

09-13-2001



ET

Attorney Docket No.: 206987.5003

101840832

To the Honorable Commissioner of Patent and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Aldan Industries, Inc.

9-3001

2. Name and address of receiving party(ies):
Lawrence Schan
Gary Yeager
250 King Manor Drive
King of Prussia, PA

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other:

Execution Date: December 4, 2000

- Individual(s) citizenship: U.S.
- Association:
- General Partnership:
- Limited Partnership:
- Corporation-State:
- Other:

If assignee is not domiciled in the U.S.A., a domestic representative designation is attached: Yes; No

(Designations must be a separate document from Assignment)

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

A. Trademark Application No.(s):



08-30-2001

U.S. Patent & TMO/TM Mail Rpt Dt. #11

B. Trademark Registration No.(s):

- ~~2,091,013~~ 1,931,501
- 2,052,423 1,923,720
- 1,790,437
- 1,614,930
- 1,954,625
- 2,019,742

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

Paul G. Gagne, Esq.
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
One Commerce Square
2005 Market Street, 22nd Floor
Philadelphia, PA 19103-7086
Telephone: 215-965-1200
Facsimile: 215-965-1210
E-Mail: pgagne@akingump.com

6. Total number of applications and registrations involved: [8]

7. Total fee (37 CFR 3.41) Cal. $\frac{1}{7} \times \$40.00 = \40.00
 $7 \times \$25.00 = \175.00
TOTAL \$ 215.00

Authorized to be charged to deposit account

8. Deposit account number: 50-1017

DO NOT USE THIS SPACE

09/12/2001 6TUM11 00000070 2091013

01 FC:481
02 FC:482

40.00 BP
175.00 BP

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

Paul G. Gagne
Name of Person

Signing Signature

April 25, 2001
Date

Total number of pages including cover sheet, attachments and document: [4]

ASSET PURCHASE AGREEMENT

BY AND AMONG

**LAWRENCE SHAN and GARY YEAGER, adult individuals,
as Buyer**

AND

**ALDAN INDUSTRIES, INC., a Pennsylvania Corporation,
as Seller**

AS OF DECEMBER 4, 2000

LIST OF SCHEDULES

Schedule 2.1(a)	Inventory
Schedule 2.1(b)	Work-in-Progress
Schedule 2.1(c)	Other Assets
Schedule 2.1(f)	Danville Real Property Description
Schedule 2.4(a)	Secured Debt and Liens
Schedule 2.4(b)	Assumed Liabilities
Schedule 2.4(b)(i)	Approximate Purchase Price Adjustments
Schedule 2.5	Purchase Price Allocation
Schedule 3.1	Due Incorporation and Qualification
Schedule 3.2	Investments
Schedule 3.3	Articles of Incorporation and By-Laws
Schedule 3.4	Authority of the Company
Schedule 3.5	Execution
Schedule 3.6	Financial Statements
Schedule 3.7	Permitted Encumbrances
Schedule 3.8	Tax Matters
Schedule 3.9	Compliance With Laws
Schedule 3.10	Litigation
Schedule 3.11	Contracts and Other Agreements
Schedule 3.12	Accounts and Notes Receivable
Schedule 3.13	Tangible Property
Schedule 3.14	Intangible Property
Schedule 3.15	Liabilities
Schedule 3.16	Permits
Schedule 3.17	Changes Prior to Closing
Schedule 3.18	Disclosure
Schedule 3.19	Books and Records
Schedule 3.20	Broker's or Finder's Fees
Schedule 3.21	Copies of Documents
Schedule 3.22	Environmental Matters

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made effective December 4, 2000 (the "Effective Date"), by and between LAWRENCE SHAN and GARY YEAGER, adult individuals (the "Buyer") and ALDAN INDUSTRIES, INC., a Pennsylvania corporation, as Seller (the Seller is hereinafter called the "Company").

WITNESSETH:

WHEREAS, Buyer desires to purchase, and the Company desires to sell, substantially all of the assets of the Company pursuant to this Agreement, and Buyer desires to assume only specified liabilities of the Company in connection with such purchase; and

WHEREAS, the Company filed for protection under Chapter 11 of the Bankruptcy Code on January 10, 2000, and it is the intention of the parties hereto that, upon consummation of the purchase and sale of substantially all of the assets pursuant to this Agreement and an order of the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code, Buyer shall own the Business and operations of the Company (other than the assets and liabilities retained by the Company and specifically excluded by this Agreement and any order of the Bankruptcy Court) free and clear of all liens and other claims and encumbrances.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings assigned to them herein, unless the context otherwise indicates, both for purposes of this Agreement and schedules hereto:

- 1.1 "Affiliate" shall mean, with respect to another person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity.
- 1.2 "Agreement" shall mean this Asset Purchase Agreement by and among the Buyer and the Company, as amended from time to time by the parties hereto.
- 1.3 "Assets" shall have the meaning given in Section 2.1 hereof.
- 1.4 "Balance Sheet Date" shall have the meaning given in Section 3.6 hereof.
- 1.5 "Bankruptcy Code" shall mean the United States Bankruptcy Code, 11 U.S.C. §101

et seq.

- 1.6 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Eastern District of Pennsylvania, or such other court with jurisdiction over the Company's bankruptcy cases.
- 1.7 "Business" shall mean the business and operations conducted by the Company.
- 1.8 "Buyer" shall mean Lawrence Shan and Gary E. Yeager, adult individuals.
- 1.9 "Closing" shall mean the closing of the purchase and sale as and when provided for herein.
- 1.10 "Closing Date" shall mean the time and date of the Closing as specified in Section 2.6 hereof.
- 1.11 "Company" shall mean Aldan Industries, Inc., a Pennsylvania corporation
- 1.12 "Financial Statements" shall have the meaning given in Section 3.6 hereof.
- 1.13 "Indemnifiable Claim" shall have the meaning given in Section 9.3 hereof.
- 1.14 "Intangible Property" shall have the meaning given in Section 2.1(d) hereof.
- 1.15 "I.R.S. Code" shall mean the Internal Revenue Code of 1986, as amended.
- 1.16 "Liabilities" shall have the meaning given in Section 3.15 hereof.
- 1.17 "Lien" means any lien, security interest, pledge, mortgage, encumbrance, charge, title restriction or claim of any other person.
- 1.18 "Permits" shall have the meaning given in Section 3.16 hereof.
- 1.19 "Price Allocation" shall have the meaning given in Section 2.5 hereof.
- 1.20 "Purchase Price" shall have the meaning given in Section 2.4 hereof.
- 1.21 "Tangible Property" shall have the meaning given in Section 3.13 hereof.
- 1.22 "Tax" and "Taxes" shall have the meaning given in Section 3.8 hereof.

ARTICLE II

SALE OF ASSETS AND ASSUMPTION OF LIABILITIES

- 2.1 Sale and Purchase of Assets. Excluding the assets described in Section 2.2 hereof, subject to final approval by the Bankruptcy Court, and upon the terms and subject to all of the conditions herein, Buyer agrees to purchase from the Company, and the Company agrees to sell, transfer, assign or otherwise convey and deliver to Buyer, on the Closing Date (as defined below) all of the following properties of the Company (the "Assets"), free and clear of all Liens (other than Liens set forth in Section 3.7 of this Agreement and in the Bill of Sale delivered at Closing):
- (a) Inventory. All of the inventory described on Schedule 2.1(a) hereto.
 - (b) Work-in-Progress. All of the work-in-progress on Schedule 2.1(b).
 - (c) Other Assets. All other assets necessary for the operation of the Company's business and for sale of the Company's products, including the assets described in Schedule 2.1(c) hereto, and all right, title and interest of the Company in and to any equipment leases related to such assets.
 - (d) Intangible Property. All right, title and interest of the Company in and to the corporate name "Aldan Industries" and any derivatives thereof, and any and all intangible or intellectual property related to the design and manufacture of the products of the Company, including patents, licenses, permits, computer software, computer systems, including all databases, including all current and historical data and reports contained therein, trademarks, trade names, logos, and any other properties, models, formulae and technologies, expressly including all World Wide Web or Internet addresses including, but not limited to "www.aldan-ind.com," historical corporate records and information as to product sales, customer lists, configurations and installations, whether owned by the Company or to which the Company claims any right or interest or to which the Company has rights pursuant to any license (collectively, "Intangible Property").
 - (e) Books and Records. All of the Company's books, records (both hard copy and electronic), computer disks, computer databases, computer software, drawings, manuals, prints, forms, sales data, customer lists, and supplier lists, in whatever form or medium, and by whomever held; expressly provided, however, that the Company shall be entitled to retain copies of all of the following:
 - (i) the Company's corporate minutes, stock records and any other records relating to the corporate governance and stock ownership of the Company;

