (if appropriate) and deliver, or cause to be executed, acknowledged (if appropriate) and delivered, to the Purchaser (1) a Bill of Sale (the "**Bill of Sale**") in the form attached to this Agreement as Exhibit C, (2) an Assignment Agreement for Intellectual Property (the "**Assignment Agreement**") in the form attached to this Agreement as Exhibit D, and (3) such other instruments of sale, transfer, conveyance, and assignment as the Purchaser and its counsel may reasonably request in form reasonably satisfactory to the Seller and the Purchaser or as required by applicable Governmental Entities, (iv) the Purchaser will execute, acknowledge and deliver to the Seller an Assignment and Assumption Agreement (the "**Assumption Agreement**") in the form attached to this Agreement as Exhibit E, and such other instruments of assumption as the Seller and its counsel reasonably may request in form reasonably satisfactory to the Seller and the Purchaser or as required by applicable Governmental Entities, and (v) the Purchaser will deliver to the Seller the applicable portion of the Purchase Price and the Promissory Note, together with the Security Agreement, as specified in Section 2.4 and the Purchaser's share of any Taxes and recording and filing fees required to be paid by the Purchaser pursuant to Section 12.3.

(b) At the Closing, the Seller will deliver to the Purchaser all of the Purchased Assets which are capable of transfer by delivery whereupon the title thereto will pass to the Purchaser by such delivery.

(c) At the Closing, the Seller will deliver to the Purchaser the books and records referred to in Section 2.1(d) above.

**Section 4: Representations and Warranties of the Seller.** The Seller represents and warrants to the Purchaser as follows:

4.1 **Organization of the Seller.** The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California and is licensed or qualified to transact business as a foreign corporation, and is in good standing, under the laws of State of Alabama.

4.2 **Authorization of Transaction.** The Seller has full power and authority and has taken all requisite corporate action to enable it to execute and deliver this Agreement and each of the Ancillary Agreements to which it is a party and to perform its obligations hereunder and thereunder. This Agreement constitutes, and each of the Ancillary Agreements when executed and delivered by the Seller will constitute, the valid and legally binding obligation of the Seller enforceable against the Seller in accordance with their respective terms and conditions, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws now or hereafter in effect relating to creditors' and landlords' rights and general principles of equity, including commercial reasonableness, good faith and fair dealing.

4.3 **Noncontravention; Consents.** Neither the execution and delivery of this Agreement or any of the Ancillary Agreements by the Seller, nor the consummation by the Seller of the transactions contemplated hereby or thereby, will violate any provision of the Certificate of Incorporation or bylaws of the Seller or any Law to which the Seller is subject, except violations of Law which would not have a material adverse effect on the Business or Seller's ability to consummate the transactions contemplated by the Agreement. Except (i) to the extent that the effect is not materially adverse to the Business or the Seller's ability to consummate the transactions contemplated by this Agreement and (ii) consents which may be required for the assignment of certain of the Contracts, neither the execution and delivery of this Agreement or any of the Ancillary Agreements by the Seller, nor the consummation by the Seller of the transactions contemplated hereby or thereby, will constitute a violation of, constitute or create a default under or result in the creation or imposition of any Lien upon any of the Purchased Assets pursuant to any agreement or commitment to which the Seller is a party or by which the Seller or any of the Purchased Assets is bound. As of the Closing Date, the Seller will have given all required notices and obtained all material licenses, permits, consents, approvals, authorizations, and orders of Governmental Entities as are required in order to enable the Seller to perform its obligations under this Agreement and each of the Ancillary Agreements.

4.4 Tax Matters.

(a) There are no Liens (other than Permitted Liens) on any of the Purchased Assets that arose in connection with any failure or alleged failure by the Seller to pay any Tax.

(b) The Seller with respect to the Business has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor or other party.

(c) To the Seller's Knowledge, there is no dispute or claim concerning any Tax liability of the Seller with respect to the Business that constitutes an Assumed Obligation.

4.5 Title. The Seller has and will convey to the Purchaser on the Closing Date good and marketable title to all the Purchased Assets (other than the Intellectual Property, as to which representations and warranties are made pursuant to Section 4.6) free and clear of all Liens (other than Permitted Liens).

4.6 Intellectual Property. With respect to each item of Intellectual Property identified in Schedule 2.1(e) of the Disclosure Schedules, no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the Seller's Knowledge, threatened which challenges the legality, validity, enforceability, use or ownership of the item. The Seller has not received any written notice that the Seller is infringing upon the intellectual property rights of others in connection with the Business or Seller's operation of the Business.

4.7 Litigation. The Seller in connection with the Business is not (a) subject to any unsatisfied judgment, order, decree, stipulation, injunction or criminal charge or (b) a party to or, to the Seller's Knowledge, threatened to be made a party to any material, complaint, action, suit, criminal charge, proceeding, hearing or investigation of or in any court or quasi-judicial or administrative agency of any Governmental Entity. There are no judicial or administrative actions, proceedings or investigations pending or, to the Seller's Knowledge, threatened that question the validity of this Agreement or any of the Ancillary Agreements or any action taken or to be taken by the Seller in connection with this Agreement or any of the Ancillary Agreements or that, if adversely determined, would have a material adverse effect upon the Seller's ability to enter into or perform its obligations under this Agreement or any of the Ancillary Agreements to which it is a party.

4.8 Labor Relations. There are no disputes, claims or actions pending or, to the Seller's Knowledge, threatened between the Seller and any employee of the Business or any labor or other collective bargaining unit representing any employee of the Business, in each case that could reasonably be expected to result in a labor strike, slow-down or work stoppage.

4.9 Legal Compliance. Except with respect to compliance with Environmental Laws, to the Seller's Knowledge, the Seller in connection with the Business has

complied with all applicable Laws (except where the failure to comply would not have a material adverse affect on the operations or the financial condition of the Business).

4.10 Permits. To the Seller's Knowledge, the Seller holds all material Permits that are required by any Government Entity to permit it to operate the Business and the Purchased Assets as they are presently operated.

4.11 Brokers' Fees. The Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which the Purchaser could become liable or obligated.

4.12 LIMITED WARRANTIES. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION 4, THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER TO THE PURCHASER, EXPRESS, IMPLIED OR STATUTORY, CONCERNING THE PURCHASED ASSETS, THE ASSUMED OBLIGATIONS, THE FACILITY, THE BUSINESS OR ITS PROSPECTS. ANY WARRANTIES OTHER THAN THOSE EXPRESSLY PROVIDED FOR IN THIS SECTION 4, WHETHER EXPRESS, IMPLIED OR STATUTORY, WRITTEN OR ORAL, ARE HEREBY EXPRESSLY DISCLAIMED AND ALL ASSETS SOLD ARE OTHERWISE SOLD "AS IS, WHERE IS AND WITH ALL FAULTS." THE PURCHASER ACKNOWLEDGES THAT IT HAS HAD AN OPPORTUNITY TO THOROUGHLY INSPECT THE PURCHASED ASSETS. THE REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS AGREEMENT AND IN ANY CERTIFICATE DELIVERED PURSUANT TO THIS AGREEMENT WILL SURVIVE THE CLOSING FOR A PERIOD OF 24 MONTHS AFTER THE CLOSING DATE, EXCEPT THAT THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4.4 RELATING TO TAX MATTERS WILL SURVIVE THE CLOSING FOR A PERIOD EQUAL TO THE STATUTE OF LIMITATIONS FOR SUCH TAX.

Section 5: Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller as follows:

5.1 Organization of the Purchaser. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama.

5.2 Authorization of Transaction. The Purchaser has full power and authority (including all full corporate power and authority) to execute and deliver this Agreement and each of the Ancillary Agreements and to perform its obligations hereunder and thereunder. This Agreement constitutes, and each of the Ancillary Agreements when executed and delivered by the Purchaser will constitute, the valid and legally binding obligation of the Purchaser enforceable in accordance with its terms and conditions, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar Laws now or hereafter in effect relating to creditors' and landlords' rights and general principles of equity, including commercial reasonableness, good faith and fair dealing.

5.3 Noncontravention; Consents. Neither the execution and the delivery of this Agreement or any of the Ancillary Agreements by the Purchaser, nor the consummation by the Purchaser of the transactions contemplated hereby or thereby, will violate any provision of the Certificate of Incorporation or bylaws of the Purchaser or any Law to which the Purchaser is subject. Neither the execution and delivery of this Agreement or any of the Ancillary Agreements by the Purchaser, nor the consummation by the Purchaser of the transactions contemplated hereby or thereby, will constitute a violation of or constitute or create a default under, any agreement or commitment to which the Purchaser is a party or by which the Purchaser or any of its properties are bound or to which the Purchaser or any of such properties are subject. As of the Closing Date, the Purchaser will have given all required notices and obtained all licenses, Permits, consents, approvals, authorizations, and orders of Governmental Entities as are required in order to enable the Purchaser to perform its obligations under this Agreement and each of the Ancillary Agreements.

5.4 Litigation. There are no judicial or administrative actions, proceedings or investigations pending or, to the Purchaser's knowledge, threatened that question the validity of this Agreement or any of the Ancillary Agreements or any action taken or to be taken by the Purchaser in connection with this Agreement or any of the Ancillary Agreements or that, if adversely determined, would have a material adverse effect upon the Purchaser's ability to enter into or perform its obligations under this Agreement or any of the Ancillary Agreements to which it is a party.

5.5 Brokers' Fees. The Purchaser has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

5.6 Financing. The Purchaser has or will have cash resources or available financing sufficient to consummate the transactions contemplated by this Agreement.

Section 6: Pre-Closing Covenants. Between the date hereof and the Closing:

6.1 General. Each of the parties will use its best efforts to take all action and to do all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement (including satisfying the closing conditions set forth in Section 9).

6.2 Notices and Consents. The Seller will, prior to the Closing Date, give all notices to third parties and will use its reasonable efforts at its expense to obtain all third party approvals, consents, novations and waivers that are required to be obtained by the Seller in connection with the transactions contemplated by this Agreement; provided that the Seller will not be obligated hereunder to pay any consideration to the third party from whom such approval, consent, novation or waiver is requested. The Purchaser hereby agrees to cooperate with the Seller in its efforts to obtain such third party consents and where necessary will give or procure the giving of security to a contracting third party in order to obtain such approval, consent, novation or waiver.

6.3 Contracts and Commitments. The Seller in connection with the Business will not enter into any material contract or commitment or engage in any transaction, including any contract, commitment or engagement with any other division, unit or Affiliate of the Seller, or effect any change to any program, not in the usual and ordinary course of business and consistent with the past operation of the Business.

6.4 Sale of Capital Assets. Other than pursuant to this Agreement, and the sale or disposition of Excluded Assets, the Seller will not sell, transfer or otherwise dispose of any capital asset relating to the Business.

6.5 Access. The Seller will permit representatives of the Purchaser to have access at reasonable times to the Purchased Assets. The Purchaser agrees that it will use all reasonable efforts to schedule its review of such items at such times that are not disruptive to the operations of the Business.

6.6 Tax Matters. No new elections with respect to Taxes, or any changes in current elections with respect to Taxes, affecting the Assumed Obligations will be made by the Seller after the date of this Agreement without the prior written consent of the Purchaser.

6.7 Notice of Developments; Disclosure Schedules; Updating Disclosure Schedules.

(a) Each party will give prompt written notice to the other of any development affecting the ability or obligation of the parties to consummate the transactions contemplated by this Agreement or any of the Ancillary Agreements. Except as provided in Section 6.7(c), no such written notice of a development will be deemed to have amended the Disclosure Schedules, to have qualified the representations and warranties contained herein or to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such material development.

(b) Complete copies of the Disclosure Schedules referred to herein are being delivered simultaneously with the execution of this Agreement.

(c) The Seller will deliver to the Purchaser prior to the Closing Date a written update or supplement to the Disclosure Schedules reflecting events occurring and contracts and agreements from the date of this Agreement through the Closing Date. To the extent that such updated or supplemental Disclosure Schedules reflect matters or events (i) which constitute, and which are identified specifically as, Excluded Assets or Excluded Liabilities or (ii) which have occurred after the date of this Agreement in the ordinary course of business of the Business at the Facility, which do not constitute a violation of any of Seller's covenants set forth in Section 6 and which do not in the reasonable judgment of the Purchaser, represent a material adverse change in the business, financial condition, operations or results of operations of the Business at the Facility, then the Disclosure Schedules shall be deemed to be amended as of the Closing Date to include the information set forth on such updated or supplemental Disclosure Schedules. To the extent that such updated or supplemental Disclosure Schedules reflect matters or events which have occurred after the date of this Agreement and which in the reasonable

judgment of Purchaser, represent a material adverse change in the business, financial condition, operations or results of operations of the Business at the Facility, then (i) the parties will negotiate in good faith during the seven-day period immediately after delivery of the update or supplemental Disclosure Schedules to determine the consequences of such disclosures, (ii) the Disclosure Schedules will be amended only to the extent that the parties mutually agree as a result of such negotiation and (iii) the Purchaser may elect to terminate this Agreement after the expiration of such seven-day period, in which event the Seller and the Purchaser will have no liability to the other as a result of such termination.

Section 7: Post-Closing Covenants. The parties agree as follows with respect to the period following the Closing Date:

7.1 General. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, each of the parties will take such further action (including the execution and delivery of such further instruments and documents) as the other party reasonably may request, at the sole cost and expense of the requesting party (unless the requesting party is entitled to indemnification under Section 10).

7.2 Post-Closing Consents; Nonassignable Contracts.

(a) Seller shall within a reasonable time after the Closing Date file all documents required to obtain all third party approvals, novations, consents and waivers that are not obtained prior to the Closing Date and that are required in connection with the transactions contemplated by this Agreement; provided that the Seller will not be obligated hereunder to pay any consideration to the third party from whom such approval, novation, consent or waiver is required. The Purchaser hereby agrees to cooperate with the Seller in its efforts to obtain such third party consents.

