

FORM PTO-1618A

Expires 06/30/99  
OMB 0651-0027

03-12-2002

U.S. Department of Commerce  
Patent and Trademark Office  
TRADEMARK

MAD  
2-21-02



102010560

RECORDATION SECTION

### 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
- Merger  Change of Name
- Other Agreement for Purchase & Sale of Assets

Effective Date  
Month Day Year  
\_\_\_\_\_

#### Conveying Party

Mark if additional names of conveying parties attached

Name TAMB, Inc.

Execution Date  
Month Day Year  
1/12/94

Formerly Lynx Manufacturing, Inc.

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_

Citizenship/State of Incorporation/Organization Texas

#### Receiving Party

Mark if additional names of receiving parties attached

Name Donel, Inc.

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) 1648 North O'Donnel Way

Address (line 2) \_\_\_\_\_

Address (line 3) Orange California 92867  
City State/Country Zip Code

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_

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.)

Citizenship/State of Incorporation/Organization California

03/12/2002 6TON11 00000013 1273821

FOR OFFICE USE ONLY

01 FC:481

40.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK

REEL: 002458 FRAME: 0001

**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)

**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.

Tawnya Wojciechowski

Name of Person Signing

Signature

2/21/02

Date Signed

**AGREEMENT FOR PURCHASE  
AND SALE OF ASSETS**

THIS AGREEMENT (the "Agreement") is made and entered into as of January 12, 1994, by and among Donel, Inc., a California corporation ("Buyer"), TAMB, Inc., formerly known as Lynx Manufacturing Inc., a Texas corporation ("Seller"), and Michael H. Sims and Barbara J. Sims, a married couple and the record and beneficial holders of all issued and outstanding equity securities of Seller (each a "Shareholder" and, collectively, the "Shareholders").

W I T N E S S E T H:

WHEREAS, Seller is the sole and exclusive owner and operator of a business which manufactures and distributes longlight safety lighters (the "Business") whose activities are conducted at 21271 Rudin Circle, Evergreen, Colorado and 4727 Lipan Road, Denver, Colorado (the "Premises"); and

WHEREAS, Seller desires to sell to Buyer certain assets of the Business, which assets are defined in Section 1.1 hereof, and with the exceptions hereinafter noted, and Buyer desires to purchase the same, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained herein, the parties hereto agree as follows:

**ARTICLE I  
PURCHASE AND SALE**

1.1 Transfer of Certain Assets. Subject to the terms and conditions hereof and in reliance upon the representations, warranties and covenants contained herein, Seller agrees to sell, convey, transfer, assign, set over and deliver to Buyer, and Buyer agrees to purchase, acquire and accept from Seller, each of Seller's assets, properties, prepaid expenses, rights and entitlements of every kind, character and description that relate to or are used in the Business, whether tangible, intangible, real, personal or mixed, existing on the Closing Date (as defined in Section 2.1 hereof) including without limitation:

(a) the items indicated in the Lynx Longlight Safety Lighters Price List (the "Price List"), a copy of which is attached hereto as Exhibit 1 and made a part hereof (collectively, the "Products" and, together with the business associated with the Products, the "Product Lines");

(b) all of the machinery, fixtures, jigs, dies, molds, patterns, tooling, hand tools, machine tool fixtures, computer, computer software, and spare and replacement parts and related supplies for any of the foregoing located either at the plant occupied by Seller on the Premises ("Seller's Plant") or elsewhere, together with related service and/or warranty agreements or contracts (if any), and specifically made for or used in connection with or required in order to manufacture the Products (collectively, the "Fixed Assets");

(c) the inventory consisting of raw materials, work in process, components and finished goods relating to the Products (the "Inventory") and miscellaneous manufacturing supplies (the "Supplies");

(d) all accounts receivable of Seller relating to the Product Lines and outstanding as of the Closing Date (the "Accounts Receivable");