- (ii) current and expired insurance policies and insurance records, employee retirement plan records, and personnel records related to employees of the Company; and
 - (iii) any and all other records of the Company relating to assets of the Company not being conveyed hereunder or liabilities not being assumed by Buyer hereunder.
- (f) Real Property and Real Estate Leases. All of the Company's owned real property in Danville, Pennsylvania, more particularly described on Schedule 2.1(f) hereto, together with real property leases (including those expressly assumed by the Company and assigned to Buyer by final order of the Bankruptcy Court, but excepting those rejected by final order of the Bankruptcy Court). Buyer shall have the right to occupy the Philadelphia, Pennsylvania facility for a period of up to one hundred twenty (120) days rent-free in order to operate the banberry, festooning ovens and any other equipment necessary for the operation of the Business. During such time that Buyer actually occupies the Philadelphia facility during said 120-day period, Buyer shall be responsible for payment of all utilities, property taxes, and insurance that is actually incurred during such period in which Buyer occupies the Philadelphia facility. If after such 120-day period, Buyer requires the continued use of the Philadelphia facility or if the Buyer has not vacated the facility, Buyer shall have the right to occupy the facilities for up to two one month extensions of the 120-day period at a rental rate of Five Thousand and No/100 (\$5,000.00) per month plus payment of all utilities, property taxes and insurance in accordance with the immediately preceding sentence.
- (g) Cash and Cash Equivalents. All cash, cash on hand, cash in bank accounts, investments, all deposits of money with any other party or company, including bank and utility deposits, workers' compensation insurance premiums, tax refunds which are or may become due, accounts receivable and proceeds thereof, and prepayments of any character, except funds specifically set aside for professionals and real estate taxes on the Company's Philadelphia, Pennsylvania properties.

2.2 Excluded Assets. Notwithstanding anything herein to the contrary, Buyer shall not acquire any right, title or interest in any of the following assets, which shall be retained by the Company:

- (a) All assets, including executory leases and contracts, which are specifically excluded by final order of the Bankruptcy Court, including any avoidance actions under Section 544 *et seq.* of the Bankruptcy Code.
- (b) Real Property. All real property owned by the Company, except for the real

property in Danville, Pennsylvania, which is more particularly described in Schedule 2.1(f).

- (c) Equipment located in Philadelphia, Pennsylvania. The following assets of the Company located in Philadelphia, Pennsylvania: all but one spread coaters (except "Super Chucks" which shall be transferred to Buyer at closing), churns in the line shaft room, carbon absorber, boiler, cooling towers and budzar, bias table, vinyl coater (except unwind/rewind), and all but one paddle mixer.

2.3 No Assumption of Liabilities. The Assets shall be sold and conveyed to Buyer free and clear of all liabilities and Liens, pursuant to a motion and final order under §363 of the Bankruptcy Code. Notwithstanding anything herein to the contrary, the Buyer shall not assume, (except as expressly set forth in Section 2.4, below) and shall in no way be liable for, any liabilities and obligations of the Company, which shall continue to be the sole responsibility of the Company, expressly including the following:

- (a) Other Agreements. All written and verbal agreements of the Company, and all obligations related thereto whose assumption by the Company and assignment to Buyer are not approved by the Bankruptcy Court;
- (b) Equipment Leases. All equipment leases of the Company whose assumption by the Company and assignment to the Buyer are not approved by order of the Bankruptcy Court. Prior to Closing the Company, except in the ordinary course of business, shall not pay any equipment lease to any person or party without the written consent of Buyer;
- (c) Personal Property Taxes. Taxes accrued or due and owing with respect to all personal property assigned or conveyed pursuant to Section 2.1 above, provided that Buyer shall assume and indemnify the Company against all personal property taxes attributable to the Assets from and after the Closing;
- (d) Franchise and Income Taxes. Any federal income or state franchise tax liabilities of the Company, or other taxes based upon the Company's income, earnings or profits, including (without limitation) any tax resulting from the transactions under this Agreement;
- (e) Sales or Excise Taxes. Any tax liability due to any governmental unit or subdivision for taxes measured or collected on sales of the Company's products or services. Prior to Closing the Company, except in the ordinary course of business, shall not pay any sales or excise taxes to any person or party without the written consent of Buyer;
- (f) Other Taxes. Taxes that may become due and owing with respect to any real

property owned or leased by the Company, provided that Buyer shall assume and indemnify the Company against all property taxes attributable to the Assets from and after the Closing. Prior to Closing the Company, except in the ordinary course of business, shall not pay any other taxes to any person or party without the written consent of Buyer;

- (g) Office Space Expenses. Rent and other expenses related to the Company's premises, provided that Buyer shall assume and indemnify the Company against all such expenses attributable to the Assets from and after the Closing, but only for those leases expressly assumed by the Company and assigned to Buyer by final order of the Bankruptcy Court. Prior to Closing the Company, except in the ordinary course of business, shall not pay any office space expenses to any person or party without the written consent of Buyer;
- (h) Ordinary Course Liabilities. All accruals of liabilities as made in the regular course of business, including, but not limited to, commissions payable, customer advances, taxes payable and rents under equipment leases, except as specifically assumed pursuant to Section 2.4 below;
- (i) Litigation. Any losses, costs, damages or expense based upon or arising from any claims, litigation, legal proceedings (including any proceedings in Bankruptcy Court) or other actions against the Company based upon any set of facts, including but in no way limited to claims by or against any affiliates or subsidiaries, Americans with Disabilities Act (ADA) claims, or claims of any other nature occurring prior to the Closing;
- (j) Tort and Environmental Claims. All personal injury, product liability claims, claims of environmental damage, claims of hazards to health, strict liability, toxic torts, enforcement proceedings, cleanup orders and other similar actions or claims instituted by private parties or governmental agencies, with respect to the operation of the Business prior to Closing;
- (k) Employment Agreements. Any and all liabilities relating to any collective bargaining agreements or other contracts or agreements in place or contemplated between the Company and any union, other collective bargaining unit, employee, officer or official of the Company; or
- (l) Other Liabilities. Any other liability or obligation not specifically assumed by Buyer hereunder.

2.4 Purchase Price. As consideration for the purchase by Buyer of the Assets (the "Purchase Price"), and subject to the terms and conditions hereof and the liens of Summit Bank, N.A. ("Summit Bank"), Buyer agrees to:

- (a) Pay to the Company \$4,616,500.00; and
- (b) Assume the liabilities of the Company listed on Schedule 2.4(b) hereto, provided, however, that the Purchase Price shall be reduced on a dollar-for-dollar basis by any payment(s) made between December 1, 2000 and the Closing by the Company to Summit Bank pursuant to its obligations under (i) the Industrial Development Bond (but only to the extent attributable to payments of principal), further described in Section 6.4 hereof and (ii) the equipment leases, further described on Schedule 2.4(b) hereto. Schedule 2.4(b)(i) lists the approximate amounts of such Purchase Price Adjustments to be made at Closing pursuant to this Section 2.4(b). The actual amount of the Purchase Price Adjustments shall be determined by the parties at Closing.