(b) To the extent that any Contract is not capable of being transferred by the Seller to the Purchaser pursuant to this Agreement without the consent of a third party and such consent is not obtained prior to Closing, or if such transfer or attempted transfer would constitute a breach or a violation of any Law, nothing in this Agreement will constitute a transfer or an attempted transfer thereof.

(c) In the event that any required consent is not obtained on or prior to the Closing Date, the Seller will, subject to Section 7.2(b), use its reasonable efforts to (i) provide to the Purchaser the benefits of the applicable Contract, (ii) cooperate in any reasonable and lawful arrangement designed to provide such benefits to the Purchaser, and (iii) enforce at the request and expense of the Purchaser and for the account of the Purchaser, any rights of the Seller arising from any such Contract (including the right to elect to terminate such Contract in accordance with the terms thereof upon the request of the Purchaser).

(d) The Purchaser will perform the obligations arising under all Contracts referred to in Section 7.2(b) for the benefit of the Seller and the other party or parties thereto, except for any obligation under such Contracts that constitutes an Excluded Liability.



(e) If the Government shall refuse to novate the Government Tent Contract to Purchaser, the Seller shall enter into a subcontract (approved by the Government if necessary) whereby the Seller shall perform the Government Tent Contract as subcontractor with the Seller remaining as the prime contractor; provided, however, the subcontract shall fully incorporate the terms and conditions of the Government Tent Contract.

7.3 Tax Return Preparation; Records Retention.

(a) The Seller and the Purchaser will each provide the other party with such assistance and information (including access to books and records) as may reasonably be requested in connection with the preparation of any Tax Return, audit or other examination or judicial or administrative proceeding relating to liability for Taxes.

(b) The Purchaser will provide reasonable assistance to the Seller in connection with any Tax audits or other administrative or judicial proceedings involving the Business and affecting Tax Returns or declarations for any period all or any portion of which is prior to the Closing Date. The Purchaser will not, without the prior written consent of the Seller, or except as required by Law, initiate any contract or voluntarily enter into any agreements with, or volunteer any information to, any taxing authorities with regard to specific items on such Tax Returns or declarations.

(c) The Purchaser will, subject to Section 2.1(d), maintain all original books, records, files, documents, papers and agreements pertaining to the Purchased Assets, the Assumed Obligations or otherwise relating to the Business as conducted before the Closing Date for at least seven years following the Closing Date or such longer period as may be required by Law. Seller agrees that it will maintain all original books, records, files, documents, papers and agreements relating to any of the Purchased Assets or Assumed Obligations which are not included in the Purchased Assets for at least seven years following the Closing Date or such longer period as may be required by Law.

7.4 Signage and Labels. The Purchaser will remove the Seller's names from all exterior signs located at the Leased Real Property as soon as practicable but in any event within two months after the Closing Date. The Purchaser may use the Seller's name on finished goods inventory which constitutes part of the Purchased Assets but will change or otherwise replace the stamps and dies bearing the Seller's name as soon as reasonably practicable after the Closing Date but in any event within six months of the Closing Date. The Purchaser may not use publicly any business records described in Section 2.1(d) without first removing therefrom or obliterating all portrayals or references to any of the Seller's trade names, trademarks or service marks or other intangible property contained in such records, unless the Seller consents to such usage.

7.5 Seller's Warranty Obligations. The Purchaser will perform the work necessary to fulfill contractual warranty obligations with respect to products manufactured and sold by the Seller in connection with the Business prior to the Closing Date in an efficient and workmanlike manner from and after the Closing Date and the Seller shall pay reasonable direct costs of labor and material associated with the performance of such work by the Purchaser.

Payment by the Seller shall be made on a quarterly basis against a reasonably detailed invoice within 45 days after such invoice is received by the Seller; provided, however, the Purchaser agrees not to invoice the Seller for reimbursement under this Section 7.5 unless the aggregate amount under any invoice to be reimbursed (in respect of one or more claims) exceeds five hundred dollars (\$500.00).

Section 8: Employee Benefits.

(a) The employees accepting offers of employment from the Purchaser, if any (the “**Transferred Employees**”) shall be eligible to participate in all employee benefit plans in which similarly situated employees of the Purchaser participate.

(b) The eligibility of Transferred Employees to participate in the Purchaser’s health and life plans shall not be delayed or limited in any way by pre-existing conditions. All claims incurred with regard to any Transferred Employee before the Closing Date and which are covered under the applicable health, life or accidental death and dismemberment plans of the Seller shall be payable under the terms of the applicable plan of the Seller. All other claims incurred with regard to any Transferred Employee and which are covered under the applicable health, life or accidental death or dismemberment plans of the Purchaser shall be payable under the terms of the applicable plan of the Purchaser.

(c) For purposes of the COBRA health continuation of coverage provisions (herein referred to as the “**COBRA Provisions**”) contained in Section 4980 (f) of the Code and in Section 601 through 608 of ERISA, the Transferred Employees shall be considered to have undergone a termination of employment with the Seller. It is the understanding and intention of the Seller and the Purchaser that no group health plan maintained by the Purchaser shall constitute a successor plan to any of the Seller’s group health plans and the Purchaser is not a successor employer with respect to any of the Seller’s group health plans and the Seller is not a predecessor employer with respect to the Purchaser’s group health plans, within the meaning of the COBRA Provisions. It is the further understanding and intention of the Seller and the Purchaser, however, that the health plan coverage to be afforded to the Transferred Employees pursuant to Section 8(b) shall be coverage that, pursuant to Section 602(2)(D)(i) of ERISA, terminates any continuation coverage rights the Transferred Employees might otherwise have under the COBRA Provisions as a result of termination of employment with the Seller.

Section 9: Closing Conditions.

9.1 Conditions to Obligation of the Purchaser. The obligation of the Purchaser to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 4 will be true and correct in all material respects at and as of the Closing Date:

(b) the Seller will have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(c) there will not be any action, suit or proceeding pending or threatened before any Governmental Entity or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement or any Ancillary Agreement, or (ii) cause any of the transactions contemplated by this Agreement or any Ancillary Agreement to be rescinded following consummation;

(d) the Seller will have delivered to the Purchaser a certificate to the effect that each of the conditions specified above are satisfied in all respects;

(e) the Seller will have executed and delivered to the Purchaser the documents identified in Section 3.3.

The Purchaser may waive any condition specified in this Section 9.1 if it executes a writing so stating at or prior to the Closing.

9.2 Conditions to Obligation of the Seller. The obligation of the Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 5 will be true and correct in all material respects at and as of the Closing Date;

(b) the Purchaser will have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(c) there will not be any action, suit or proceeding pending or threatened before any Governmental Entity or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent the consummation of any of the transactions contemplated by this Agreement or any Ancillary Agreement or (ii) cause any of the transactions contemplated by this Agreement or any Ancillary Agreement to be rescinded following consummation.

(d) the Purchaser will have delivered to the Seller a certificate to the effect that each of the conditions specified above is satisfied in all respects;

(e) the Purchaser will have executed and delivered to the Seller the documents identified in Section 3.3; and

(f) the Purchaser will have delivered to the Seller the applicable portion of the Purchase Price and the Promissory Note as described in 2.4 above.

The Seller may waive any condition specified in this Section 9.2 if it executes a writing so stating at or prior to the Closing.

Section 10: Indemnification.

10.1 Indemnification for Seller's Benefit. The Purchaser shall indemnify, defend and hold the Seller harmless from and against the entirety of any action, claim, liability, damage, loss, fine, penalty, judgment, interest, encumbrance, cost or expense (including, without limitation, reasonable attorneys' fees and disbursements and investigative costs) (collectively "Losses") suffered by the Seller or any of its Affiliates, or any of their respective directors, officers, employees, agents or representatives, to the extent such Losses result from, arise out of or are caused by (i) a breach of the Purchaser's representations, warranties or covenants contained in this Agreement, (ii) any Assumed Obligations, or (iii) the operation of the Business or use of the Purchased Assets on or after the Closing Date, including Losses under CERCLA.

10.2 Indemnification for the Purchaser's Benefit. The Seller shall indemnify, defend and hold the Purchaser harmless from and against the entirety of any Losses (including, without limitation, investigative costs and reasonable attorneys' fees and disbursements for counsel of the Seller's choosing) suffered by the Purchaser or any of its Affiliates, or any of their respective directors, officers, employees, agents or representatives, to the extent such Losses result from, arise out of or are caused by (i) a breach of the Seller's representations, warranties or covenants contained in this Agreement or (ii) any Excluded Liabilities; provided, however, this Section 10.2 shall terminate in all respects on the earlier to occur of (1) an Event of Default under the Promissory Note and (2) the second anniversary of the Closing Date. In no event shall the Seller's indemnification obligations under this Agreement exceed the aggregate Purchase Price paid to the Seller.

10.3 Indemnification Limitations. Neither party hereto will be liable to the other hereunder for any punitive or consequential incidental damages (including loss of revenue or income, business interruption, cost of capital or loss of business reputation or opportunity) relating to any claim for which either such party may be entitled to recover under this Agreement (other than indemnification of amounts paid or payable to third parties in respect of any third party claim for which indemnification hereunder is required).

Section 11: Termination.

11.1 Termination of Agreement. The parties may terminate this Agreement as provided below:

(a) the parties may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) the Purchaser may terminate this Agreement by giving written notice to the Seller at any time prior to the Closing if the Closing has not occurred on or before August 31, 1999, by reason of the failure of any closing condition under Section 9.1 (unless the failure results primarily from the Purchaser itself breaching any representation, warranty or covenant contained in this Agreement, or unless an extension is mutually agreeable to the Seller and the Purchaser); and

(c) the Seller may terminate this Agreement by giving written notice to the Purchaser at any time prior to the Closing if the Closing has not occurred on or before August 31, 1999, by reason of the failure of any closing condition under Section 9.2 (unless the failure results primarily from the Seller itself breaching any representation, warranty or covenant contained in this Agreement, or unless an extension is mutually agreeable to the Seller and the Purchaser).

11.2 Effect of Termination. If any party terminates this Agreement pursuant to Section 11.1, all obligations of the parties hereunder will terminate without liability of any party to the other party (except for any liability of any party then in breach); provided that the provisions of Sections 12.1 and 12.3 of this Agreement and the Confidentiality Agreement will survive termination and remain in full force and effect thereafter.

Section 12: Miscellaneous.

12.1 Press Releases and Announcements. Neither party will issue any press release or announcement relating to the subject matter of this Agreement prior to the Closing Date without the prior approval of the other party; provided that any party may make any public disclosure it believes in good faith is required by Law or the rules of any national securities exchange or any automated inter-dealer quotation system on which the securities of either party (or any Affiliate thereof) are listed or admitted for trading (in which case the disclosing party will advise the other party at least one business day prior to making such disclosure).

12.2 Proration of Expenses and Prepaid Items. All accrued expenses and prepaid items associated with the Purchased Assets, such as deposits, advance payments, electricity, gas, water, sewer, telephone, property taxes, security services and similar items, shall be prorated between Purchaser and Seller as of the Closing Date.

12.3 Expenses; Transfer Taxes. Each of the parties hereto will bear all legal, accounting, investment banking and other expenses incurred by it or on its behalf in connection with the transactions contemplated by this Agreement, whether or not such transactions are consummated. The Purchaser will pay and hold the Seller harmless from payment of all sales, use, transfer and documentary taxes applicable to the transfer of the Purchased Assets to the Purchaser.

12.4 Consent to Amendments. The provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Seller and the Purchaser. No other course of dealing between the parties to this Agreement or any delay in exercising any rights hereunder will operate as a waiver of any rights of such parties.

12.5 Successors and Assigns. No party hereto may assign or delegate any of such party's rights or obligations under or in connection with this Agreement without the written consent of the other party hereto, except that Seller may assign this Agreement to any Person that succeeds ownership of Seller's assets and liabilities, including as a result of the proposed spinoff of the aerospace and electronics segment of Allegheny Teledyne Incorporated. Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement

by or on behalf of any of the parties hereto will be binding upon and enforceable against the respective successors and assigns of such party and will be enforceable by and will inure to the benefit of the respective successors and permitted assigns of such party.

12.6 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 of invalidity, without invalidating the remainder of this Agreement.

12.7 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same Agreement.

12.8 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

12.9 Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when delivered personally to the recipient or when sent to the recipient by telecopy (receipt confirmed), one business day after the date when sent to the recipient by reputable express courier service (charges prepaid) or two business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications will be sent to the Purchaser and the Seller at the respective address indicated below:

If to the Purchaser:

AC, Inc.  
P.O. Box 17069  
Huntsville, AL 35810-7069  
Attention: George Smith, Secretary/Treasurer  
Phone: (256) 851-9020  
Facsimile: (256) 851-9025

If to the Seller:

Teledyne Industries, Inc.  
c/o Allegheny Teledyne Incorporated  
1000 Six PPG Place  
Pittsburgh, Pennsylvania 15222  
Attention: Jon D. Walton  
Senior Vice President, General Counsel  
and Secretary  
Phone: (412) 394-2836

12.10 No Third-Party Beneficiaries. This Agreement will not confer any rights or remedies upon any Person other than the parties hereto and their respective successors and permitted assigns.

12.11 Entire Agreement. This Agreement, and the documents referred to in it, constitute the entire Agreement and understanding of the parties and supersede any previous agreement between the parties relating to the subject matter of this Agreement.

12.12 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rule of strict construction will be applied against any party. The use of the word “including” in this Agreement means “including without limitation” and is intended by the parties to be by way of example rather than limitation.