(e) all sales orders, as listed on Exhibit 2 hereto that are outstanding on the Closing Date and relate to the Product Lines or the Products, together with all sales orders received by Seller on or subsequent to the Closing Date that relate to the Product Lines or the Products, and those certain customer agreements that Buyer specifically agrees to assume as set forth on Exhibit 2 hereto;

(f) those certain purchase orders, supplier agreements and other agreements that Buyer specifically agrees to assume, as listed on Exhibit 3 hereto;

(g) all of Seller's right, title and interest in and to each patent and all applicable patent rights, patent applications, trade names, service marks, trademarks, copyrights, permits and licenses relating to the Product Lines and the manufacturing of the Products, including, without limitation, the names "Lynx" and "Longlight" and the items listed on the Schedule of Patents and Trademarks attached hereto as Exhibit 4 and made a part hereof (the "Schedule of Patents and Trademarks") and Seller's interest in Patent No. 4389187 (the "Longlight Patent") transferred by Michael H. Sims to Buyer on the Closing Date;

(h) all of Seller's trade secrets, proprietary information, customer lists, business records, accounting and cost records, engineering drawings, blueprints and research (if any), engineering, marketing, and other data, engineering and production methods, processes, and know-how relating to the Product Lines and the

manufacturing and sale of the Products and all other franchises, licenses, rights and privileges necessary or incidental to the Product Lines or the Products;

(i) all of Seller's catalogs, price lists, brochures, films or videotapes and other sales or promotional literature or items that relate specifically to the Product Lines or the Products;

(j) all of Seller's customer and supplier records relating to the Product Lines or the Products; and

(k) all of Seller's prepaid expenses (the "Prepaid Expenses").

The assets of Seller and Michael H. and Barbara Sims to be sold and purchased under this Agreement are sometimes hereinafter referred to collectively as the "Acquisition Assets."

1.2 Retained Assets. Seller will retain ownership of the following assets that pertain to the Product Lines: (a) all minute books, journals, ledgers and books of original entry; (b) cash, other than security deposits, other lease payments or prepaid expenses; (c) any income, sales, use, corporation, excise and franchise tax refunds that Seller may be entitled to receive from any federal, state or local authorities (except to the extent that payment of any such taxes is prorated between Buyer and Seller pursuant to Section 2.3, in which event the refund shall be payable in accordance with such proration); and (d) Seller's 1990 Chevrolet Van.

1.3 Purchase Price.

(a) Amount. In exchange and as consideration for the sale and transfer of the Acquisition Assets, the assumption of the Assumed Liabilities (as defined in Section 1.6 hereof), and in full payment thereof, Buyer shall pay to Seller, in accordance with Section 1.3 hereof, an aggregate purchase price (the "Purchase Price") of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000), subject, however, to adjustments as provided herein.

(b) Allocation. The parties hereby agree that the following amounts shall be allocated to each of the following categories of assets (the "Allocation"):

1. Fixed Assets	\$240,500
2. Inventory	\$136,842

3.	Accounts Receivable	\$291,188
4.	Prepaid Expenses	\$1,970
5.	Miscellaneous Assets (e.g., customer lists, catalogs, price lists, patents, trademarks, etc.)	\$10,000
6.	Covenant Not to Compete	\$1,000
7.	Goodwill	\$968,500

If an adjustment in the Purchase Price is made in accordance with Sections 1.5, a concurrent adjustment will be made to the Allocation to reflect a change in the relevant category. Buyer and Seller hereby agree to report this transaction for all tax purposes in accordance with the Allocation and the Form 8594 attached hereto as Exhibit 6 (adjusted as set forth above).