2.5 Purchase Price Allocation. The parties hereby agree to allocate the Purchase Price in accordance with Section 1060 of the I.R.S. Code among the Assets according to the schedule attached as Schedule 2.5 hereto (the "Price Allocation"). Buyer and the Company hereby undertake and agree to file timely any information that may be required to be filed pursuant to regulations promulgated under Section 1060(b) of the I.R.S. Code. The parties further agree that they will report the federal, state, municipal, foreign and local and other tax consequences of the purchase and sale hereunder in a manner consistent with the Price Allocation, as so adjusted, and that they will not take any position inconsistent therewith.

2.6 Closing of Purchase and Sale. Closing, for purposes of this Agreement, is defined as the date one day after the order approving the sale of the Assets free and clear of all liens, claims and encumbrances becomes final and non-appealable, or the conditions precedent contained in Article VI hereof have been satisfied, whichever date is later. Buyer, at its sole option, may close the sale immediately upon approval of the sale of the Assets by the Bankruptcy Court, upon satisfaction of such conditions precedent and prior to such order becoming final and non-appealable, unless such order has been stayed by court order. The Closing shall take place at a mutually agreed upon location at 10:00 a.m. or such other time and place as the parties may mutually agree (the "Closing Date").

ARTICLE III

REPRESENTATIONS OF THE COMPANY

As an inducement to the Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, and with the knowledge that the Buyer shall rely thereon, the Company represents and warrants to the Buyer the following:

- 3.1 Due Incorporation and Qualification. Except as set forth in Schedule 3.1, the Company is duly organized, validly existing and in good standing under the laws of

the State of Pennsylvania and has the corporate power and lawful authority to carry on its business as now being conducted, and to own or lease and operate its properties and assets as now owned, leased or operated by it. The Company is qualified to transact business in all jurisdictions of the United States where it operates.

- 3.2 Investments. Except as set forth in Schedule 3.2, the Company does not own, directly or indirectly, any capital stock or other equity or ownership or proprietary interest in any other corporation, partnership, association, limited liability company, trust, joint venture or other entity.
- 3.3 Articles of Incorporation and By-Laws. The Company shall deliver to the Buyer true and complete copies of the Articles of Incorporation, as amended, and Bylaws, as amended, of the Company as in effect on the date hereof.
- 3.4 Authority of the Company. The Company will promptly file a motion with the Bankruptcy Court seeking approval of this Agreement and will serve notice of the same on all known creditors, shareholders of the Company and any other parties as directed by the Bankruptcy Court. Upon Bankruptcy Court approval of such motion, no further consent or authority will be required from any party and the Company will seek a finding in such order setting forth the same.
- 3.5 Execution, Deliverability, Enforceability. The execution, delivery and performance of this Agreement by the Company and the consummation by it of the transactions contemplated hereby, have been or as of the Closing Date will be duly authorized and approved by order of the Bankruptcy Court, issued after notice to all interested parties, and no other action on the part of the Company is necessary to authorize the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby. Subject to approval by the Bankruptcy Court after notice to all interested parties, this Agreement has been duly executed and delivered by the Company and is a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.
- 3.6 Financial Statements. The Company has heretofore furnished the Buyer with unaudited balance sheets and income statements of the Company as of August 31, 2000 (the "Financial Statements"). Copies of such Financial Statements have been annexed hereto as Schedule 3.6. Except as otherwise noted on the Financial Statements, the Financial Statements are complete and correct in all material respects with respect to the underlying facts and data reflected therein and the entries thereon fairly present the financial condition of the Company at the dates thereof and reflect all claims against and all debts and liabilities of the Company as of the dates thereof, and the related statements of income fairly present results of operations of the Company, all in accordance with generally accepted accounting principles applied

on a consistent basis as of the dates and for the periods indicated. Since August 31, 2000 (the "Balance Sheet Date"), (x) there has been no material adverse change in the assets or liabilities, or in the business, prospects or condition, financial or otherwise, or in the results of operations, or any loss of customers or suppliers, of the Company, and (y) to the best knowledge, information and belief of the Company, no fact or condition exists or is contemplated or threatened which might cause such a change in the future.

3.7 Title to Properties; Encumbrances. The Company has good, valid and marketable title to all its properties and assets (real and personal, tangible and intangible) and all the properties and assets purchased by the Company since the Balance Sheet Date; in each case subject to no Lien, except for (i) liens for current taxes, assessments or governmental charges or levies on property not yet due and delinquent, and (ii) such liens or other encumbrances set forth on Schedule 3.7 annexed hereto. In the aggregate, all assets, rights and properties required in the operation of the Business as presently conducted are owned or validly leased by the Company and are included within the Assets. The Company is in actual possession and control of all properties owned or leased by it which are required in the operation of the Business as presently conducted, all of which are located on or about the premises of the Company. In the aggregate, all Assets are in good working order and in operating condition, subject to normal wear and tear and considering the age thereof, and the Company has not received notice that any of the Assets is in violation of any existing law or any health, safety or other ordinance, code or regulation.

3.8 Tax Matters.

(a) Except as set forth on Schedule 3.8, the Company has paid all federal, state, county, local, foreign and other taxes, including, without limitation, income taxes, estimated taxes, excise taxes, sales taxes, use taxes, gross receipts taxes, franchise taxes, employment and payroll related taxes, property taxes and import duties, whether or not measured in whole or in part by net income (individually a "Tax" and collectively the "Taxes") required to be paid by it through the date hereof, and all deficiencies or other additions to any Tax, and interest and penalties owed by it, in connection with any Tax, and shall have timely paid, prior to the Closing Date, except as set forth on Schedule 3.8, any Tax, including additions, interest, penalties and estimated payments, required to be paid by it under applicable law after the date hereof and on or before the Closing Date.

(b) Except as set forth on Schedule 3.8, the Company has filed in a timely manner all returns, reports and estimates, including information returns, for Taxes that it is required to file through the date hereof. Pursuant to the terms hereof, the Company shall have prepared and filed, in a manner consistent with prior years and in a timely manner, all returns required to be filed after the date hereof and on or before the Closing Date in connection with any Tax. Except as set forth in Schedule 3.8, no penalties or other charges are or will become due with respect to the late

filing of any return required to be filed by (or with respect to) the Company on or before the Closing Date.

(c) Proper and accurate amounts have been withheld by the Company from its employees and paid over to appropriate governmental authorities for all periods up to and through the Closing Date in full and complete compliance with applicable federal, state and local laws.

(d) Except as set forth on Schedule 3.8, the Company has not, as of the date hereof, received any notice of any audit of the federal income tax returns, sales tax liability and franchise tax liability of the Company for any period for which the statute of limitations has not expired, and has not received any notices of proposed deficiency or statutory notices of deficiency that may have been issued in connection therewith. The Company has not entered into any waiver or agreed to extend any federal, state or local filing deadline for any Tax or any return or statute of limitations with respect to any Tax.

3.9 Compliance with Laws. To the best of the Company's knowledge, the Company is not in violation of any applicable order, judgment, injunction, award or decree. Except as set forth on Schedule 3.9 or Schedule 3.10, the Company is not in violation, in any material respect, of any federal, state, local or foreign law, ordinance or regulation or any other requirement of any governmental or regulatory body, court or arbitrator applicable to the Business of the Company. Without limiting the generality of the foregoing, except as set forth on Schedule 3.9 or 3.10, (i) there is not pending, or to the knowledge of the Company threatened, any notification of any governmental authority that the Company is not in compliance with applicable laws and regulations respecting employment and employment practices, occupational safety and health laws and regulations, and laws or regulations relating to the quality of the environment and the Company knows of no basis therefor, and (ii) the Company has not received any such notification of past violations of such laws or regulations that can reasonably be expected to result in future material claims against the Company, and the Company knows of no basis therefor.