12.13 Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

12.14 Bulk Transfer Laws. The Purchaser acknowledges that the Seller will not comply with the provisions of any bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

12.15 WARN Act. The Purchaser represents and warrants to the Seller that the Purchaser will continue to operate the Business for the period immediately following the Closing Date and the Purchaser will be solely liable for any and all obligations and liabilities arising under the WARN Act with respect to consummation of the transactions contemplated by this Agreement. The Purchaser shall comply with all requirements of the WARN Act in connection with any discharge or lay off of Employees employed in the Business effected after the Closing Date.

12.16 Governing Law. WITH RESPECT TO THE SELLER AND THE PURCHASER, ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY AND INTERPRETATION OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES HERETO WILL BE GOVERNED BY THE INTERNAL LAW, AND NOT THE LAW OF CONFLICTS, OF THE STATE OF ALABAMA.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement on the date first written above.

**TELEDYNE INDUSTRIES, INC.**

By: John R. Reimers

Name: John R. Reimers

Title: Vice President, Operations & Administration

**AC, INC.**

By: John R. Riche

Name: John R. Riche

Title: President



## List of Exhibits

- Exhibit A: Secured Promissory Note
- Exhibit B: Security Agreement
- Exhibit C: Bill of Sale
- Exhibit D: Assignment Agreement For Intellectual Property
- Exhibit E: Assignment and Assumption Agreement

## List of Schedules

- Schedule 1.2: Permitted Liens
- Schedule 2.1(a): Property, Plant and Equipment
- Schedule 2.1(e): Intellectual Property
- Schedule 2.2(b): Leased Real Property
- Schedule 2.3(a)(i): Assumed Contracts

**Schedule 1.2: Permitted Liens**

None.

## **Schedule 2.1(a): Property, Plant and Equipment**

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Teledyne Brown

DEPRECIATION EXPENSE REPORT

for State Books FY = 12

as of 04/99

SYS No	In Svc Date	Acquired Value	Dep Meth	P Est T Life	Salvage/ Sect 179	Depreciable Basis	Thru Date	Prior Accum Depreciation	Depreciation This Run	Current Year to Date	Curr Accum Depreciation	Key
005750	03/24/98	4100.00	MF200	P 07 00	0.00	4100.00	12/98	586.30	334.64	334.64	920.94	
ACCU PLOT PLOTTER UPGRADE												
Count=	1	-----										
COST CENTER		GG21										
		4100.00			0.00	4100.00		586.30	334.64	334.64	920.94	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
Net		4100.00			0.00	4100.00		586.30	334.64	334.64	920.94	
Count=	1	-----										
Asset G/L acct no:		2203										
		4100.00			0.00	4100.00		586.30	334.64	334.64	920.94	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
Net		4100.00			0.00	4100.00		586.30	334.64	334.64	920.94	
005801	01/14/98	2656.00	MF200	P 05 00	0.00	2656.00	12/98	531.20	283.31	283.31	814.51	
COMPUTER G5-233 W/21" MONITOR												
Count=	1	-----										
COST CENTER		G001										
		2656.00			0.00	2656.00		531.20	283.31	283.31	814.51	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
Net		2656.00			0.00	2656.00		531.20	283.31	283.31	814.51	
Count=	1	-----										
Asset G/L acct no:		2205										
		2656.00			0.00	2656.00		531.20	283.31	283.31	814.51	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
Net		2656.00			0.00	2656.00		531.20	283.31	283.31	814.51	
005843	07/15/87	2595.00	MF200	P 07 00	0.00	2595.00	12/98	2595.00	0.00	0.00	2595.00	s
7500 EGM W/7501 STORAGE UNIT												
005844	07/15/87	2195.00	MF200	P 07 00	0.00	2195.00	12/98	2195.00	0.00	0.00	2195.00	s
7410 LETTERING SYSTEM PRINTING DISC												
Count=	2	-----										
COST CENTER		G001										
		4790.00			0.00	4790.00		4790.00	0.00	0.00	4790.00	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	

9: m

Teledyne Brown

DEPRECIATION EXPENSE REPORT

for State Books FY = 12

as of 04/99

SYS No	In Svc Date	Acquired Value	Dep Meth	P Est T Life	Salvage/ Sect 179	Depreciable Basis	Thru Date	Prior Accum Depreciation	Depreciation This Run	Current Year to Date	Curr Accum Depreciation	Key
Net		4790.00			0.00	4790.00		4790.00	0.00	0.00	4790.00	
Count=	2											
Asset G/L acct no:	2210	4790.00			0.00	4790.00		4790.00	0.00	0.00	4790.00	
Less disposals and transfers		0.00			0.00	0.00		0.00			0.00	
Net		4790.00			0.00	4790.00		4790.00	0.00	0.00	4790.00	
002459	05/15/91	2155.00	MF200	P 07 00	0.00	2155.00	12/98	2155.00	0.00	0.00	2155.00	s
Count=	1											
COST CENTER	GG21	2155.00			0.00	2155.00		2155.00	0.00	0.00	2155.00	
Less disposals and transfers		0.00			0.00	0.00		0.00			0.00	
Net		2155.00			0.00	2155.00		2155.00	0.00	0.00	2155.00	
Count=	1											
Asset G/L acct no:	2212	2155.00			0.00	2155.00		2155.00	0.00	0.00	2155.00	
Less disposals and transfers		0.00			0.00	0.00		0.00			0.00	
Net		2155.00			0.00	2155.00		2155.00	0.00	0.00	2155.00	
002361	10/15/89	1798.00	MF200	P 07 00	0.00	1798.00	12/97	1798.00	0.00	0.00	1798.00	s
002362	12/15/89	6876.00	MF200	P 07 00	0.00	6876.00	12/97	6876.00	0.00	0.00	6876.00	s
002363	12/15/89	7069.00	MF200	P 07 00	0.00	7069.00	12/97	7069.00	0.00	0.00	7069.00	s
002364	04/15/90	3960.00	MF200	P 07 00	0.00	3960.00	12/97	3960.00	0.00	0.00	3960.00	s
002365	02/15/90	2687.00	MF200	P 07 00	0.00	2687.00	12/97	2687.00	0.00	0.00	2687.00	s
002366	02/15/90	2687.00	MF200	P 07 00	0.00	2687.00	12/97	2687.00	0.00	0.00	2687.00	s
002371	03/15/91	33373.00	MF200	P 07 00	0.00	33373.00	12/98	33373.00	0.00	0.00	33373.00	s
002372	08/15/93	13250.00	MF200	P 07 00	0.00	13250.00	12/98	11476.18	394.18	394.18	11870.36	s
002373	08/15/93	13250.00	MF200	P 07 00	0.00	13250.00	12/98	11476.18	394.18	394.18	11870.36	s



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		326915.00			0.00	326915.00		290915.92	7986.70	7986.70	298902.62	
		Less disposals and transfers										
		0.00			0.00	0.00		0.00			0.00	
Net		326915.00			0.00	326915.00		290915.92	7986.70	7986.70	298902.62	
002411	11/15/87	17500.00	MF200	P 07 00	0.00	17500.00	08/94	17500.00	0.00	0.00	17500.00	s
		MARK-MODEL M20T										
002412	05/15/88	2300.00	MF200	P 07 00	0.00	2300.00	12/95	2300.00	0.00	0.00	2300.00	s
		JENNY BRAND STREAM CLEANER/WASHER										
002413	12/15/90	2334.40	MF200	P 07 00	0.00	2334.40	12/97	2334.40	0.00	0.00	2334.40	s
		MILLER BRAND GAS PWRD PORT WEL DER										
	Count= 3	-----										
	COST CENTER	GG03	-----									
		22134.40			0.00	22134.40		22134.40	0.00	0.00	22134.40	
		Less disposals and transfers										
		0.00			0.00	0.00		0.00			0.00	
Net		22134.40			0.00	22134.40		22134.40	0.00	0.00	22134.40	
002448	09/15/88	3000.00	MF200	P 07 00	0.00	3000.00	12/95	3000.00	0.00	0.00	3000.00	s
		JUKI SEWING MACHINE MS191										
002449	09/15/88	2258.00	MF200	P 07 00	0.00	2258.00	12/95	2258.00	0.00	0.00	2258.00	s
		JUKI SEWING MACHINE MS191										
002450	07/15/88	3960.00	MF200	P 07 00	0.00	3960.00	12/95	3960.00	0.00	0.00	3960.00	s
		JUKI LK980 LOCKSTITCH SEWING MACHINE										
002451	07/15/88	3960.00	MF200	P 07 00	0.00	3960.00	12/95	3960.00	0.00	0.00	3960.00	s
		JUKI LK980 LOCKSTITCH SEWING MACHINE										
002452	07/15/88	4040.00	MF200	P 07 00	0.00	4040.00	12/95	4040.00	0.00	0.00	4040.00	s
		JUKI DOUBLE NEEDLE SEWING MACHINE										
002453	07/15/88	2783.00	MF200	P 07 00	0.00	2783.00	12/95	2783.00	0.00	0.00	2783.00	s
		JUKI SINGLE NEEDLE SEWING MACHINE										
002454	07/15/88	2783.00	MF200	P 07 00	0.00	2783.00	12/95	2783.00	0.00	0.00	2783.00	s
		JUKI SINGLE NEEDLE SEWING MACHINE										
002455	07/15/88	4333.00	MF200	P 07 00	0.00	4333.00	12/95	4333.00	0.00	0.00	4333.00	s
		JUKI LK980 TACKER SEWING MACHINE										
002456	07/15/88	4333.00	MF200	P 07 00	0.00	4333.00	12/95	4333.00	0.00	0.00	4333.00	s
		JUKI LK980 TACKER SEWING MACHINE										
002457	07/15/88	2500.00	MF200	P 07 00	0.00	2500.00	12/95	2500.00	0.00	0.00	2500.00	s
		JUKI STITCH BAR TACK SEWING MACHINE										
002458	06/15/89	10200.00	MF200	P 07 00	0.00	10200.00	12/97	10200.00	0.00	0.00	10200.00	s
		PANEL JOINING SEALER										
002460	02/15/91	14269.50	MF200	P 07 00	0.00	14269.50	12/98	14269.50	0.00	0.00	14269.50	s
		ACE STRIP CUTTING MACHINE										
002461	04/15/92	12890.00	MF200	P 07 00	0.00	12890.00	12/98	12314.79	383.47	383.47	12698.26	s
		MODEL 1011 INSTRON UNIVERSAL TESTING										











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002557	07/10/94	2307.00	MF200	P 07 00	0.00	2307.00	12/98	1792.26	68.63	68.63	1860.89	s
JUKI SINGLE NEEDLE STANDARD MACHINE												
002558	07/10/94	10547.00	MF200	P 07 00	0.00	10547.00	12/98	8193.74	313.77	313.77	8507.51	s
JUKI SINGLE NEEDLE ULTRA HEAVY DUTY LOCKST												
002559	07/10/94	10547.00	MF200	P 07 00	0.00	10547.00	12/98	8193.74	313.77	313.77	8507.51	s
JUKI SINGLE NEEDLE ULTRA HEAVY DUTY LOCKST												
002560	07/10/94	10547.00	MF200	P 07 00	0.00	10547.00	12/98	8193.74	313.77	313.77	8507.51	s
JUKI SINGLE NEEDLE ULTRA HEAVY DUTY LOCKST												
002561	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 1 3/4 GAUGE ULTRA HEAVY												
002562	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 1 3/4 GAUGE ULTRA HEAVY												
002563	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 3/4 GAUGE ULTRA HEAVY												
002564	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 3/4 GAUGE ULTRA HEAVY												
002565	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 3/4 GAUGE ULTRA HEAVY												
002566	07/10/94	11900.00	MF200	P 07 00	0.00	11900.00	12/98	9244.86	354.02	354.02	9598.88	s
JUKI DOUBLE NEEDLE 3/8 GAUGE ULTRA HEAVY												
002567	07/10/94	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5861.55	224.46	224.46	6086.01	s
MITSUBISHI DOUBLE NEEDLE 1 3/4 GAUGE MACH												
002568	07/10/94	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5861.55	224.46	224.46	6086.01	s
MITSUBISHI DOUBLE NEEDLE 1 3/4 GAUGE MACH												
002569	07/10/94	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5861.55	224.46	224.46	6086.01	s
MITSUBISHI DOUBLE NEEDLE 1 3/4 GAUGE MACH												
002570	07/10/94	8304.00	MF200	P 07 00	0.00	8304.00	12/98	6451.20	247.04	247.04	6698.24	s
BROTHER W/CLAMP & UP -ARM TACKER												
002571	07/10/94	10537.00	MF200	P 07 00	0.00	10537.00	12/98	8185.97	313.47	313.47	8499.44	s
BROTHER TACKER												
002572	07/10/94	9317.70	MF200	P 07 00	0.00	9317.70	12/98	7238.72	277.20	277.20	7515.92	s
488 DOUBLE ACTION POWER MACHINE												
002573	07/10/94	7915.50	MF200	P 07 00	0.00	7915.50	12/98	6149.39	235.48	235.48	6384.87	s
600 POWER MACHINE W/AUTO DUAL FEED TABLE												
002574	07/10/94	9317.70	MF200	P 07 00	0.00	9317.70	12/98	7238.72	277.20	277.20	7515.92	s
488 DOUBLE ACTION POWER MACHINE												
002575	07/10/94	9317.70	MF200	P 07 00	0.00	9317.70	12/98	7238.72	277.20	277.20	7515.92	s
488 DOUBLE ACTION POWER MACHINE												
002576	07/10/94	7915.50	MF200	P 07 00	0.00	7915.50	12/98	6149.39	235.48	235.48	6384.87	s
600 POWER MACHINE W/AUTO DUAL FEED TABLE												
002577	07/10/94	4600.00	MF200	P 07 00	0.00	4600.00	12/98	3573.64	136.85	136.85	3710.49	s
CONSEW 745R30 DOUBLE NEEDLE 1 1/4 GAUGE												
002578	07/10/94	4600.00	MF200	P 07 00	0.00	4600.00	12/98	3573.64	136.85	136.85	3710.49	s
CONSEW 745R30 DOUBLE NEEDLE 3/4 GAUGE												
002579	07/10/94	59842.00	MF200	P 07 00	0.00	59842.00	12/98	46489.98	1780.27	1780.27	48270.25	s
NEIBUHR 500/1100LB 66 AUTO SPREADER												