1.4 Payment of Purchase Price. The Purchase Price shall be paid by Buyer as follows:

(a) At the Closing Buyer shall pay to or for the benefit of Seller by certified or cashier's check or checks or by bank wire transfer of funds an aggregate amount equal to One Million Four Hundred Twenty-Five Thousand Dollars (\$1,425,000), payable \$1,304,259.90 to Seller and \$120,740.10 to FirstBank of Westland;

(b) At the Closing, Buyer will execute, deliver and issue to Seller Buyer's promissory note (the "Note"), dated as of the Closing Date, in the principal amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000). The Note will be in the form of Exhibit 7 attached hereto and made a part hereof. The principal amount of the Note shall be subject to offset and/or reduction as set forth in this Agreement. The principal amount of the Note shall be payable to Seller in two equal semi-annual payments on July 12, 1994 and January 12, 1995 (subject to adjustment) accompanied by the payment of accrued interest per annum on the unpaid principal balance at the Prime Rate plus 1%, or the maximum rate permitted by law \if less than the Prime Rate plus 1%. The term "Prime Rate" means the rate that First Interstate Bank announces publicly from time to time at its Los Angeles, California office as its FICAL Floating Prime Rate. In the event that First Interstate discontinues the publication of its FICAL Floating Prime Rate for any reason, Buyer may, in

its sole discretion, designate the published prime rate of any of the three largest banks doing business in the State of California as the Prime Rate defined in the Note. Payment of principal and interest on the Note shall be secured by (i) a security interest in Buyer's post-closing accounts receivable and inventory and the Accounts Receivable and Inventory, subordinated to liens in favor of bank financing used by Buyer in the ordinary course of its business, and (ii) a first security interest in the Longlight Patent and the molds and dies of the Product Lines.

1.5 Adjustments to the Note. The Note, payable in accordance with Section 1.4(b) hereof, shall be adjusted downward if necessary (i) for certain Deficiencies, as such term is defined in Section 7.2 hereof, (ii) by the cost on Buyer's books of Inventory determined by Buyer to be obsolete (based on Seller's current Bill of Materials attached hereto as Exhibit 18), defective, not required under Seller's current bill of materials or not used by Buyer, all within one (1) year after Closing, (iii) by the amount by which Accounts Receivable collected by Buyer within ninety (90) days after the Closing are less than \$291,188 ("Buyer's Accounts Receivable") or (iv) by the net amount owed by Seller to Buyer pursuant to Section 5.7 hereof. The amount by which Accounts Receivable collected by Buyer exceeds the Buyer's Accounts Receivable shall be handled in accordance with Section 5.4 hereof. From time to time after the Closing, if Buyer is entitled to a downward adjustment, Buyer shall have the right, upon written notice to Seller, to decrease the principal balance of the Note by the amount of any such adjustment. For the purpose of the accrual of interest on the Note, any adjustment in the payment of the Note shall be deemed to have occurred at the Closing and the payment of interest shall be adjusted accordingly.

1.6 No Assumption of Certain Liabilities. Except for those certain purchase and sales orders and other agreements outstanding at the time of Closing and listed on Exhibits 2 and 3 hereof (the "Assumed Liabilities"), it is expressly understood and agreed that Buyer shall not assume or be liable for any of the debts, obligations or liabilities of Seller of any kind and nature whatsoever, specifically including, but not limited to, any tax, warranty or product liabilities, any liability for unfair labor practices claims or any liability with respect to personal injury, property damage claims or claims by employees or former employees under medical, pension, profit sharing or other benefit plans. Buyer and Seller will execute the Assignment and Assumption Agreement (the "Assumption Agreement") in the form attached hereto as Exhibit 5 to evidence the Assumed Liabilities.

ARTICLE II  
CLOSING

2.1 Closing. The closing of the purchase, the sale of the Acquisition Assets and the assumption of the Assumed Liabilities (the "Closing") shall take place at the offices of Minor & Brown, Denver, Colorado on January 12, 1994 at 10:00 a.m. local time or at such later date and/or time as the parties may agree in writing (the "Closing Date").