3.10 Litigation. Except as set forth on Schedule 3.10, there are no outstanding orders, judgments, injunctions, awards or decrees of any court, governmental or regulatory body or arbitration tribunal against or affecting the Company or any of its assets or business. Except as set forth on Schedule 3.10, there are no actions, suits or claims or legal, administrative or arbitral proceedings or, to the knowledge of the Company, investigations (whether the defense thereof or liabilities in respect thereof are covered by insurance) pending or, to the knowledge of the Company, threatened against or involving the Company or any of its properties or assets, nor to the best knowledge of the Company, is there a basis therefor. All notices required to have been given to any insurance company listed as insuring against any action, suit or claim set forth on Schedule 3.10 have been timely and duly given and no insurance company has asserted, orally or in writing that such claim is not covered by the applicable policy

relating to such claim. None of the actions, suits, claims, proceedings or investigations set forth on Schedule 3.10, individually or in the aggregate, can reasonably be expected to have a material adverse effect on the assets, properties, business, prospects, operations, or financial condition of the Company, or can reasonably be expected to result in any order, judgment, injunction, award or decree of any court, governmental or regulatory body or arbitration tribunal which would have such an effect.

3.11 Contracts and Other Agreements. Except for those contracts and agreements not being assigned to and assumed by Buyer, there have been delivered or made available to the Buyer true and complete copies of all contracts and other agreements related to the Assets conveyed hereunder and the Business of the Company, including all service contracts, purchase orders and other agreements between the Company and its customers. Such contracts and other agreements collectively constitute all contracts and commitments to which the Company is a party that are related to the Assets and the Business. Except as otherwise disclosed herein or in the Schedules annexed hereto, all of such contracts and other agreements are valid and binding upon the Company in accordance with their terms, and neither the Company nor (to the Company's knowledge) any other party thereto is in default under any such contracts.

3.12 Accounts and Notes Receivable. All accounts and notes receivable and unbilled invoices, and all accounts and notes receivable and unbilled invoices arising subsequent to the Balance Sheet Date, have arisen in the ordinary course of business of the Company, represent valid obligations due to the Company and, subject only to an allowance for doubtful accounts determined in accordance with generally accepted accounting principles and set forth in the Financial Statements or as disclosed in Schedule 3.12, have been collected or are collectible in the ordinary course of business of the Company in the aggregate recorded amounts thereof in accordance with their terms; and none of such accounts receivable or other debts is or will at the Effective Date be subject to any counterclaim or set off except to the extent of the aforementioned allowance for doubtful accounts or on Schedule 3.12. The Company acknowledges that it is currently in litigation to recover on two accounts receivables and that Buyer will be paid any proceeds from any recover in connection with such litigation.

3.13 Tangible Property. The Company has not received notice that any of the equipment, inventory, furniture, and any related capitalized items and other tangible property or leased to the Company acquired since the Balance Sheet Date by the Company (collectively, the "Tangible Property") is in violation of any existing law or any health, safety or other ordinance, code or regulation. All material leases, conditional sale contracts, franchises or licenses pursuant to which the Company may hold or use any interest owned or claimed by the Company in or to Tangible Property are in full force and effect and, with respect to the performance of the Company there is no default or event of default or event which with notice or lapse of time or both would

constitute a default.

- 3.14 Intangible Property. Except for the Intangible Property described in Section 2.1(d) hereof and conveyed to Buyer hereunder, the Company does not hold an interest in any Intangible Property. The Company is in compliance with any and all licenses with respect to Intangible Property. The Company has no notice that it has infringed upon any third-party's rights to Intangible Property and the Company knows of no basis for any such charge or claim, except as set forth on Schedule 3.14 annexed hereto. The Intangible Property is subject to no Lien, except as set forth on Schedule 3.14 annexed hereto. The Company has the right to use all of the trade names, trademarks, and business names under which it conducts its business, and the transactions contemplated hereby will not cause the Company to suffer the loss of any of those rights, so that after the assignment of such rights hereunder Buyer will be able to continue to use all of the names and marks that the Company has been using prior thereto.
- 3.15 Liabilities. Other than as otherwise expressly disclosed in the other Sections and Schedules and the bankruptcy schedules attached hereto as Schedule 3.15, the Company has no direct or indirect material indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, known or unknown, fixed or unfixed, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise ("Liabilities"), other than Liabilities incurred in the ordinary course of business that would not have a material adverse impact on the business, assets, prospects, condition (financial or otherwise) and operations of the Company. In any case, Buyer will not assume any such liabilities other than those expressly assumed herein or by order of the Bankruptcy Court.
- 3.16 Permits. Except as set forth on Schedule 3.16 hereto, all licenses, permits, orders and approvals of any federal, state or local governmental or regulatory bodies that are held by the Company as of the Effective Date (collectively, "Permits") are in full force and effect; and no proceeding is pending or, to the knowledge of the Company, threatened to revoke or limit any Permit. The Permits collectively constitute all governmental licenses, permits, orders and approvals necessary to operate the Business as presently conducted.
- 3.17 No Changes Prior to Closing Date. During the period from the Balance Sheet Date to and including the Closing Date, except as expressly disclosed to the Buyer herein or in Schedule 3.17 hereto or any other Schedule or Schedules hereto, or as consented to by Buyer in writing, the Company shall not have (i) incurred any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise), except in the ordinary course of business, (excluding any debtor-in-possession financing provided for under this Agreement or by order of the Bankruptcy Court) (ii) permitted any of its assets to be subjected to any mortgage, pledge, lien, security interest, encumbrance, restriction or charge of any kind, (excluding any debtor-in-possession financing provided for under this Agreement or by order of the

Bankruptcy Court) (iii) sold, transferred or otherwise disposed of any assets except in the ordinary course of business, (iv) made any material capital expenditure or commitment therefor, (v) declared or paid any dividend or made any distribution on any shares of the Company's capital stock, or redeemed, purchased or otherwise acquired any shares of the Company's capital stock or any option, warrant or other right to purchase or acquire any such shares, (vi) made any bonus or profit sharing distribution or payment of any kind not disclosed as a liability to Buyer, (vii) incurred any indebtedness or made any loan to any person, including payment of any non-Company related expenses, including payment of any non-Company related legal fees or expenses, but excepting trade payables incurred in the ordinary course of business, (viii) written off as uncollectible any notes or accounts receivable, except write-offs in the ordinary course of business charged to applicable reserves, none of which individually or in the aggregate is material to the Company, (ix) granted any increase in the rate of wages, salaries, bonuses or other remuneration of any executive employee or other employees, other than in the normal course of business according to existing policies, (x) canceled or waived any claims or rights of substantial value, (xi) made any change in any method of accounting or auditing practice, (xii) opened any new or closed any existing store or factory location, (xiii) otherwise conducted its business or entered into any transaction, except in the usual and ordinary manner and in the ordinary course of its business, or (xiv) agreed, whether or not in writing, to do any of the foregoing.

- 3.18 Disclosure. To the best of the Company's knowledge, neither this Agreement nor any Schedule, Exhibit or certificate delivered in accordance with the terms hereof or contemplated hereby, contains any untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact known to the Company which materially and adversely affects the business, prospects or financial condition of the Company or its properties or assets, which has not been set forth in this Agreement or in the Schedules or certificates or statements in writing furnished in connection with the transactions contemplated by this Agreement.
- 3.19 Books and Records. To the best of the Company's knowledge, all books and records of the Company are true, correct and complete in all material respects, have been maintained in accordance with good business practice and in accordance with all laws, regulations and other requirements applicable to the Business.
- 3.20 Broker's or Finder's Fees. Except as disclosed in Schedule 3.20, no agent, broker or firm acting on behalf of the Company is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated herein. In any case, any such fees will be liabilities of the Company's bankruptcy estate and not of the Buyer, or the Assets, except for the fees and expenses of Coleman Menard (as shown on Schedule 3.20), which Buyer shall pay. Pursuant to Section 9.2 hereof, the Company

agrees to indemnify and hold Buyer harmless from and against any such commission or brokers' or finders' fees incurred by the Company.