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004896	02/01/95	9761.00	MF200	P 07 00	0.00	9761.00	12/98	6711.96	290.39	290.39	7002.35	
		JUKI LG158-3/8" EXTRA HEAVY DUTY SEWING MACHINE										
004897	02/01/95	9761.00	MF200	P 07 00	0.00	9761.00	12/98	6711.96	290.39	290.39	7002.35	
		JUKI LG158-3/8" EXTRA HEAVY DUTY SEWING MACHINE										
004898	02/01/95	9761.00	MF200	P 07 00	0.00	9761.00	12/98	6711.96	290.39	290.39	7002.35	
		JUKI LG158-3/8" EXTRA HEAVY DUTY SEWING MACHINE										
004899	02/01/95	9761.00	MF200	P 07 00	0.00	9761.00	12/98	6711.96	290.39	290.39	7002.35	
		JUKI LG158-3/8" EXTRA HEAVY DUTY SEWING MACHINE										
004900	02/01/95	4843.00	MF200	P 07 00	0.00	4843.00	12/98	3330.19	144.08	144.08	3474.27	
		MITSUBISHI LU2-4410BIT SINGLE NEEDLE SEWING MACHINE										
004901	02/01/95	4843.00	MF200	P 07 00	0.00	4843.00	12/98	3330.19	144.08	144.08	3474.27	
		MITSUBISHI LU2-4410BIT SINGLE NEEDLE SEWING MACHINE										
004902	11/01/95	700.00	MF200	P 07 00	0.00	700.00	12/98	481.34	20.83	20.83	502.17	
		TAX ON MACHINES										
004903	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004904	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004905	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004906	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004907	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004908	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004909	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004910	02/01/95	7545.00	MF200	P 07 00	0.00	7545.00	12/98	5188.17	224.46	224.46	5412.63	
		MITSUBISHI LU2-4430BIT 1 3/4" 2 NEEDLE SEWING MACHINE										
004911	04/01/95	8000.00	MF200	P 07 00	0.00	8000.00	12/98	5501.04	238.00	238.00	5739.04	
		FORKLIFT CLARK MODEL GCX25										
004912	04/01/95	9875.00	MF200	P 07 00	0.00	9875.00	12/98	6790.35	293.78	293.78	7084.13	
		FORKLIFT CLARK MODEL SC30										
004913	02/01/95	8000.00	MF200	P 07 00	0.00	8000.00	12/98	5501.04	238.00	238.00	5739.04	
		FORKLIFT CLARK MODEL GCX25										
005079	08/01/96	4525.00	abcUS	P 08 00	0.00	4525.00	12/98	1292.88	215.48	215.48	1508.36	
		MITSUBISHI LU2-4410 BIT SEWING MACHINE										
005329	07/07/97	29700.00	MF200	P 07 00	0.00	29700.00	12/98	11516.33	1731.78	1731.78	13248.11	
		MICRO MARK 250V PLOTTER SYSTEM										
Count= 263 -----												
COST CENTER GG21												
		2041193.49			0.00	2041193.49		1575185.06	59915.92	59915.92	1635100.98	
		: disposals and transfers										
		0.00			0.00	0.00		0.00			0.00	
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Net		2041193.49			0.00	2041193.49		1575185.06	59915.92	59915.92	1635100.98	
002674	07/10/94	1801.67	MF200	P 07 00	0.00	1801.67	12/98	1399.68	53.60	53.60	1453.28	s
FLUKE SCOPEMETER												
Count=	1	-----										
COST CENTER	GG41	-----										
	1801.67	0.00	1801.67	1399.68	53.60	53.60	1453.28					
Less disposals and transfers												
	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Net		1801.67			0.00	1801.67		1399.68	53.60	53.60	1453.28	
Count=	298	-----										
Asset G/L acct no:	2213	-----										
	2392044.56	0.00	2392044.56	1889635.06	67956.22	67956.22	1957591.28					
Less disposals and transfers												
	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Net		2392044.56			0.00	2392044.56		1889635.06	67956.22	67956.22	1957591.28	
002405	07/10/94	6486.75	MF200	P 05 00	0.00	6486.75	12/98	6113.11	249.09	249.09	6362.20	s
XEROX 2515 COPIER & STARTER KIT												
Count=	1	-----										
COST CENTER	G001	-----										
	6486.75	0.00	6486.75	6113.11	249.09	249.09	6362.20					
Less disposals and transfers												
	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Net		6486.75			0.00	6486.75		6113.11	249.09	249.09	6362.20	
Count=	1	-----										
Asset G/L acct no:	2214	-----										
	6486.75	0.00	6486.75	6113.11	249.09	249.09	6362.20					
Less disposals and transfers												
	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Net		6486.75			0.00	6486.75		6113.11	249.09	249.09	6362.20	
002358	08/15/93	2715.75	MF200	P 05 00	0.00	2715.75	12/98	2715.75	0.00	0.00	2715.75	s
CISCO 2000 1BIT MULTIPROTOCOL ROUTER												
002367	05/15/90	2968.00	MF200	P 05 00	0.00	2968.00	12/95	2968.00	0.00	0.00	2968.00	s
LASER WRITER IINT W/TONER												
002368	05/15/90	1317.00	MF200	P 05 00	0.00	1317.00	12/95	1317.00	0.00	0.00	1317.00	s
EXT KYBD COLOR MONITOR V CARD												
002369	06/15/90	1614.00	MF200	P 05 00	0.00	1614.00	12/95	1614.00	0.00	0.00	1614.00	s
MACINTOSH SE W/1.4MB DRIVES												



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002410	06/15/78	14251.00	SIMHY	P 03 00	712.55	13538.45	12/93	13538.45	0.00	0.00	13538.45	r
CASE 480C LOADER VEHICLE												
Count= 3 -----												
COST CENTER G201												
		64793.00			3239.65	61553.35		61553.35	0.00	0.00	61553.35	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
-----												
Net		64793.00			3239.65	61553.35		61553.35	0.00	0.00	61553.35	
Count= 3 -----												
Asset G/L acct no: 2217												
		64793.00			3239.65	61553.35		61553.35	0.00	0.00	61553.35	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
-----												
Net		64793.00			3239.65	61553.35		61553.35	0.00	0.00	61553.35	
002400	09/15/93	1538.50	swCUS	P 05 00	0.00	1538.50	11/98	1538.50	0.00	0.00	1538.50	
MATERIALS MANAGEMENT ANALYSIS MODULE												
002400	09/15/93	1923.54	swCUS	P 05 00	0.00	1923.54	11/98	1923.54	0.00	0.00	1923.54	
AUTOMATIC OPERATOR MODULE												
002401	03/15/93	1850.00	swCUS	P 05 00	0.00	1850.00	11/98	1850.00	0.00	0.00	1850.00	
NOVELL 3.11 USER NETWORK SOFTWARE												
002402	06/15/93	16841.35	swCUS	P 05 00	0.00	16841.35	11/98	16841.35	0.00	0.00	16841.35	
FOURTH SHIFT SOFTWARE VERSION 4.0												
002403	07/15/93	12627.30	swCUS	P 05 00	0.00	12627.30	11/98	12627.30	0.00	0.00	12627.30	
FOURTH SHIFT SOFTWARE												
005046	05/01/95	2485.00	swCUS	P 05 00	0.00	2485.00	12/98	1988.00	165.67	165.67	2153.67	
UPGRADE SOFTWARE TO MORE USERS FOURTH SHIFT												
Count= 6 -----												
COST CENTER G001												
		37265.69			0.00	37265.69		36768.69	165.67	165.67	36934.36	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
-----												
Net		37265.69			0.00	37265.69		36768.69	165.67	165.67	36934.36	
Count= 6 -----												
Asset G/L acct no: 2702												
		37265.69			0.00	37265.69		36768.69	165.67	165.67	36934.36	
Less disposals and transfers												
		0.00			0.00	0.00		0.00			0.00	
-----												
Net		37265.69			0.00	37265.69		36768.69	165.67	165.67	36934.36	

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SYS No	In Svc Date	Acquired Value	Dep Meth	P Est T Life	Salvage/ Sect 179	Depreciable Basis	Thru Date	Prior Accum Depreciation	Depreciation This Run	Current Year to Date	Curr Accum Depreciation	Key
Count=		330										
Grand Total		2579153.75			3239.65	2575914.10		2061070.48	70320.39	70320.39	2131390.87	
Less disposals and transfers		0.00			0.00	0.00		0.00			0.00	
Net		2579153.75			3239.65	2575914.10		2061070.48	70320.39	70320.39	2131390.87	

Teledyne Brown

DEPRECIATION EXPENSE REPORT

for State Books FY - 12

as of 04/99

SYS No	In Svc Date	Acquired Value	Dep Meth	P Est T Life	Salvage/ Sect 179	Depreciable Basis	Thru Date	Prior Accum Depreciation	Depreciation This Run	Current Year to Date	Curr Accum Depreciation	Key
Count=		330										
Grand Total		2579153.75			3239.65	2575914.10		2061070.48	70320.39	70320.39	2131390.87	
Less disposals and transfers		0.00			0.00	0.00		0.00			0.00	
Net		2579153.75			3239.65	2575914.10		2061070.48	70320.39	70320.39	2131390.87	

Fully Depreciated Items

1994 Oldsmobile Cutlass Sierra VIN 1G3AG55M3R6422072

1995 1 Ton G30 Chevy Van VIN 1GN6G35K7SF155495

# **Schedule 2.1(e): Intellectual Property**



**UNITED STATES TRADEMARK**

**Registration Number**

1,893,483

**Registration Date**

May 9, 1995

**Mark**

Bushy Ridge

**Schedule 2.2(b): Leased Real Property**

00713

STATE OF ALABAMA )  
COUNTY OF CLARKE )

Deed Tax \$       
Mtg Tax \$       
Mri Tax \$       
J. Fee \$ 10.00

STATUTORY WARRANTY DEED BY CORPORATION

KNOW ALL MEN BY THESE PRESENTS, That in consideration for the sum of Ten and 00/100 (\$10.00) Dollars, and other good and valuable considerations paid to the undersigned **Teledyne Industries, Inc., a California corporation (Grantor)**, in hand paid by **The Industrial Development Board of Clarke County, an Alabama public corporation (Grantee)**, the receipt of which is hereby acknowledged, said Grantor does hereby give, grant, bargain, sell and convey unto the said Grantee the following described real estate, situated in Clarke County, Alabama, to-wit:

All that part of SW ¼ of NW ¼ which lies East of U.S. Highway 43 in Section 25; also, all that part of SE ¼ of NE ¼ of Section 26 which lies East of Highway 43, containing 34.4 acres, more or less;

All in Township 8 North, Range 2 East

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Right-of-way granted to Clarke County from Sally M. Finch and W. D. Finch, dated January 15, 1938, and recorded in Record Book 268 at Page 64.
2. Right-of-way granted to Clarke County from W. D. Finch and Sally M. Finch, dated May 21, 1934, and recorded in Record Book 252 at Page 501.
3. Right-of-way granted to Clark-Washington Electric Membership Corporation from Sally M. Finch and W. D. Finch, dated May 10, 1937, and recorded in Record Book 253 at Page 430.
4. Warranty deed from Dumas Bros. Mfg. Co., Inc. to the State of Alabama, dated June 27, 1968, and recorded in Record Book 515 at Page 439. (Right-of-way)

1135 000209

**Schedule 2.3(a)(i): Assumed Contracts**

SPO100-99-C-6004

SPO100-99-M-NA20

SECURED PROMISSORY NOTE

US \$330,183

Huntsville, Alabama  
July 30, 1999

FOR VALUE RECEIVED, the undersigned, AC, Inc., an Alabama corporation (“**Maker**”), hereby promises to pay to the order of Teledyne Industries, Inc., a California corporation (“**Payee**”), at the offices of Allegheny Teledyne Incorporated, 1000 Six PPG Place, Pittsburgh, Pennsylvania 15222, or at such other location as Payee may designate, the principal sum of Three Hundred Thirty Thousand One Hundred Eighty Three Dollars (US \$330,183), in the manner set forth herein.

Maker shall pay the principal balance, in five installments of Seventy Thousand Dollars (US \$70,000), Seventy Thousand Dollars (US \$70,000), Seventy Thousand Dollars (US \$70,000), Seventy Thousand Dollars (US \$70,000) and Fifty Thousand One Hundred Eighty Three Dollars (US \$50,183), on January 30, 2000, July 30, 2000, January 30, 2001, July 30, 2001 and January 30, 2002, respectively. All payments made under this Secured Promissory Note shall be made without deduction whatsoever, including without limitation, deduction for any setoff, recoupment or counterclaim. This Secured Promissory Note may be prepaid, in full or in part, without penalty or premium. All payments under this Secured Promissory Note shall be in immediately available U.S. funds.

Unless otherwise defined in this Secured Promissory Note, capitalized terms used in this Secured Promissory Note shall have the same meaning as in the Asset Purchase and Sale Agreement dated as of July 29, 1999 by and between Payee and Maker (the “**Asset Purchase Agreement**”).