2.2 Deliveries at the Closing. The parties shall make the following deliveries at the Closing:

(a) Buyer. In addition to any other obligations of Buyer contained in this Agreement, on or before the Closing Date, Buyer shall deliver or cause to be delivered to Seller the following items:

- (i) The cash amount set forth in Section 1.3(a) hereof;
- (ii) The Note described in Section 1.4(b);
- (iii) The Security Agreement (in the form attached hereto as Exhibit 19) providing security for payment under the Note as required by Section 1.4(b) and UCC-1 Financing Statements to be filed in Colorado and California to perfect that interest;
- (iv) Certified copies of the resolutions of Buyer approving the transactions contemplated hereby; and
- (v) The Assumption Agreement.

(b) Seller and the Shareholders. In addition to any other obligations of Seller contained in this Agreement, on or before the Closing Date, Seller shall deliver or cause to be delivered to Buyer the following documents and instruments:

- (i) Assignments of any and all contracts, license agreements, patent rights (including without limitation an assignment of patent and patent rights with respect to the Longlight Patent by Michael H. Sims), trademarks, trade names, copyrights, customer agreements, supplier agreements, and other permits or documents necessary in order to facilitate the sale



of the Acquisition Assets and assumption of the Assumed Liabilities, accompanied by all consents required by this Agreement and the contracts being assigned;

- (ii) UCC Termination Statements, releases or such other documents satisfactory to Buyer's counsel as will enable Seller to convey the Acquisition Assets to Buyer free and clear of any and all mortgages, liens, encumbrances, security interests and the like as of the Closing Date;
- (iii) A Bill of Sale in the form of Exhibit 8, a General Instrument of Conveyance, Transfer and Assignment in the form of Exhibit 9, and all other appropriate documents and instruments in customary form and substance sufficient to transfer all of Seller's right, title and interest in and to all Acquisition Assets and related warranties, licenses, permits and authorizations to Buyer, free and clear of any liens, claims or encumbrances of any kind pursuant to this Agreement;
- (iv) The certified copies of resolutions adopted by the Board of Directors and the shareholders of Seller approving the transactions contemplated hereby;
- (v) The Assumption Agreement;
- (vi) A non-competition agreement in the form attached hereto as Exhibit 17 (the "Non-Competition Agreement"); and
- (vii) Amendments to Seller's charter documents and qualifications changing Seller's name to TAMB, Inc.

2.3 Payment of Sales and Related Taxes. Seller shall be obligated for and shall pay all sales, use, transfer, excise and related taxes payable to the State of Colorado, if any, when and as validly assessed as a result of the transactions contemplated by this Agreement. Buyer agrees to reimburse Seller for 1/2 of such sales taxes actually paid, promptly upon presentation of proof of payment. From and after the Closing, Buyer will be responsible for state and local personal property or ad valorem taxes relating to periods subsequent to the Closing. Buyer and Seller agree to reimburse and indemnify each other as provided in Article VII

hereof with respect to any payments of such taxes that the other may be required to make on behalf of the other. Buyer shall not be responsible for any business, income, occupation, withholding or similar tax, or for any taxes of any kind related to any period prior to the Closing Date.

2.4 Other Costs and Expenses. Except as expressly provided otherwise by this Agreement, the parties shall bear their own costs and expenses, including attorneys' and accounting fees, in connection with this Agreement and the transactions contemplated hereby.

### ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Each of Seller and each Shareholder hereby jointly and severally represents and warrants to Buyer as set forth in this Article III (the truth and accuracy of each of which shall constitute a condition precedent to Buyer's obligations hereunder), except as to matters expressly disclosed to Buyer in a writing delivered prior to the execution hereof, a copy of which is attached hereto as Exhibit 10.

3.1 Organization and Qualification. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, and has the full corporate power and authority to own, lease and operate all of its properties and assets as the same are now owned, leased and operated by it and to conduct its business as is now conducted. Seller is duly registered or qualified to do business as a foreign corporation in each jurisdiction or place in which the nature of its business or the character of its properties requires such registration or qualification, except where the failure to so register or qualify would not have a material adverse effect on the Product Lines or the transactions contemplated hereby.