3.21 Copies of Documents. The Company has caused to be made available for inspection or copying by Buyer and its advisors, true, complete and correct copies of all documents referred to in this Agreement or in any Schedule or Exhibit furnished by the Company to the Buyer.

3.22 Environmental Matters.

- (a) Except as set forth in Schedule 3.22 and to the best of the Company's knowledge, (i) the Company is not in violation of any Environmental Law (hereinafter defined) or has not received notice that such violation exists; (ii) the Company has not placed, deposited or released any toxic or hazardous substances or wastes, petroleum products, asbestos, or other pollutants, as defined under applicable Environmental Laws (collectively "Hazardous Substances") upon or under the Company's facility in Danville, Pennsylvania (the "Danville Facility"), except in compliance with Environmental Laws or in such amounts the cost of compliance with or results of which would not have a material adverse effect; and (iii) the Company has not received any notice from any governmental authority (other than the notice that have been fully complied with or withdrawn) requiring the removal of any alleged Hazardous Substances, or advising of any pending or contemplated search or investigation of the Danville Facility, the costs of compliance with which or results of which could have a material adverse effect.
- (b) The Company has been issued, and will maintain until the date of Closing, all required federal, state, and local permits, licenses, certificates and approvals with respect to its properties relating to (i) air emissions, (ii) discharges to surface water or groundwater, (iii) noise emissions, (iv) solid or liquid waste disposal, (v) the use, generation, storage, transportation or disposal of Hazardous Substances, or (vi) other environmental, health or safety matters.
- (c) For purposes of this Section, "Environmental Law" means (i) any law, statute, code, ordinance, rule, regulation or other requirement of any governmental authority, (ii) any order, judgment, injunction, award, decree, writ or settlement or consent agreement applicable to the Company, or (iii) a license, certificate of occupancy, permit, order or approval of, or registration with, any governmental authority applicable to the Company which relates to pollution or protection of the environment, including, without limitation, any of the foregoing which relate to emissions, discharges, releases or threatened releases of Hazardous Substances in the environment (including, without limitation, ambient air, surface water, groundwater or land), or which otherwise relate to the manufacture, processing, distribution,

use, treatment, storage, disposal, transport of handling of Hazardous Substances.

ARTICLE IV

REPRESENTATIONS OF BUYER

As an inducement to the Company to enter into this Agreement and to consummate the transactions contemplated hereby, and with the knowledge that Company shall rely thereon, the Buyer represents and warrants to the Company the following:

- 4.1 Existence and Good Standing of Buyer. If Buyer is a corporation, it is duly organized, validly existing and in good standing under the laws of its formation, and is duly qualified as a foreign corporation in any other jurisdictions in the United States where failure to qualify could have a material adverse impact on Buyer. Buyer has the power and authority to make, execute, deliver and perform this Agreement, and this Agreement has been duly authorized and approved by all required action of Buyer, and there exist neither conflicts which might prevent nor other consents necessary for the consummation of the transaction contemplated by this Agreement.
- 4.2 Broker's or Finder's Fees. No agent, broker, person or firm acting on behalf of Buyer is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated herein.
- 4.3 Due Diligence. Buyer acknowledges that it has been afforded the opportunity to perform such investigations as it deems necessary to proceed to Closing of the transactions contemplated hereby.

ARTICLE V

COVENANTS AND AGREEMENTS

The parties hereto covenant and agree that:

- 5.1 Payment of Transaction Taxes. Except to the extent that payment of such may be exempt under Section 1146(c) of the Bankruptcy Code, the Buyer shall pay all sales, fees for vehicle registration transfers, all transfer fees, recording fees and taxes payable as a result of the transfer of the Assets.
- 5.2 Confidentiality. During the course of dealings between the parties hereto, and in preparation for Closing, the parties hereto have revealed or will reveal to the other

and their respective agents substantial information regarding the business, financial condition and affairs of their respective businesses. All information revealed prior to the Closing Date, including all information concerning the negotiations of the sale contemplated hereunder, shall be treated by each of the parties and their agents as confidential and (except to the extent it is otherwise made public by the party to whom such information pertains) shall not be disclosed to third parties without the prior consent of the other parties hereto, except as may be required by process of law, by the Bankruptcy Code or the Bankruptcy Court. After the Petition Date, the Company may respond to such requests for information as may be required by order of the Bankruptcy Court or under the requirements of the Bankruptcy Code.

Additionally, the Company acknowledges and agrees that it has certain Confidential Information (as defined below) with respect to the Business. The Company agrees that it will not, at any time following the consummation of the transactions contemplated by this Agreement, in whole or in part, disclose such Confidential Information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, nor shall it make use of any such Confidential Information for its own purposes or for the purposes of others; provided, however, that nothing in this Section shall be construed to prohibit the disclosure of such Confidential Information by the Company to the extent required by law. If the Company is required by law to disclose "Confidential Information," the Company shall notify the Buyer, in writing, of the nature of such disclosure and the Confidential Information to be disclosed, as soon as is possible and/or practical, and permit the Buyer the opportunity to contest or limit such disclosure.

For the purposes of this Section, the term "Confidential Information" shall mean and include any and all records, computer programs, data, patent applications, trade secrets, customer lists, customer databases, video programs and programming, proprietary information, technology, pricing policies, financial information, methods of doing business, policy and/or procedure manuals, training and recruiting procedures, accounting procedures, the status and content of the Company's contracts with its customers, the Company's business philosophy, and servicing methods and techniques at any time used, developed, or investigated by the Company, or other information of any kind expressed or recorded on any medium arising out of, concerning, or acquired in connection with the research, development, commercialization and other activities of the Company involving the Business; but "Confidential Information" does not include information (i) generally known or available in the industry, or (ii) available from a third party without violation of any duty of confidentiality by the Company or others.

- 5.3 Employees. Buyer does not agree to offer employment to any employees of the Company. Should the sale and purchase of the Assets under this agreement trigger any liability under the Worker Adjustment and Retraining Notification Act ("WARN")(29 U.S.C. 2101 et seq.), each of the parties hereto shall be responsible for all costs or expenses associated with its own, and not the other party's,

compliance or non-compliance with such act. Any liability of the Buyer under this provision will be an exception to the provisions of Section 2.3.

- 5.4 Information Post-Closing. For a period of one (1) years after the Closing Date, Buyer shall grant to the Company reasonable access to the books and records concerning the Assets of the Company conveyed hereby for the purposes of preparing any local, state or federal tax returns, to assist with claims processing, and any other reasonable business purposes related to the Company's former ownership of the Assets and its operation of the Business, and Buyer hereby further agrees that the Company, at its own expense, may make such copies of those records as may be reasonably necessary. Such access shall be provided on at least forty-eight (48) hours' prior written notice, be conducted during normal business hours and in such a manner as to not unreasonably interfere with Buyer's operations. Buyer shall also make personnel of the Company who are hired by Buyer available for wind-down efforts of the Company. The Company will seek to avoid any material interference with the time demands of such personnel to the needs of Buyer.
- 5.5 Insurance. The Company shall provide Buyer with certificates of insurance as of the Effective Date evidencing that the Company has purchased general liability and related insurance necessary or desirable for the performance of its obligations hereunder, including the indemnity obligations set forth in Article IX.
- 5.6 No Shop. For so long as this Agreement remains in effect, the Company agrees that it shall not enter into any agreements or commitments, or initiate, solicit or encourage any offers, proposals or expressions of interest, or otherwise hold any discussions with any potential buyers, investment bankers or finders, with respect to the possible sale or other disposition of all or any substantial portion of the Assets, the sale of all or a controlling interest in the stock of the Company, or the merger or consolidation of the Company, other than with the Buyer, except as may be required by the Bankruptcy Code or the Bankruptcy Court. After the Petition Date, the Company may respond to such requests for information as may be required by order of the Bankruptcy Court or under the requirements of the Bankruptcy Code.
- 5.7 Transfer of Existing Business. The Company agrees that it will use its best efforts, at as minimal cost to the Company as possible, to transfer all existing customers of the Company to the Buyer, including all customers who are parties to contracts, purchase orders and other agreements between the Company and its customers as are in effect on the Closing Date. "Best efforts" under this Section 5.7 shall include cooperation with and participation (other than financial participation) in Buyer's marketing efforts directed toward such customers, and the cessation of any marketing efforts toward such customers on behalf of the Company or any other person or entity.
- 5.8 Non-Interference with Employment Relations. For a period of sixty (60) months following consummation of the transactions contemplated by this Agreement, the

Company (on behalf of itself and its Affiliates) agrees not to solicit or induce any current employees of the Buyer or employees of the Company who accept employment with the Buyer to terminate his or her employment or accept employment with anyone else, or to interfere in a similar manner with the Business of the Company to be conducted by the Buyer, including any Business transferred to Buyer pursuant to Section 5.7 above.