Notwithstanding anything in this Secured Promissory Note to the contrary, if Maker sells or transfers all or substantially all of the assets of Maker’s business, via asset sale, stock sale, merger or otherwise (a “**Sale**”), the outstanding principal balance of this Secured Promissory Note and any accrued interest and other amounts due under this Secured Promissory Note shall be due and paid in full at the closing of the Sale. Maker shall give Payee written notice of a Sale at least ten (10) business days prior to the closing of the Sale, together with a statement of the total amount due to Payee in connection with the Sale.

Maker acknowledges that all of its obligations hereunder are secured by a Security Agreement of even date herewith executed by Maker in favor of Payee (the “**Security Agreement**”), which is being delivered to Payee herewith.

The occurrence of any of the following events shall be deemed to be an “**Event of Default**” under this Secured Promissory Note: (1) the nonpayment of any principal or other indebtedness under this Secured Promissory Note within five (5) days of its due date; (2) the

occurrence of any Event of Default as defined in the Security Agreement; (3) a breach of the representations, warranties, covenants and agreements made by the Maker and Payee under the Asset Purchase Agreement which breach is not cured within 30 days after the occurrence of such breach; (4) the filing by Maker of any voluntary or involuntary proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation or similar proceeding, or any assignment by Maker for the benefit of creditors, or the institution of any levy, garnishment, attachment or similar proceeding against any property of Maker; (5) a default with respect to any other indebtedness of Maker for borrowed money in the amount of Fifty Thousand Dollars (US \$50,000) or more, if the effect of such default is to cause or permit the acceleration of such debt; or (6) the entry of any final judgment against the Maker in the amount of Fifty Thousand Dollars (US \$50,000) and the failure of Maker to discharge the judgment within thirty (30) days after the entry thereof.

If any Event of Default occurs, the outstanding principal balance of this Secured Promissory Note shall bear interest at a rate of fifteen percent (15%) per annum (based on a year of 365 days and actual days elapsed) (the “**Default Rate**”) from the date that payment was due if the Event of Default is a payment default under this Secured Promissory Note, otherwise the Default Rate shall commence on the date of the Event of Default. If any Event of Default specified in clause (4) of the preceding paragraph shall occur, the outstanding principal balance and accrued interest hereunder shall be immediately due and payable without demand or notice of any kind and Payee may, without demand or notice of any kind to Maker other than as required by applicable law, exercise all rights, powers and privileges under the Security Agreement and any of the rights and remedies under applicable law or in equity. If any Event of Default specified in clause (1) of the preceding paragraph shall occur and such defaulted payment is not paid within thirty (30) days of its due date, or if any Event of Default specified in clauses (2), (5) or (6) of the preceding paragraph shall occur, the outstanding principal balance and accrued interest hereunder, at the option of Payee and without demand or notice of any kind other than as required by applicable law, may be accelerated and become immediately due and payable and Payee may, without demand or notice of any kind other than as required by applicable law to Maker, exercise all of its rights, powers and privileges under the Security Agreement; and Payee may exercise from time to time any of the rights and remedies available under applicable law or in equity. If any Event of Default specified in clause (3) of the preceding paragraph shall occur, the outstanding principal balance and accrued interest hereunder, at the option of the Payee upon thirty (30) days’ prior written notice to the Maker (which notice shall specify the nature of the Event of Default), may be accelerated and become due and payable. During such 30-day time period the Maker shall have the opportunity to cure such Event of Default, and if such Event of Default is not cured within such 30-day time period, the outstanding principal balance and accrued interest will become due and payable on the 31st day after notice, and Payee may, without demand or notice of any kind other than as required by applicable law to Maker, exercise all of its rights, powers and privileges under the Security Agreement and from time to time exercise any of the rights and remedies.

Interest on the debt evidenced by this Secured Promissory Note shall not exceed the maximum amount of non-usurious interest that may be contracted for, taken, reserved, charged

or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded.

No right or omission of Payee to exercise any right or power arising hereunder or under the Security Agreement shall impair any such right or power or be considered to be a waiver of any such right or power or any acquiescence therein, nor shall the action or inaction of Payee impair any right or power hereunder. Maker agrees to pay, on demand, to the extent required by law, all costs and expenses incurred by Payee in the enforcement of its rights under this Secured Promissory Note and in any security therefor, including without limitation reasonable and actual fees and expenses of Payee's counsel. If any provision of this Secured Promissory Note is found to be invalid by any court, all the other provisions of this Secured Promissory Note will remain in full force and effect. Maker and all other makers and endorsers of this Secured Promissory Note hereby forever waive presentment, protest, notice of dishonor and notice of nonpayment. Maker also waives all defenses based on suretyship or impairment of collateral. This Secured Promissory Note shall bind Maker and the successors and assigns of Maker, and the benefits hereof shall inure to the benefit of Payee and its successors and assigns.

This Secured Promissory Note shall be governed and construed in accordance with the internal law, and not the law of conflicts, of the State of Alabama.

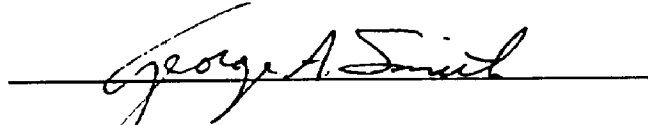
**WAIVER OF JURY TRIAL: Maker irrevocably waives any and all rights Payee may have to trial by jury in any action, proceeding or claim relating to collection or enforcement of this Secured Promissory Note or any documents executed in connection with this Secured Promissory Note or any transaction contemplated in any such documents. Maker acknowledges that the foregoing waiver is knowing and voluntary.**

Maker acknowledges that Maker has read and understands all the provisions of this Secured Promissory Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

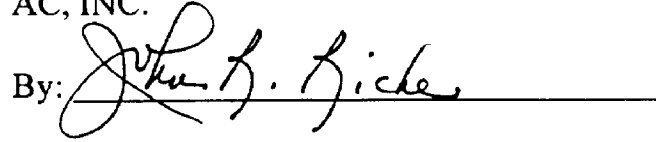
WITNESS the due execution of this Secured Promissory Note as of the date first above written, being duly authorized and with the intent to be legally bound hereby.

ATTEST:

  
Name: George A. Smith

Title: Secretary/Treasurer

AC, INC.

By: 

Name: John R. Riche

Title: President



## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (this "**Agreement**") is made as of July 30, 1999, by and between AC, Inc., an Alabama corporation (the "**Grantor**") and Teledyne Industries, Inc., a California corporation (the "**Secured Party**").

Under the terms hereof, pursuant to the Purchase Agreement (as hereinafter defined), the Secured Party desires to obtain and the Grantor desires to grant the Secured Party security for all of the Obligations (as hereinafter defined).

**NOW, THEREFORE**, the Grantor and the Secured Party, intending to be legally bound, hereby agree as follows:

### **1. Definitions.**

(a) "**Collateral**" shall be all tangible personal property of the Grantor as set forth on Schedule 2.1(a) to the Purchase Agreement, and all assets associated with the Assumed Contracts as defined in Section 2.3(a)(i) of the Purchase Agreement, including without limitation the following, whether now owned or hereafter acquired or arising: (i) accounts, accounts receivable, contract rights, chattel paper, notes receivable, instruments and documents (including warehouse receipts); (ii) goods of every nature, including without limitation, inventory, stock-in-trade, raw materials, work in process, items held for sale or lease or furnished or to be furnished under contracts of sale or lease, goods that are returned, reclaimed or repossessed, together with materials used or consumed in the Grantor's business; (iii) equipment, including, without limitation, machinery, vehicles, furniture and fixtures; (iv) all cash and cash equivalents; and (v) all cash and non-cash proceeds (including without limitation, insurance proceeds) of all of the foregoing property, all products thereof and all additions and accessions thereto, substitutions therefor and replacements thereof. The Collateral shall also include any and all other tangible property that is described as being part of the Collateral pursuant to one or more Riders to Security Agreement that may now or hereafter be attached hereto or delivered in connection herewith. With respect to the Collateral identified under Paragraph 1(a)(i) above only, the Secured Party agrees that the Secured Party shall cooperate with the Grantor, as is necessary and reasonable, by releasing or subrogating certain of such Collateral identified in Paragraph 1(a)(i) above in order to allow the Grantor to obtain financing as the Grantor may require, provided that the Grantor is in good standing with the Secured Party on all of the Grantor's obligations to the Secured Party and the Obligations remain adequately secured.

(b) "**Documents**" means this Agreement, the Secured Promissory Note and all related documents, instruments and agreements.

(c) "**Obligations**" shall include all debts, liabilities, obligations, covenants and duties owing to the Secured Party from the Grantor of any kind or nature under or in connection

the Documents, including the Secured Promissory Note, due or to become due, now existing or hereafter arising, and any amendments, extensions, renewals or increases and all reasonable and necessary costs and expenses of the Secured Party incurred in modification, enforcement, or collection in connection with any of the foregoing, including but not limited to reasonable attorneys' fees and expenses.

(d) "**Purchase Agreement**" means the Asset Purchase and Sale Agreement dated as of July 29, 1999 by and between the Grantor and the Secured Party, which provides, inter alia, for the purchase by the Grantor of certain assets and liabilities of Fabricated Products, a business unit of the Teledyne Brown Engineering division of the Secured Party.

(e) "**Secured Promissory Note**" means the Secured Promissory Note of even date herewith, in the aggregate principal amount of Three Hundred Thirty Thousand One Hundred Eighty Three Dollars (US \$330,183), delivered by the Grantor to the Secured Party pursuant to the Purchase Agreement.

2. **Grant of Security Interest.** To secure the Obligations, the Grantor, as debtor, hereby assigns and grants to the Secured Party, as secured party, a continuing lien on and security interest in the Collateral.

3. **Change in Name or Locations.** The Grantor hereby agrees that if the location of the Collateral changes from Fabricated Products, Highway 43N, Jackson, AL 36545, or if the Grantor changes its name or form of organization, or establishes a name in which it may do business, other than "AC, Inc.," the Grantor will as promptly as practicable notify the Secured Party in writing of the additions or changes. The Grantor's chief executive office is also located at 1085 Jordan Road, Huntsville, AL 35811, and its books and records are located at said address as well.

4. **Representations and Warranties.** The Grantor represents, warrants and covenants to the Secured Party that: (a) the Grantor has not made any prior pledge, encumbrance, assignment or other disposition of any of the Collateral and the same are free from all encumbrances and rights of setoff of any kind; and (b) the Grantor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

5. **Grantor's Covenants.** The Grantor covenants that it shall:

(a) from time to time and at all reasonable times allow the Secured Party, with reasonable prior notice, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral. The Grantor shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Secured Party may reasonably require to vest in and assure to the Secured Party its rights hereunder and in or to the Collateral, and the proceeds thereof, including, but not limited to, waivers from landlords, warehousemen and mortgagees;

(b) keep the Collateral in good order and repair at all times, ordinary wear and tear excepted;

(c) only use or permit the Collateral to be used in accordance with all applicable federal, state, county and municipal laws and regulations; and

(d) have and maintain insurance at all times with respect to all Collateral against risks of fire (including so-called extended coverage), theft, sprinkler leakage, and other risks (including risk of flood if any Collateral is maintained at a location in a flood hazard zone) as is customary with companies in the same or similar businesses. The policies of all such casualty insurance shall contain standard Lender's Loss Payable Clauses issued in favor of the Secured Party under which all losses thereunder shall be paid to the Secured Party as the Secured Party's interest may appear. Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to the Secured Party and shall insure the Secured Party notwithstanding the act or neglect of the Grantor. Upon demand of the Secured Party, the Grantor shall furnish the Secured Party with duplicate original policies of insurance or such other evidence of insurance as the Secured Party may require. In the event of failure to obtain insurance as herein provided, the Secured Party may, at its option, obtain such insurance and the Grantor shall pay to the Secured Party, on demand, the cost thereof. Proceeds of insurance may be applied by the Secured Party to reduce the Obligations or to repair or replace Collateral, all in the Secured Party's sole discretion.

6. **Negative Pledge; No Transfer.** The Grantor will not sell or offer to sell or otherwise transfer or grant or suffer the imposition of a lien or security interest upon the Collateral (except for sales of inventory and collections of accounts in the Grantor's ordinary course of business) or use any portion thereof in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon without in each instance the express written consent of the Secured Party, which shall not be unreasonably withheld; provided, however, that it is understood and agreed that it will not be unreasonable for the Secured Party to withhold such consent if the Grantor is not in good standing with the Secured Party on all of Grantor's obligations to the Secured Party and the Secured Party in its reasonable discretion believes that the Obligations would not be adequately secured if such consent was given.

7. **Covenants for Accounts.** If accounts are included in the definition of Collateral:

(a) The Grantor will, on reasonable demand of the Secured Party, make notations on its books and records showing the security interest of the Secured Party and make available to the Secured Party shipping and delivery receipts evidencing the shipment of the goods that gave rise to an account, completion certificates or other proof of the satisfactory performance of services that gave rise to an account, a copy of the invoice for each account and copies of any written contract or order from which an account arose. The Grantor shall promptly notify the Secured Party if an account becomes evidenced or secured by an instrument or chattel paper and upon request of the Secured Party, will promptly deliver any such instrument or chattel paper to

the Secured Party, including without limitation, any letter of credit delivered to the Grantor to support a shipment of inventory by the Grantor.

(b) Upon the occurrence, and during the continuance of an Event of Default, the Secured Party may notify any persons who are indebted to the Grantor on any Collateral consisting of accounts of the assignment thereof to the Secured Party and may direct such account debtors to make payment directly to the Secured Party of the amounts due. Upon the occurrence, and during the continuance of an Event of Default, at the request of the Secured Party, the Grantor will direct any persons who are indebted to the Grantor on any Collateral consisting of accounts to make payment directly to the Secured Party. The Secured Party is authorized to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to the Secured Party.