- 5.9 Non-Solicitation of Customers and Suppliers. For a period of sixty (60) months following the consummation of the transactions contemplated by this Agreement, the Company (on behalf of itself and its Affiliates) agrees not to contact, communicate with or solicit any former or current customer, supplier, vendor, distributor, promoter, contractor or prospective customer of the Buyer for the purpose of engaging in the Business of the Company to be conducted by the Buyer, including any Business transferred to Buyer pursuant to Section 5.9 above.
- 5.10 Non-Competition. For a period of twenty-four months following the consummation of the transactions contemplated by this Agreement, the Company (on behalf of itself and its Affiliates) agrees that it shall not, directly or indirectly, engage in, manage, operate, join, control, or participate in the ownership, management, operation, or control of, or be employed or engaged or act as a consultant to any manner, to any entity whose principal business is the manufacture, distribution or sale of engineered coated fabrics. The Company (on behalf of itself and its Affiliates) has carefully read and considered the provisions of this Section 5.10 and, having done so, agrees that the restrictions set forth herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained, and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Buyer. The Company (on behalf of itself and its Affiliates) further understands and agrees that if at some later date, a court of competent jurisdiction determines that the scope, duration or geographic area of any covenant set forth in this Section 5.10 is over broad or unenforceable for any reason, these covenants shall be reformed by the court and enforced to the maximum extent permissible under the laws of the State of Texas. A breach of this Section 5.10 shall be deemed a breach by only that individual Affiliate actually committing such breach, and not by the Company's Affiliates as a whole.
- 5.11 Intangible Property. After the Closing Date, the Company agrees to assist and cooperate with Buyer, at Buyer's request and at Buyer's expense, in the preparation and filing of any patent applications, trademark applications, Internet or World Wide Web address registrations, transfers, or assignments, toll free telephone numbers, or other steps taken by Buyer to further secure its title in any Intangible Property conveyed to Buyer hereunder. The decision as to whether or not to take such actions shall be solely within Buyer's discretion.

ARTICLE VI

**CONDITIONS PRECEDENT TO THE OBLIGATION
OF THE BUYER TO CLOSE**

The obligation of the Buyer to enter into and complete the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by it only in writing:

- 6.1 Court Approval. The Bankruptcy Court, pursuant to 11 U.S.C. §363, shall have approved the sale of the Assets to Buyer free and clear of all liens, claims and encumbrances.
- 6.2 Leases and Contracts. The Bankruptcy Court, pursuant to 11 U.S.C. §365, shall have authorized the assumption by the Company, and the assignment to Buyer, of those executory contracts and leases so designated by Buyer.
- 6.3 Miscellaneous Court Approvals: The Bankruptcy Court shall have previously:
- (a) Authorized the Company to consummate the transactions contemplated hereby as soon as possible, but in no event any later than January 5, 2001.
 - (b) Should this transaction not be consummated for any reason, the sole remedy of Buyer shall be the return of its deposit monies and in no event shall the Buyer be entitled to any administrative claim.
- 6.4 Assumption of Industrial Development Bond. Buyer shall have been allowed to assume the Montour County Industrial Development Authority Industrial Development Revenue Note, Series 1997 (Aldan Industries, Inc.), dated July 28, 1997, or, in the alternative, shall be provided financing by Summit Bank with the same repayment terms.
- 6.5 Buyer's Financing. Summit Bank shall have approved the terms of this Agreement and agreed to provide adequate financing to Buyer (on terms acceptable to the Buyer) in order to consummate the transactions described herein, including, but not limited to (i) a revolving credit agreement based on 80% of eligible accounts receivable and 50% of inventory (up to a maximum of \$2,000,000.00), and (ii) a promissory note in the principal amount of \$346,000.00 (equaling the amount of principal remaining on the Company's equipment lease with Summit Bank), such promissory note bearing interest at the rate of Prime plus one percent to be paid in sixty equal monthly installments of principal and interest.
- 6.6 Equipment Lease Payments. The Company shall make payments on the equipment leases to Summit Bank between the Effective Date of this Agreement and Closing.
- 6.7 Successful Manufacturing in Danville. Organic product shall continue to be successfully manufactured without a material interruption at the Danville Facility,

and no injunction shall have been ordered by the Bankruptcy Court in connection with the union contract which would prevent Buyer's operation of the Business in any way.

6.8 Environmental Issues at Danville Facility. The Danville Facility shall be in compliance with all Environmental Laws to Buyer's satisfaction.

6.9 Representations and Covenants. The representations and warranties of the Company contained in this Agreement shall be true on and as of the Closing Date. The Company shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by the Company on or prior to the Closing Date.

6.10 Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body, or instituted or threatened by any governmental or regulatory body, to restrain, modify or prevent the carrying out of the transactions contemplated by this Agreement or to seek damages or a discovery order in connection with such transactions, or that has or could reasonably be expected to have, in the opinion of the Buyer, a materially adverse effect on the assets, properties, business, operations, prospects or financial condition of the Company.

6.11 Resolutions. There shall have been delivered to the Buyer a copy of the resolutions duly adopted by the board of directors of the Company and the shareholders of the Company, certified accurate by an officer of the Company, as of the Closing Date, authorizing and approving the filing of the bankruptcy cases, allowing the authorized officer(s) of the Company to take any actions and file any pleadings in such cases and allowing the transactions contemplated by this Agreement.

6.12 No Material Adverse Change. There shall be no material adverse change as set forth in Section 3.17 hereof, in the assets or liabilities, the business, prospects or condition, financial or otherwise, of the Company, its employees or customers, including, but not limited, to fire, explosion, accident, casualty, computer failure, labor trouble, flood, riot, storm, condemnation or act of God or other public force or otherwise.

6.13 Transfer Instruments. Buyer shall have received all of the documents required to convey the Assets as set forth in Section 8.1 hereof.

6.14 Books and Records. Buyer shall have received the books, papers, records, correspondence and instruments of, or relating to, the Business of the Company as agreed to be conveyed hereby. Buyer shall have completed its investigation of the Company, its business and its operations and Buyer shall have completed its examination of books and records of the Company, and the results thereof shall be acceptable to Buyer.

6.15 Good Standing and Incumbency Certificates. Company shall have delivered all such

certified resolutions, certificates, documents or instruments with respect to the corporate existence, authority of the Company, and compliance with the terms hereof, as Buyer's counsel may have reasonably requested prior to the Closing Date.

- 6.16 Employment or Collective Bargaining Agreements. On or before the time of the hearing before the Bankruptcy Court to approve this Agreement and authorize the Debtor to consummate the transactions contemplated hereby, the Bankruptcy Court shall have, pursuant to 11 U.S.C. §§365 and 1113, authorized the rejection or a satisfactory modification of any and all collective bargaining agreements or contracts with any union or other collective bargaining unit. Further, prior to Closing, the Bankruptcy Court shall have authorized the purchase and sale of the Assets free and clear of the burden of any such collective bargaining agreements or contracts, employment agreements or contracts, or any other agreements relative to employment by the Company of any person or persons.
- 6.17 Exhibits. Company shall deliver to Buyer all Exhibits to this Agreement no later than December 12, 2000, and all such Exhibits shall be subject to the satisfactory review of Buyer.

ARTICLE VII

CONDITIONS PRECEDENT TO THE OBLIGATION OF THE COMPANY TO CLOSE

The obligation of the Company to enter into and complete the Closing is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by it only in writing:

- 7.1 Representations and Covenants. The representations and warranties of the Buyer contained in this Agreement shall be true on and as of the Closing Date. The Buyer shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by them on or prior to the Closing Date.
- 7.2 Resolutions. There shall have been delivered to the Company a copy of the resolutions duly adopted by the board of directors of the Buyer, certified accurate by an officer of Buyer, as of the Closing Date, authorizing and approving the execution and delivery by the Buyer of this Agreement, and the consummation by the Buyer of the transactions contemplated hereby.
- 7.3 Good Standing and Incumbency Certificates. Buyer shall have delivered all such certified resolutions, certificates, documents or instruments with respect to Buyer's corporate existence, authority and compliance with the terms hereof, as Company's counsel may have reasonably requested prior to the Closing Date.

ARTICLE VIII

ACTIONS TO BE TAKEN AT THE CLOSING

The following actions shall be taken at the Closing, each of which shall be conditioned on completion of all the others and all of which shall be deemed to have taken place simultaneously:

- 8.1 Transfer Documents. The Company shall deliver to the Buyer documents to evidence the transfer of the Assets at the Closing as follows:
- (a) Assignments and Bills of Sale. The Company agrees that at the Closing it will deliver to Buyer such bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance, transfer and assignment, as shall be effective to reflect the vesting in Buyer the title and interest in and to the Assets to be transferred pursuant to the terms and conditions of this Agreement. Such Bill of Sale shall include a warranty by the Company warranting title to the Assets in Buyer free and clear of all liens and encumbrances except those set forth in this Agreement or otherwise waived by the Buyer, all of which permitted liens and encumbrances shall be set forth in such Bill of Sale. At or after the Closing, and without further consideration, the Company shall, at Buyer's expense and at no material expense to the Company (exclusive of professional fees of the Company), execute and deliver such further instruments of conveyance and transfer and take such other action as Buyer may reasonably request in order to more effectively convey and transfer to Buyer any of the assets, properties and business to be transferred pursuant to this Agreement or for aiding and assisting and collecting and reducing to possession and exercising rights with respect thereto. The Company agrees to use its best efforts to obtain and deliver to Buyer such consents, approvals, assurances and statements from third parties as Buyer may reasonably request to convey the Assets as provided hereunder.
 - (b) Contracts and Records. At the Closing, the Company shall deliver to Buyer all of the Company's contracts and commitments, books, records and other data in its possession, custody or control at such date relating to the Assets, except for records to be retained by the Company pursuant to Section 2.1(e).
 - (c) Documents Concerning Use of Name. The Company shall deliver one original executed copy of Articles of Amendment to change the name of the Company pending final dissolution of the Company, along with any consents necessary for Buyer to use the name "Aldan Industries" and any and all derivatives thereof.
- 8.2 Purchase Price. The Buyer shall deliver to the Company the Purchase Price in accordance with the terms of Section 2.4 (as adjusted according to the other terms

hereof) of this Agreement.

ARTICLE IX

SURVIVAL AND INDEMNIFICATION

- 9.1 Survival of Representations and Warranties. All statements contained in this Agreement or any Schedule or Exhibit hereto shall be deemed representations and warranties of the party executing or delivering the same. Regardless of any investigation made at any time by or on behalf of any party hereto, all covenants, agreements, representations and warranties made hereunder or pursuant hereto or any Schedule or Exhibit hereto or in connection with the transactions contemplated hereby and thereby shall not terminate but shall survive the Closing and continue in effect thereafter subject to Section 9.2, below.
- 9.2 Indemnification of the Buyer. The Company, from and after the Closing Date, shall indemnify, defend and hold Buyer and its Affiliates (the "Buyer Indemnitees") harmless from and against any and all damages (including exemplary damages and penalties), losses, deficiencies, costs, expenses, obligations, fines, expenditures, claims and liabilities, including reasonable counsel fees and reasonable expenses of investigation, defending and prosecuting litigation (collectively, the "Damages"), suffered by any Buyer Indemnitee as a result of, caused by, arising out of, or in any way relating to (a) any misrepresentation, breach of warranty, or nonfulfillment of any agreement or covenant on the part of the Company under this Agreement or any misrepresentation in or omission from any list, schedule, certificate, or other instrument furnished or to be furnished to the Buyer by the Company pursuant to the terms of this Agreement, or (b) any liability or obligation which pertains to the ownership, operation or conduct of the Assets or the Business arising from any acts, omissions, events, conditions or circumstances occurring before the Closing Date.
- 9.3 Demands. Each party agrees that promptly upon its discovery of facts giving rise to a claim or an aggregate of claims for indemnity, including receipt by it of notice of any demand, assertion, claim, action or proceeding, judicial or otherwise, by any third party (any such third party action being referred to herein as a "Indemnifiable Claim"), with respect to any matter as to which it claims to be entitled to indemnity under the provisions of this Agreement, it will give notice thereof as soon thereafter as reasonably practicable in writing to the indemnifying party, together with a statement of such information respecting any of the foregoing as it shall have. Such notice shall include a formal demand for indemnification under this Agreement. The indemnifying party shall not be obligated to indemnify the indemnified party with respect to any Claim if the indemnified party knowingly failed to notify the indemnifying party thereof in accordance with the provisions of this Agreement in sufficient time to permit the indemnifying party or its counsel to defend against such matter and to make a timely response thereto including, without limitation, any responsive motion or answer to a complaint, petition, notice or other legal, equitable

or administrative process relating to the Claim, but only insofar as such knowing failure to notify the indemnifying party has actually resulted in prejudice or damage to the indemnifying party.

9.4 Right to Contest and Defend. The indemnifying party shall be entitled at its cost and expense to contest and defend by all appropriate legal proceedings any Claim with respect to which it is called upon to indemnify the indemnified party under the provisions of this Agreement; provided, that notice of the intention so to contest shall be delivered by the indemnifying party to the indemnified party within twenty (20) days from the date of receipt by the indemnifying party of notice by the indemnified party of the assertion of the Claim. Any such contest may be conducted in the name and on behalf of the indemnifying party or the indemnified party as may be appropriate. Such contest shall be conducted by reputable counsel employed by the indemnifying party, but the indemnified party shall have the right, but not the obligation, to participate in such proceedings and to be represented by counsel of its own choosing at its sole cost and expense. The indemnifying party shall have full authority to determine all action to be taken with respect thereto; provided, however, that the indemnifying party shall not have the authority to subject the indemnified party to any obligation whatsoever, other than the performance of purely ministerial tasks or obligations not involving material expense. If the indemnifying party does not elect to contest any such Claim, the indemnifying party shall be bound by the result obtained with respect thereto by the indemnified party. At any time after the commencement of the defense of any Claim, the indemnifying party may request the indemnified party to agree in writing to the abandonment of such contest or to the payment or compromise by the indemnified party of the asserted Claim, provided the indemnifying party has assumed all responsibility for indemnification resulting from such abandonment, payment or compromise, it has demonstrated to the indemnified party's reasonable satisfaction that the indemnifying party is financially able to assume such responsibility and the indemnified party's interests would not be adversely affected thereby, whereupon such action shall be taken unless the indemnified party determines that the contest should be continued, and so notifies the indemnifying party in writing within fifteen (15) days of such request from the indemnifying party. If the indemnified party determines that the contest should be continued, the indemnifying party shall be liable hereunder only to the extent of the amount that the other party to the contested Claim had agreed unconditionally to accept in payment or compromise as of the time the indemnifying party made its request therefor to the indemnified party.