**8. Further Assurances.** At the request of the Secured Party, the Grantor will join with the Secured Party in executing one or more financing, continuation or amendment statements pursuant to the Uniform Commercial Code in form satisfactory to the Secured Party and will pay the cost of preparing and filing the same in all jurisdictions in which such filing is deemed by the Secured Party to be necessary or desirable. A carbon, photographic or other copy of this Agreement or of a UCC-1 financing statement may be filed as and in lieu of a UCC-1 financing statement.

**9. Events of Default.** The Grantor shall, at the option of the Secured Party, be in default under this Agreement upon the happening of any of the following events or conditions (each, an "Event of Default"): (a) any Event of Default (as defined in the Secured Promissory Note) which has not been cured within any time period applicable thereto; (b) demand by the Secured Party under any of the Obligations that have a demand feature; (c) the failure by the Grantor to perform any of its material obligations under this Agreement which failure has not been cured within 10 days after written notice to the Grantor; (d) material falsity, material inaccuracy or material breach by the Grantor of any written warranty, representation or statement made or furnished to the Secured Party by or on behalf of the Grantor; (e) an uninsured material loss, theft, damage, or destruction to any of the Collateral, or the entry of any judgment against the Grantor or any lien against or the making of any levy, seizure or attachment of or on the Collateral; (f) the failure of the Secured Party to have a perfected first priority security interest in the Collateral, unless such failure results from the negligence of the Secured Party; or (g) any indication or evidence received by the Secured Party that the Grantor may have directly or indirectly been engaged in any type of activity which, in the Secured Party's reasonable discretion might result in the forfeiture of any property of the Grantor to any governmental entity, federal, state or local.

**10. Remedies.** Upon the occurrence of an Event of Default specified in clause (4) of the list of Events of Default under the Secured Promissory Note and at any time thereafter, upon the occurrence of an Event of Default specified in clause (1) of the list of Events of Default under the Secured Promissory Note which defaulted payment is not paid within thirty (30) days of its due date and at any time thereafter, or upon the occurrence of any other Event of Default and at any time thereafter, the Secured Party may declare all Obligations secured hereby immediately

due and payable to the Secured Party according to their respective terms, without demand or notice of any kind other than as required by applicable law, and shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the Uniform Commercial Code.

**11. Payment of Expenses.** In the event that the Grantor fails to do so on a timely basis, the Secured Party may, at its option, discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as reasonably determined by the Secured Party to be necessary. The Grantor will reimburse the Secured Party on demand for any payment so made or any expense incurred by the Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Secured Party.

**12. Notices.** All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt if delivered personally to such party, or if sent by facsimile transmission with confirmation of delivery, or by nationally recognized overnight courier service, to the address set forth above or to such other address as any party may give to the other in writing for such purpose.

**13. Preservation of Rights.** No delay or omission on the part of the Secured Party to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power or any acquiescence therein, nor will the action or inaction of the Secured Party impair any right or power arising hereunder. The Secured Party's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Secured Party may have under other agreements, at law or in equity.

**14. Illegality.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

**15. Changes in Writing.** No modification, amendment or waiver of any provision of this Agreement nor consent to any departure by the Grantor therefrom, will in any event be effective unless the same is in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Grantor in any case will entitle the Grantor to any other or further notice or demand in the same, similar or other circumstance.

**16. Entire Agreement.** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

17. **Counterparts.** This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument.

18. **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the Grantor and the Secured Party and their respective heirs, executors, administrators, successors and assigns; provided, however, that the Grantor may not assign this Agreement in whole or in part without the prior written consent of the Secured Party.

19. **Interpretation.** In this Agreement, unless the Secured Party and the Grantor otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

20. **Indemnity.** The Grantor agrees to indemnify each of the Secured Party, its directors, officers and employees and each legal entity, if any, who controls the Secured Party (the "**Indemnified Parties**") and to hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, all reasonable fees of counsel with whom any Indemnified Party may consult and all reasonable expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party as a result of the execution of or performance under this Agreement. The indemnity agreement contained in this Section shall survive the termination of this Agreement.

21. **Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Secured Party and will be deemed to be made in the State of Alabama. **THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ALABAMA, EXCEPT THAT THE LAWS OF THE STATE WHERE ANY COLLATERAL IS LOCATED (IF DIFFERENT FROM THE STATE OF ALABAMA) SHALL GOVERN THE CREATION, PERFECTION AND FORECLOSURE OF THE LIENS CREATED HEREUNDER ON SUCH PROPERTY OR ANY INTEREST THEREIN.**

22. **WAIVER OF JURY TRIAL.** **THE GRANTOR IRREVOCABLY WAIVES ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM RELATING TO COLLECTION OR ENFORCEMENT OF THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH**

**DOCUMENTS. THE GRANTOR ACKNOWLEDGES THAT THE FOREGOING  
WAIVER IS KNOWING AND VOLUNTARY.**

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IN WITNESS WHEREOF, Grantor and Secured Party have executed this Security Agreement as of the date first written above.

AC, INC.

By: John R. Riche

Print Name: John R. Riche

Title: President

TELEDYNE INDUSTRIES, INC.

By: John R. Lee

Print Name: John R. Lee

Title: Vice President, Finance



State of Alabama )  
 )  
County of Madison ) ss:

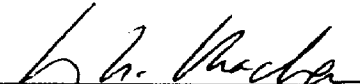
This Security Agreement was acknowledged before me on August 6, 1999, by John R. Riche, President of AC, Inc., an Alabama corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires on: June 5, 2000.

State of Alabama )  
 )  
County of Madison ) ss:

This Security Agreement was acknowledged before me on August 6, 1999, by John R. Lee, Vice President, Finance of Teledyne Industries, Inc., a California corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires on: June 5, 2000.

The Debtor is a transmitting utility as defined in ALA CODE 7-9-105(n)

No. of Additional Sheets Presented **1**

This FINANCING STATEMENT is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code

1. Return copy or recorded original acknowledgment to:

**KIRKPATRICK & LOCKHART LLP**  
**1500 Oliver Building**  
**Pittsburgh, PA 15222**  
**ATTN: Cindy Sabish**

Pre-paid Acct. # \_\_\_\_\_

2. Name and Address of Debtor (Last Name First if a Person)

**AC, INC.**  
**P.O. Box 17069**  
**Monteville, AL 35810-7069**

Social Security/Tax ID # **63-0273384**

2A. Name and Address of Debtor (IF ANY) (Last Name First if a Person)

Social Security/Tax ID # \_\_\_\_\_

Additional debtors on attached UCC-E

3. NAME AND ADDRESS OF SECURED PARTY (Last Name First if a Person)

**TELEDYNE INDUSTRIES, INC.**  
**c/o Allegheny Teledyne Incorporated**  
**1000 Six PPG Place**  
**Pittsburgh, PA 15222**

Social Security/Tax ID # \_\_\_\_\_

Additional secured parties on attached UCC-E

5. The Financing Statement Covers the Following Types (or items) of Property:

**See Exhibit A attached hereto and made a part hereof.**

THIS SPACE FOR USE OF FILING OFFICER  
Date, Time, Number & Filing Office

FILED WITH:

**AL 808**

4. NAME AND ADDRESS OF ASSIGNEE OF SECURED PARTY (IF ANY) (Last Name First if a Person)

5A. Enter Code(s) From Back of Form That Best Describes The Collateral Covered By This Filing:

<b>000</b>	<b>800</b>
<b>1000</b>	_____
<b>200</b>	_____
<b>300</b>	_____
<b>500</b>	_____
<b>600</b>	_____
<b>700</b>	_____

Check X if covered:  Products of Collateral are also covered.

6. This statement is filed without the debtor's signature to perfect a security interest in collateral (check X, if so)

- already subject to a security interest in another jurisdiction when it was brought into this state
- already subject to a security interest in another jurisdiction when debtor's location changed to this state.
- which is proceeds of the original collateral described above in which a security interest is perfected.
- acquired after a change of name, identity or corporate structure of debtor
- as to which the filing has lapsed.

**AC, INC.**

Signature(s) of Debtor(s)

By: **John R. Riche**

Title: **President**

Type Name of Individual or Business

7. Complete only when filing with the Judge of Probate:  
The initial indebtedness secured by this financing statement is \$ \_\_\_\_\_

Mortgage tax due (15¢ per \$100.00 or fraction thereof) \$ \_\_\_\_\_

8.  This financing statement covers timber to be cut, crops, or fixtures and is to be cross indexed in the real estate mortgage records (Describe real estate and if debtor does not have an interest of record, give name of record owner in Box 5)

Signature(s) of Secured Party(ies)

(Required only if filed without debtor's Signature — see Box 6)

Signature(s) of Secured Party(ies) or Assignee

Signature(s) of Secured Party(ies) or Assignee

Type Name of Individual or Business

(1) FILING OFFICER COPY - ALPHABETICAL  
(2) FILING OFFICER COPY - NUMERICAL

(3) FILING OFFICER COPY-ACKNOWLEDGEMENT  
(4) FILE COPY - SECURED PARTY

(5) FILE COPY DEBTOR(S)

STANDARD FORM — UNIFORM COMMERCIAL CODE — FORM UCC-1  
Approved by The Secretary of State of Alabama

1. Return copy or recorded original acknowledgement to:

**KIRKPATRICK & LOCKHART LLP**  
**1500 Oliver Building**  
**Pittsburgh, PA 15222**  
**ATTN: Cindy Sabish**

THIS SPACE FOR USE OF FILING OFFICER  
Date, Time, Number & Filing Office

Pre-paid Acct. # \_\_\_\_\_

2. Name and Address of Debtor (Last Name First if a Person)

**AC, INC.**  
**P.O. Box 17069**  
**Huntsville, AL 35810-7069**

Social Security/Tax ID # **63-0273384**

2A. Name and Address of Debtor (IF ANY) (Last Name First if a Person)

Social Security/Tax ID # \_\_\_\_\_

Additional debtors on attached UCC-E

3. NAME AND ADDRESS OF SECURED PARTY (Last Name First if a Person)

**TELEDYNE INDUSTRIES, INC.**  
**c/o Allegheny Teledyne Incorporated**  
**1000 Six PPG Place**  
**Pittsburgh, PA 15222**

Social Security/Tax ID # \_\_\_\_\_

Additional secured parties on attached UCC-E

5. The Financing Statement Covers the Following Types (or items) of Property:

**See Exhibit A attached hereto and made a part hereof.**

FILED WITH:

**Madison County**

4. NAME AND ADDRESS OF ASSIGNEE OF SECURED PARTY (IF ANY) (Last Name First if a Person)

5A. Enter Code(s) From Back of Form That Best Describes The Collateral Covered By This Filing:

<b>900</b>	<b>800</b>
<b>100</b>	_____
<b>200</b>	_____
<b>300</b>	_____
<b>500</b>	_____
<b>600</b>	_____
<b>700</b>	_____

Check X if covered:  Products of Collateral are also covered.

6. This statement is filed without the debtor's signature to perfect a security interest in collateral (Check X, if so)

- already subject to a security interest in another jurisdiction when it was brought into this state.
- already subject to a security interest in another jurisdiction when debtor's location changed to this state.
- which is proceeds of the original collateral described above in which a security interest is perfected.
- acquired after a change of name, identity or corporate structure of debtor
- as to which the filing has lapsed.

7. Complete only when filing with the Judge of Probate:  
The initial indebtedness secured by this financing statement is \$ \_\_\_\_\_

Mortgage tax due (15¢ per \$100.00 or fraction thereof) \$ \_\_\_\_\_

8.  This financing statement covers timber to be cut, crops, or fixtures and is to be cross indexed in the real estate mortgage records (Describe real estate and if debtor does not have an interest of record, give name of record owner in Box 5)

Signature(s) of Secured Party(ies)  
(Required only if filed without debtor's Signature — see Box 6)

**AC, INC.**

Signature(s) of Debtor(s)

By: **John R. Niche**

Signature(s) of Debtor(s)

Title: **President**

Type Name of Individual or Business

Signature(s) of Secured Party(ies) or Assignee

Signature(s) of Secured Party(ies) or Assignee

Type Name of Individual or Business

**EXHIBIT A**

All tangible personal property of AC, Inc., an Alabama corporation (the "Debtor") as set forth on Schedule 2.1(a) to that certain Asset Purchase and Sale Agreement dated as of July 29, 1999, 1999 by and between Teledyne Industries, Inc., a California corporation (the "Secured Party") and the Debtor (the "Purchase Agreement"), and all assets associated with the Assumed Contracts as defined in Section 2.3(a)(i) of the Purchase Agreement, including without limitation the following, whether now owned or hereafter acquired or arising: (i) accounts, accounts receivable, contract rights, chattel paper, notes receivable, instruments and documents (including warehouse receipts); (ii) goods of every nature, including without limitation, inventory, stock-in-trade, raw materials, work in process, items held for sale or lease or furnished or to be furnished under contracts of sale or lease, goods that are returned, reclaimed or repossessed, together with materials used or consumed in the Debtor's business; (iii) equipment, including, without limitation, machinery, vehicles, furniture and fixtures; (iv) all cash and cash equivalents; and (v) all cash and non-cash proceeds (including without limitation, insurance proceeds) of all of the foregoing property, all products thereof and all additions and accessions thereto, substitutions therefor and replacements thereof. The Collateral shall also include any and all other tangible property that is described as being part of the Collateral pursuant to one or more Riders to Security Agreement that may now or hereafter be attached hereto or delivered in connection herewith. With respect to the Collateral identified under (i) above only, the Secured Party agrees that the Secured Party shall cooperate with the Debtor, as is necessary and reasonable, by releasing or subrogating certain of such Collateral identified in (i) above in order to allow the Debtor to obtain financing as the Debtor may require, provided that the Debtor is in good standing with the Secured Party on all of the Debtor's obligations to the Secured Party and the Obligations remain adequately secured.