9.5 Cooperation. If requested by the indemnifying party, the indemnified party agrees to cooperate with the indemnifying party and its counsel in contesting any Claim that the indemnifying party elects to contest or, if appropriate, in making any counterclaim against the person asserting the Claim, or any cross-complaint against any person, and the indemnifying party shall reimburse the indemnified party for any expenses incurred by it in so cooperating. At no cost or expense to the indemnified party, the indemnifying party shall cooperate with the indemnified party and its

counsel in contesting any Claim.

- 9.6 Right to Participate. The indemnified party agrees to afford the indemnifying party and its counsel the opportunity to be present at, and to participate in, conferences with all persons, including governmental authorities, asserting any Claim against the indemnified party or conferences with representatives of or counsel for such persons.
- 9.7 Limitations. The Buyer acknowledges that it is purchasing the Company's assets from the Company free and clear of liens, claims and encumbrances pursuant to an order under Section 363 of the Bankruptcy Code and that such order is its primary protection against such liens, claims and encumbrances. The Buyer further acknowledges that entry of the Section 363 order will make it unlikely that any breaches of many of the representations and warranties in Article III hereof or related documents being delivered in connection with this Agreement will affect the value of the Business acquired by Buyer pursuant to such order. The first course of action in defense against successor liability or similar claims against the Buyer Indemnitees will be to seek to enforce the Section 363 order to prevent the parties asserting such claims from pursuing the Buyer Indemnitees.
- 9.8 Waiver. Notwithstanding anything to the contrary contained herein, Buyer waives the right to make any claim for an administrative priority for any breach of this indemnification Article IX.

ARTICLE X

MISCELLANEOUS

- 10.1 Publicity. Except as otherwise required by law, none of the parties hereto shall issue any press release in connection with or arising out of this Agreement or the matters contained herein, without obtaining the prior approval of all parties hereto as to the contents and manner of presentation and publication thereof.
- 10.2 Knowledge. As used in this Agreement, the terms "knowledge," "information" and "belief," with respect to the Buyer or Company, means the actual knowledge, information or belief, as the case may be, after due inquiry.
- 10.3 Gender. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.
- 10.4 Expenses. Except as otherwise specifically provided herein, the parties shall pay their own respective expenses, including the fees and disbursements of their respective counsel in connection with the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated hereby, including representation during any case under the Bankruptcy Code.

- 10.5 Entire Agreement and Amendment. This Agreement, including all schedules and exhibits hereto and material incorporated by reference therein, constitutes the entire agreement of the parties with respect to the subject matter hereof, and may not be modified, amended or terminated except by a written instrument specifically referring to this Agreement signed by each of the parties hereto. This Agreement supersedes all prior agreements and undertakings between the parties with respect to such subject matter. For purposes of this Agreement, all references to "Schedules" include all documents described in the Schedules, which are all incorporated by reference therein and in this Agreement and made a part hereof for all purposes.
- 10.6 Waivers and Consents. All waivers and consents given hereunder shall be in writing. No waiver by any party hereto of any breach or anticipated breach of any provision hereof by any other party shall be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether or not similar, on the part of the same or any other party.
- 10.7 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given only if and when by facsimile and (i) personally delivered or (ii) three (3) business days after mailing, postage prepaid, by certified mail, or (iii) when delivered (and receipted for) by an overnight delivery service, addressed in each case as follows:

If to the Buyer to:

Mr. Gary E. Yeager
c/o Smith & Giacometti, LLC
1420 Walnut Street, Suite 806
Philadelphia, PA 19102
215/732-4001
215/732-4166 (fax)

with a copy in like manner to:

David B. Smith, Esquire
(Same address as above)

(b) If to the Company:

Aidan Industries, Inc.
Attn: Edwin T. Winter
2701 East Tioga Street
Philadelphia, Pennsylvania 19134-6184
215/739-6500
215/426-0288 (fax)

with a copy in like manner to:

John Wetzel
Swartz, Campbell & Detweiler
29 Turner Lane
West Chester, Pennsylvania 19380-4805
610/692-9500
610/692-4936 (fax)

Any party may change the address for the giving of notices and communications to it, and/or copies thereof, by written notice to the other parties in conformity with the foregoing.

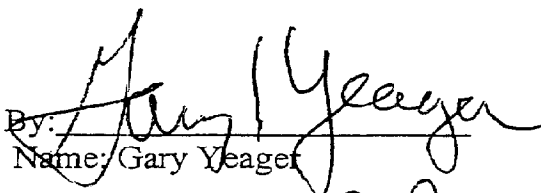
- 10.8 Rights of Third Parties. All conditions of the obligations of the parties hereto, and all undertakings herein, are solely and exclusively for the benefit of the parties hereto and their successors and assigns, and no other person or entity shall have standing to require satisfaction of such conditions or to enforce such undertakings in accordance with their terms, or be entitled to assume that any party hereto will refuse to consummate the purchase and sale contemplated hereby in the absence of strict compliance with any or all thereof, and no other person or entity shall, under any circumstances, be deemed a beneficiary of such conditions or undertakings, any or all of which may be freely waived in whole or in part, by mutual consent of the parties hereto at any time, if in their sole discretion they deem it desirable to do so.
- 10.9 Headings. The Table of Contents and Article and Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
- 10.10 Governing Law. The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the internal laws of the Commonwealth of Pennsylvania.
- 10.11 Jurisdiction. Any judicial proceeding brought against any of the parties to this Agreement on any dispute arising out of this Agreement or any matter related hereto may be brought in the Bankruptcy Court and, by execution and delivery of this Agreement, each of the parties to this Agreement accepts for itself the exclusive jurisdiction of the aforesaid court, and irrevocably agrees to be bound by any final and nonappealable judgment rendered thereby in connection with this Agreement.
- 10.12 Parties in Interest. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto, other than by operation of law or with the consent of the other parties, except that the Buyer shall be permitted to transfer all of their rights and obligations under this Agreement to any entity wholly owned and controlled by Buyer or to an Affiliate under common control with the Buyer, provided that the assignee agrees to assume all of the obligations and duties of Buyer hereunder and Buyer shall remain fully liable under this Agreement. This Agreement

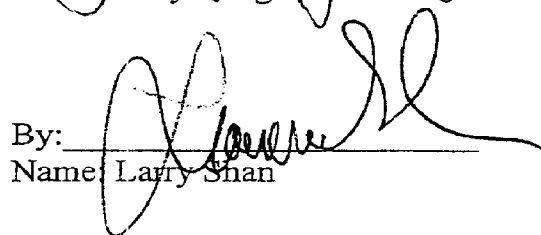
shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

- 10.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which taken together shall constitute one and the same instrument. A facsimile signature by any of the parties shall have the same force and effect as an original signature.
- 10.14 Attorneys' Fees. Should any litigation be commenced between the parties to this Agreement arising out of this Agreement or the transactions contemplated hereby or the rights and duties in relation thereto, the party prevailing in such litigation shall be entitled to recover from the defaulting party, in addition to such other relief as may be granted, a reasonable sum as and for its attorneys' fees in such litigation, which sum shall be determined by the court in litigation or in a separate action brought for that purpose.
- 10.15 Severability. In case any provision in this Agreement shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, Buyer and the Company have caused their names to be hereunto subscribed by their respective duly authorized officers, all as of the day and year first above written.

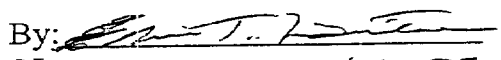
"BUYER"

By: 
Name: Gary Yeager

By: 
Name: Larry Shan

"COMPANY"

ALDAN INDUSTRIES, INC.
a Pennsylvania corporation

By: 
Name: EDWIN T. WINTER
Title: PRES, CEO