*Capitalized terms used but not defined herein have the same meaning as set forth in the Purchase Agreement.*

## BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT Teledyne Industries, Inc., a California corporation ("Seller") and AC, Inc., an Alabama corporation ("Purchaser"), have entered into that certain Asset Purchase and Sale Agreement dated as of July 29, 1999 (the "Purchase Agreement"), which provides, *inter alia*, for the sale by Seller to Purchaser of certain assets owned or leased by Seller of the Business at the Facility (each as defined in the Purchase Agreement), including, without limitation, the assets described in Section 2.1 of the Purchase Agreement, but excluding the assets described in Section 2.2 of the Purchase Agreement. All capitalized terms used in this Bill of Sale shall have the same meaning as in the Purchase Agreement, unless otherwise defined in this Bill of Sale.

NOW, THEREFORE, Seller, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the terms and conditions of the Purchase Agreement, hereby sells, grants, bargains, conveys, transfers, assigns and delivers to Purchaser the Purchased Assets, to have and to hold the same, unto and for the use of Purchaser, forever.

**EXCEPT AS EXPRESSLY PROVIDED IN SECTION 4 OF THE PURCHASE AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER TO THE PURCHASER, EXPRESS, IMPLIED OR STATUTORY, CONCERNING THE PURCHASED ASSETS, THE ASSUMED OBLIGATIONS, THE FACILITY, THE BUSINESS OR ITS PROSPECTS. ANY WARRANTIES OTHER THAN THOSE EXPRESSLY PROVIDED IN SECTION 4 OF THE PURCHASE AGREEMENT, WHETHER EXPRESS, IMPLIED OR STATUTORY, ARE EXPRESSLY DISCLAIMED AND ALL PURCHASED ASSETS ARE OTHERWISE SOLD "AS IS, WHERE IS, WITH ALL FAULTS". THE PURCHASER ACKNOWLEDGES THAT IT HAD AN OPPORTUNITY TO THOROUGHLY INSPECT THE PURCHASED ASSETS.**

This Bill of Sale is made subject to and with the benefit of the respective terms, conditions, limitations, and other provisions of the Purchase Agreement. In the event of any conflict or other inconsistency between this Bill of Sale and the Purchase Agreement, the Purchase Agreement shall be the controlling agreement. The terms and conditions of this Bill of Sale shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and permitted assigns of the parties hereto.

The terms and conditions of this Bill of Sale shall be governed and construed in accordance with the internal law, and not the law of conflicts, of the State of Alabama.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Bill of Sale effective as of the 30th day of July, 1999.

TELEDYNE INDUSTRIES, INC.

By: John R. Lee

Name: John R. Lee

Title: Vice President, Finance

AC, INC.

By: John R. Riche

Name: John R. Riche

Title: President

## ASSIGNMENT AGREEMENT FOR INTELLECTUAL PROPERTY

THIS ASSIGNMENT AGREEMENT FOR INTELLECTUAL PROPERTY (the "Agreement") is made as of July 30, 1999, between Teledyne Industries, Inc., a California corporation ("Assignor") and AC, Inc., an Alabama corporation ("Assignee").

WHEREAS, the Assignor and the Assignee entered into that certain Asset Purchase and Sale Agreement dated July 29, 1999 (the "Purchase Agreement"), pursuant to which the Assignor agreed to sell and the Assignee agreed to purchase certain business and assets of the Assignor;

WHEREAS, the Assignor is the owner of the United States Trademark which is specifically identified and listed in Schedule A attached hereto, incorporated herein and made a part hereof (the "Trademark"); and

WHEREAS, the Assignee wishes to acquire all of Assignor's right, title and interest in the Trademark and the good will associated therewith;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which by Assignor are hereby acknowledged, and intending to be legally bound hereby, the said Assignor does hereby sell, assign, transfer and set over unto said Assignee its entire right, title and interest in and to the Trademark and the goodwill associated therewith.

And for the consideration aforesaid, Assignor agrees that it will, upon request and at the expense of Assignee, execute and deliver to Assignee any and all additional papers and generally do all other and further lawful acts deemed necessary by said Assignee to record the assignment of the Trademark and to otherwise carry out the terms of this Agreement.

All capitalized terms used in this Agreement shall have the same meaning as in the Purchase Agreement, unless otherwise defined in this Agreement.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement for Intellectual Property as of the day and year first above written.

ASSIGNEE:

AC, INC.

By: John R. Riche

Print Name: John R. Riche

Title: President

ASSIGNOR:

TELEDYNE INDUSTRIES, INC.

By: John R. Lee


Print Name: John R. Lee

Title: Vice President, Finance



State of Alabama )  
 )  
County of Madison ) ss:


This Assignment Agreement for Intellectual Property was acknowledged before me on August 6, 1999, by John R. Riche, President of AC, Inc., an Alabama corporation.

  
\_\_\_\_\_  
Notary Public, State of Alabama

My commission expires on: June 5, 2000.

State of Alabama )  
 )  
County of Madison ) ss:

This Assignment Agreement for Intellectual Property was acknowledged before me on August 6, 1999, by John R. Lee, Vice President, Finance of Teledyne Industries, Inc., a California corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires on: June 5, 2000

**SCHEDULE A**

**UNITED STATES TRADEMARK**

**Registration Number**

1,893,483

**Registration Date**

May 9, 1995

**Mark**

Bushy Ridge

## ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is made as of July 30, 1999, between Teledyne Industries, Inc., a California corporation ("Seller") and AC, Inc., an Alabama corporation ("Purchaser").

### RECITALS

WHEREAS, Seller and Purchaser have entered into that certain Asset Purchase and Sale Agreement dated as of July 29, 1999 (the "Purchase Agreement"); and

WHEREAS, Seller desires by this Agreement to assign to Purchaser its rights and obligations under the Contracts (as defined in Section 2.1(b) of the Purchase Agreement), and Purchaser desires by this Agreement to undertake and assume the Contracts and the Assumed Obligations (as defined in Section 2.3(a) of the Purchase Agreement), according to the terms and subject to the conditions of the Purchase Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. All capitalized terms used herein shall have the same meaning as in the Purchase Agreement, unless otherwise defined in this Agreement.
2. Seller hereby grants, conveys, sells, assigns, transfers and delivers to Purchaser, all of Seller's right, title and interest in, to, and under the Contracts.
3. Purchaser hereby assumes and agrees to pay, perform and discharge promptly when due, the Assumed Obligations.
4. Seller and Purchaser shall execute and deliver, or cause to be executed and delivered, from time to time hereafter, upon request, all such further documents and instruments and shall do and perform all such acts as may be reasonably necessary to give full effect to the intent of this Agreement.
5. **EXCEPT AS EXPRESSLY PROVIDED IN SECTION 4 OF THE PURCHASE AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER TO THE PURCHASER, EXPRESS, IMPLIED OR STATUTORY, CONCERNING THE PURCHASED ASSETS, THE ASSUMED OBLIGATIONS, THE FACILITY, THE BUSINESS OR ITS PROSPECTS. ANY WARRANTIES OTHER THAN THOSE EXPRESSLY PROVIDED IN SECTION**

**4 OF THE PURCHASE AGREEMENT, WHETHER EXPRESS, IMPLIED OR STATUTORY, ARE EXPRESSLY DISCLAIMED AND ALL PURCHASED ASSETS ARE OTHERWISE SOLD "AS IS, WHERE IS, WITH ALL FAULTS". THE PURCHASER ACKNOWLEDGES THAT IT HAD AN OPPORTUNITY TO THOROUGHLY INSPECT THE PURCHASED ASSETS.**

6. This Agreement is made subject to and with the benefit of the respective terms, conditions, limitations, and other provisions of the Purchase Agreement. In the event of any conflict or other inconsistency between this Agreement and the Purchase Agreement, the Purchase Agreement shall be the controlling agreement. The terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto.

7. This Agreement shall be governed by the laws of the State of Alabama applicable to agreements made and to be performed in Alabama, without regard to conflict of law doctrines.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Purchaser and Seller have executed this Assignment and Assumption Agreement as of the date first written above.

TELEDYNE INDUSTRIES, INC.

By: John R. Lee

Name: John R. Lee

Title: Vice President, Finance

AC, INC.

By: John R. Riche

Name: John R. Riche

Title: President

**CLOSING CONDITIONS CERTIFICATE**

Teledyne Industries, Inc., a California corporation (the "Seller"), hereby certifies that the following conditions have been met pursuant to the closing of the Asset Purchase and Sale Agreement for the Fabricated Products business.

The representations and warranties set forth in Section 4 of the Asset Purchase and Sale Agreement are true and correct in all material respects at and as of the Closing Date.

Seller has performed and complied with all of its covenants hereunder in all material respects through the Closing.

There is no action, suit or proceeding pending or threatened before any Governmental Entity or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent consummation of any of the transactions contemplated by this Agreement or any Ancillary Agreement, or (ii) cause any of the transactions contemplated by this Agreement or any Ancillary Agreement to be rescinded following consummation.

IN WITNESS WHEREOF Teledyne Industries, Inc. has executed and delivered this certificate on the date indicated.

**TELEDYNE INDUSTRIES, INC.**

By: John R. Lee

Name: John R. Lee

Title: Vice President, Finance

Date: July 30, 1999

TRADEMARK

REEL: 002078 FRAME: 0234

**CLOSING CONDITIONS CERTIFICATE**

AC, Inc., an Alabama corporation (the "Purchaser"), hereby certifies that the following conditions have been met pursuant to the closing of the Asset Purchase and Sale Agreement for the Fabricated Products business.

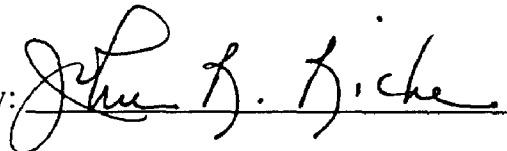
The representations and warranties set forth in Section 5 of the Asset Purchase and Sale Agreement are true and correct in all material respects at and as of the Closing Date.

Purchaser has performed and complied with all of its covenants hereunder in all material respects through the Closing.

There is no action, suit or proceeding pending or threatened before any Governmental Entity or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling or charge would (i) prevent the consummation of any of the transactions contemplated by this Agreement or any Ancillary Agreement or (ii) cause any of the transactions contemplated by this Agreement or any Ancillary Agreement to be rescinded following consummation.

IN WITNESS WHEREOF AC, Inc. has executed and delivered this certificate on the date indicated.

AC, INC.

By:  \_\_\_\_\_

Name: John R. Riche

Title: President

Date: July 30, 1999

TRADEMARK

REEL: 002078 FRAME: 0235

## LEASE

THIS LEASE, dated this 5 day of August, 1999, is between the **INDUSTRIAL DEVELOPMENT BOARD OF CLARKE COUNTY, ALABAMA**, having its principal office and place of business at P.O. Box 548 Grove Hill, Alabama 36451, ("Landlord"), and **A C, INC.**, an Alabama corporation, having its place of business at 1085 Jordan Road, Huntsville, AL 35811 ("Tenant").

The parties agree as follows:

1. **Premises.**

a. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the following described premises: 223,000 square feet of Net Rentable Area located at the Highway 43 North, Jackson, AL 36545 ("Building") together with the Land (as hereinafter defined), improvements, modifications, appurtenances, rights, privileges, and easements pertaining thereto ("Premises"), as described in Exhibit A attached hereto.

b. Landlord represents and warrants that the Building is a single-story building containing a total of approximately 223,000 square feet of net rentable space. Landlord further represents and warrants that Landlord is the fee owner of the Land and all improvements located thereon and has full right and authority to lease the Premises to Tenant on the terms and conditions set out herein.

2. **Term.** The initial term of this Lease shall commence on August 1, 1999, and end on September 30, 2003.

3. **Rent.** Tenant shall pay yearly rent to Landlord in the amount of One and N0/100 Dollars (\$1.00) on the first day of August during the Lease term, and shall provide employment as hereinafter set forth through the term of the Lease as part of the consideration for the Lease. All rent due or to become due hereunder shall be paid to Landlord at its address first written above unless Landlord shall designate some other payee or address for the payment thereof by giving written notice thereof to Tenant.

4. **Utilities and Services.** Tenant shall pay the cost of any metered utilities consumed by it at the Premises during the term of this Lease.

5. **Use of Premises.** The Premises shall be used for any purposes of a nature which are not hazardous. Landlord represents that such use of the Premises will not violate any restrictions



imposed upon the Premises and is not in violation of the Certificate of Occupancy issued for the Building nor contrary to any Zoning ordinance or regulation affecting the Premises.

6. **Maintenance and Repairs.** Maintenance of the entire premises shall be the responsibility of Tenant. Tenant shall take good care of the Premises and shall make nonstructural repairs and all repairs necessitated by its misuse thereof. Tenant shall further maintain and keep in repair, with reasonable promptness (and will replace or put into repair where necessary), the structural portions of the building, including but not limited to the walls, foundation, and roof, to include systems (HVAC, electrical, mechanical, plumbing, and water), which shall be accepted by Tenant "as is" and by execution of this Lease Tenant recognizes that the Premises are in sufficient good repair and working order as required for its use.

7. **Alterations, Improvements, and Installations by Tenant.** Tenant shall have the right, at its own expense, to make such nonstructural alterations and changes in, on, to, or about the Premises reasonably necessary for its purposes only if it has first obtained the Landlord's written consent, which consent shall not be unreasonably withheld. Any such alterations or changes shall be done in a good and workmanlike manner and in accordance with all applicable laws. Any and all alterations, improvements, and installations made by Tenant in, to, or upon the Premises shall remain the property of Tenant and may be removed from the Premises at any time during the term of this Lease, provided that any damage caused by such removal shall be repaired by Tenant. Tenant shall have the right not to remove any or all of such alterations, improvements, and installations, in which case the same shall become the property of Landlord upon Tenant's surrender of the Premises, provided, however, that Landlord shall have the right to require removal of any alterations, installations, and improvements made by Tenant by notice to Tenant within 15 days of termination of this Lease.

8. **Signs.** Tenant shall have the right to place or paint a sign(s) in such locations as shall adequately advertise Tenant's occupancy of the premises and direct visitors, guests, and the like to the Premises.

9. **Assignment and Subletting.** Tenant shall have the right with Landlord's prior written approval, to assign this Lease and to sublease all or any part of the Premises at any time and from time to time, provided, however, that nothing in this paragraph shall be construed so as to relieve Tenant of its obligations pursuant to this Lease.

10. **Indemnification of Landlord.** Tenant shall indemnify and hold Landlord harmless from and against all liability, damages, costs, and expenses from causes of action, suits, claims, demands, and judgments of any nature whatever caused by Tenant's use and occupancy of the Premises unless caused or contributed to by the negligence or conduct of Landlord, its agents, or employees, latent defects in the Premises or Landlord's breach of this Lease.

11. **Environmental.**

(a) Notwithstanding anything in this lease to the contrary, Landlord shall be responsible for and shall hold harmless and indemnify Tenant from and against all demands, injuries to person or property, death, costs (including reasonable attorneys' fees), lawsuits, claims, and state, local, or federal governmental actions, investigations, or fines as a result of any hazardous substance (including but not limited to hazardous waste, hazardous chemicals, PCB's and asbestos) being placed in, on, or under the Premises or coming to rest in, on, or under the Premises caused by any person or entity other than Tenant, its agents, subtenants, and invitees. Where cleanup or other remedial activities are required in the circumstances covered by this indemnity and such activities will deny Tenant the use of all or a portion of the Premises, Tenant shall be entitled to a reasonable abatement of rental based on the portion of the Premises the Tenant is unable to utilize. Where the portion Tenant is unable to utilize will materially interfere with Tenant's operations for a period greater than 30 days, Tenant may terminate this Lease and receive a refund of all prepaid rentals prorated to the date of termination. Landlord represents and warrants that as of the date hereof there are no hazardous substances placed in, on under the Premises, to the best of its knowledge and belief.

(b) Tenant shall (i) not cause or permit any hazardous substance to be brought upon, or kept or used in or about the Premises by Tenant, its agents, employees, contractors, or invitees, except for such hazardous substance as may be customary and necessary in Tenant's business and provided that such hazardous substance will be used, kept, and stored in a manner that complies with all Laws regulating any such hazardous substance so brought upon, used or kept in or about the Premises. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of hazardous substance on the Premises caused or permitted by Tenant results in contamination of the Premises by hazardous substance otherwise occurs for which Tenant is legally liable to Landlord for resulting damage, then Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Premises damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space in the Building, and sums paid in settlement of claims, attorneys's fees, consultant fees, and expert fees) that arise during or after the Lease Term as a result of that contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of hazardous substance present in the soil or ground water on or under the Premises. Without limiting the

above, if the presence of any hazardous substance on the Premises caused or permitted by Tenant results in any contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing before the introduction of any such hazardous substance to the Premises; provided that Landlord's approval of those actions shall first be obtained, which approval shall not be unreasonably withheld so long as those actions would not potentially have any material adverse long-term or short-term effect on the Premises.

12. **Option to Renew.** At the expiration of the term of this agreement, provided Tenant shall give Landlord ninety (90) days written notice thereof, Tenant shall have the right to renew this agreement for an additional term of four (4) years, subject to all of the terms and condition hereof; provided, however, that such right to renew shall be conditioned upon the then current, and thereafter, subsequent, employment of a minimum of 100 persons for its operations hereunder.

13. **Damage or Destruction.**

a. In the event of destruction or of damage to the Premises or, if the Premises are affected, to the Building, Tenant shall, unless it exercises its right to terminate this Lease as set forth hereafter, promptly repair and restore the Premises and Building to at least as good condition as existed immediately prior to the destruction or damage.

b. If such damage or debt, action renders the premises wholly or partially untenable: (i) rent and all other charges payable by Tenant under this Lease shall be abated or equitably apportioned from and after the date of the damage or destruction until Tenant resumes full possession of the premises; (ii) Landlord shall, provided at least 75% of the Premises are untenable, have the right to terminate this Lease, effective as of the time of the damage or destruction, by written notice to Tenant within 15 days after the date of the damage or destruction; and (iii) Tenant shall have the right to terminate this Lease, effective as of the time of the damage or destruction, by written notice to Landlord.

14. **Condemnation.** If the Premises or any part thereof shall be taken, for any public or quasi-public use in condemnation proceedings or by any right of eminent domain, or deed in lieu thereof, this Lease shall terminate as of the date of taking, and any prepaid rent and other charges shall be refunded to Tenant, provided, however, that if less than the entire Premises shall be so taken and, in Tenant's opinion, the remaining portion thereof is adequate and suitable for use by it for its purposes as elsewhere herein stated, then, at Tenant's option to be exercised by written notice to Landlord within 20 days following such taking, this Lease shall continue in full force and effect as to that portion of the Premises remaining and the monthly rental payable hereunder after the date of such taking and for the remainder of the term shall be reduced in the same proportion as the rental

value of the premises is reduced by the taking. In such an event (i.e., the continuance of the lease as to the portion remaining), Landlord shall proceed diligently to restore said Premises as closely as possible to their condition immediately prior to the taking. Landlord shall at all times keep Tenant promptly and fully advised of any condemnation proceedings or threat thereof. Any award or compensation arising out of such appropriation or taking shall be apportioned between Landlord and Tenant with respect to the property of the Landlord and the Leasehold, improvements and fixtures of Tenant, provided that nothing herein shall prohibit Tenant from taking independent action against the condemning authority to recover any other damage or costs to which it may be entitled.

15. **Right of First Refusal.** Tenant is hereby granted the first right of refusal to purchase the Premises should Landlord desire to sell the Premises. Tenant shall have a period of thirty (30) days after written notice in which to purchase the Premises at the price offered by Landlord. Thereafter Landlord may sell such property to any third party at that price, subject to the rights of Tenant hereunder. In addition, Landlord agrees to negotiate in good faith with Tenant to lease or purchase any other property Landlord may own adjacent to the Premises should Landlord desire to lease or sell the same. Provided, however, that landlord may sell or lease any such adjacent property to third parties if such lease or sale shall provide additional employment opportunities for citizens of Clarke County.

16. **Default By Tenant.** If Tenant at any time during the term of this Lease:

a. Shall default in the payment of any installment of rent and such default shall not have been cured within ten days after Landlord shall have given to Tenant written notice specifying such default; or

b. Shall default in the observance or performance of any of Tenant's other covenants hereunder (other than the covenant to pay rent) and such default shall not have been cured within 30 days after Landlord shall have given to Tenant written notice specifying such default, provided, however, that if the default complained of shall be of such a nature that the same cannot be completely remedied or cured within such 30-day period, except as to Sections c. and d. of this section, then such default shall not be an enforceable default against Tenant for the purposes of this paragraph if Tenant shall have commenced curing such default within such 30-day period and shall proceed with reasonable diligence and in good faith to remedy the default complained of; or

c. Shall (i) file a voluntary petition in bankruptcy, or (ii) be adjudicated bankrupt or insolvent, or (iii) have a receiver or trustee appointed for all or substantially all of its business or assets on the ground of Tenant's insolvency, or (iv) suffer an order to be entered approving a petition filed against Tenant seeking reorganization of Tenant under the federal bankruptcy laws or any other applicable law or statute of the United States or any state thereof; or

d. Shall make a general assignment or general arrangement for the benefit of its creditors:

Then, upon the happening of any one or more of such events of default and the expiration of the period of time prescribed for the cure thereof without such cure having been made, Landlord may, without further notice or demand to Tenant, terminate this Lease and reenter the Premises and remove all persons and property therefrom. In the event of such Lease termination by Landlord, Tenant will indemnify Landlord against all loss of rent which Landlord may incur by reason of such termination provided Landlord shall have made every reasonable effort to mitigate such loss.

17. **Additional Covenants of Tenant.** Tenant shall pay, when due, all real estate taxes, assessments, water and sewer charges, and such other similar charges and assessments as may be levied, assessed, or charged against the Land and/or Building.

Tenant agrees to employ a minimum of 25 persons for its operations hereunder during the term of the Lease and should employment fall below 25 persons for any period during the term hereof for more than 90 consecutive calendar days, Tenant shall be in default hereunder and Landlord shall have the right to terminate the Lease effective immediately. In order to confirm employment levels Landlord shall have the right to examine any necessary employment records of Tenant at any reasonable time (not to include individual personnel files).

18. **Surrender.** At the expiration of the term of this Lease, Tenant agrees to quit and surrender possession of the Premises to Landlord in as good condition as when delivered by Landlord, excepting reasonable wear and tear, damage from any cause beyond Tenant's control and as provided in the clauses of this Lease entitled: Maintenance and Repairs; Alterations, Improvements and Installations by Tenant; Damage or Destruction; and Condemnation.

19. **Notices.** Any notice or demand required or permitted to be given under the terms of this Agreement shall be deemed to have been duly given or made if given by any of the following methods:

a. Deposited in the United States mail, in a sealed envelope, postage prepaid by registered or certified mail, return receipt requested, respectively addressed as follows:

To: A C , INC.

AC, INC.

1085 Jordan Road

Post Office Box 17069

Huntsville, Alabama 35810-7069

To: THE BOARD

THE INDUSTRIAL DEVELOPMENT

BOARD OF CLARKE COUNTY, ALABAMA

Attention: Rick Harvey

Post Office Box 549

Grove Hill, Alabama 36451

TRADEMARK

REEL: 002078 FRAME: 0241

b. Sent to the above address via an established national overnight delivery service (such as Federal Express), charges prepaid, or

c. Sent via any electronic communications method provided the sender obtains written confirmation of receipt of the communication by the electronic communication by the electronic communication equipment at the office of the address listed above.

20. **Distraint for Rent.** Landlord waives any right it may have to levy or distrain upon for rent, in arrears, in advance, or both, or to claim or assert title to, any property of Tenant or third parties on or about the Premises.

21. **Insurance:** Tenant agrees to insure or have insured the improvements currently on the Premises as to fire and extended coverage insurance during the term hereof; Tenant agrees to insure its fixtures, goods, wares, and merchandise in or on the Premises and any improvement erected on the Premises by Tenant, all naming Landlord as an additional insured. Tenant further agrees to provide public liability and property damage insurance as to its operations on the leased premises in amounts not less than \$1,000,000 for property damage, \$2,000,000 for injury or death to any one person and \$ 3,000,000 for injury or death of more than one person naming Landlord as an additional insured, and shall also maintain worker's compensation coverage or self-insurance as required or permitted by law.

22. **Quiet Enjoyment.** Landlord covenants that, so long as Tenant is not in breach of the terms and conditions of this Lease, Tenant shall peaceably and quietly have, hold, and enjoy the Premises for the term hereof, subject to the provisions of this Lease. Upon Tenant's request, Landlord shall procure a non-disturbance clause from each current and future mortgagee providing that Tenant's possession will not be disturbed by a mortgage foreclosure so long as Tenant is not in default of the Lease.

23. **Miscellaneous.** Each and all of the terms and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal, and legal representatives, successors, and assigns. This instrument contains the entire agreement made between the parties and may not be modified orally or in any manner other than by an agreement in writing signed by all the parties hereto or their respective successors in interest.

24. **Acceptance:** Execution of this Lease by landlord constitutes an offer which shall not be deemed accepted by Tenant until Tenant has executed this Lease and Landlord has received a duplicate original copy thereof.

IN WITNESS WHEREOF, the parties have duly executed this Lease on the date first written above.

LANDLORD:

INDUSTRIAL DEVELOPMENT BOARD  
CLARKE COUNTY, ALABAMA

By *[Signature]*  
Its \_\_\_\_\_

TENANT:

AC, INC.  
By *John R. Riche*  
Its President

STATE OF ALABAMA, :  
COUNTY OF CLARKE. :

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that *Rick Harvey* and \_\_\_\_\_ whose names as Secretary and \_\_\_\_\_ respectively, of Industrial Development Board of Clarke County, Alabama, an Alabama public corporation, are signed to the foregoing conveyance, and who are known to me acknowledged before me on this day that being informed of the contents of said conveyance, they, as such officers and with full authority, executed the same voluntarily on the day the said bears date for and as the act of said corporation.

Given under my hand and official seal this the 6 day of August, 1999.

*[Signature]*  
Notary Public  
My Commission Expires: 4-1-00

STATE OF ALABAMA, :  
COUNTY OF MADISON. :

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that John R. Riche whose name as President of AC, Inc., an Alabama corporation, is signed to the foregoing conveyance, and who is known to me acknowledged before me on this day that being informed of the contents of said conveyance, he, as such officer and with full authority, executed the same voluntarily on the day the same bears date for and as the act of said corporation.

Given under my hand and official seal this the 5<sup>th</sup> day of August, 1999.

*Linda A. Joray*  
Notary Public  
My Commission Expires: \_\_\_\_\_  
MY COMMISSION EXPIRES 1-20-2003

**EXHIBIT A**

All of the current (as of August 1, 1999) fenced in portion of the following described parcel of land:

All that part of SW 1/4 of NW 1/4 which lies East of U. S. Highway 43 in Section 25; also, all that part of SE 1/4 of NE 1/4 of Section 26 which lies East of Highway 43; in Township 8 North, Range 2 East; less and except a strip of land 320 feet wide off the North side thereof.