3.2 Authorization of Agreement. Seller has all the requisite right, legal capacity and authority, corporate or otherwise, to enter into this Agreement and perform its obligations hereunder and to consummate the transactions contemplated hereby, and no approvals, authorizations or consents of any public body or of any person other than Seller and the Shareholders are necessary in connection herewith. This Agreement and all other agreements, documents and instruments required to be executed in connection herewith have been effectively authorized by all necessary action, corporate or otherwise, which authorizations remain in full force and effect and have been duly executed and delivered by Seller. No other corporate proceedings on the part of Seller are required to authorize this Agreement and the transactions

contemplated hereby. This Agreement and each other document called for herein or contemplated hereby constitutes the legal, valid and binding obligation of Seller and/or the respective Shareholders, as the case may be, and each such agreement is enforceable against Seller and/or the Shareholders in accordance with its terms. Neither the execution and delivery of this Agreement and each other document called for herein or contemplated hereby, nor consummation by Seller of the transactions contemplated hereby or thereby, nor compliance by Seller and/or the Shareholders with any of the provisions hereof, will (i) conflict with or violate the corporate charter or bylaws of Seller; (ii) except as otherwise waived, conflict with, result in a breach or violation of, be a default under (or an event that with the passing of time or the giving of notice or both would be a default), or be limited or impaired by, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lien, franchise, permit, license, lease, bank loan agreement or other agreement or other instrument or obligation to which Seller or any Shareholder is a party or by which it is bound; or (iii) violate any judgment, order, injunction, decree, statute, arbitration award, rule or regulation applicable to Seller or any Shareholder or any of their respective assets or properties, in each such case in such a manner that would have a material adverse effect on the Acquisition Assets or the transactions contemplated hereby. Each Shareholder has the requisite legal capacity to enter into this Agreement and each other document called for herein or contemplated hereby and to perform his or her obligations hereunder.

### 3.3 Compliance With Law.

(a) Permits. Seller has all material permits, licenses, franchises, approvals and other authorizations (collectively, the "Permits") necessary to, and has complied in all material respects with all laws, rules and regulations applicable to, the lawful conduct of its business as it relates to the Product Lines, and all such Permits are valid and in full force and effect. Seller has not engaged in any activity that would cause revocation or suspension of any of its material Permits, and no action or proceeding threatening or contemplating the revocation or suspension of any thereof is pending or, to the knowledge of Seller, threatened. To Seller's knowledge (without independent inquiry), there are no pending changes in permit requirements or regulations applicable to the Business that are likely to have a material adverse effect on Buyer's ability to continue to produce the Product Lines at the Seller's Plant.

(b) Laws. The business, affairs and operations of Seller, as they relate to the Product Lines, have been and are operated and conducted materially in accordance with, and Seller has otherwise complied in all material respects with, and is in compliance in all material respects with, all statutes, laws, ordinances, rules and regulations and other requirements of all Federal, state, local and foreign governmental bodies, agencies and subdivisions having jurisdiction over them or over any part of their operations, including, without limitation, all laws, ordinances, rules, regulations and other requirements relating to the employment of labor. With respect to the Product Lines, Seller has not received notice from any person, firm or entity whatsoever that it is in violation of any law, ordinance, rule, regulation or other requirement applicable thereto that would have a material adverse effect on the Acquisition Assets or the transactions contemplated hereby.

3.4 Seller's Financial Statements. Attached as Exhibit 20 are the balance sheets of Seller as of years ended December 31, 1993 (preliminary), 1992 and 1991, and the related statements of income for the three years ended December 31, 1993. Said financial statements (i) were prepared from and in accordance with the books and records of the Seller on a basis consistent with Seller's past financial statements; (ii) fairly present the Seller's financial condition and the results of its operations as of the relevant dates thereof and for the periods covered thereby; (iii) contain and reflect all necessary adjustments and accruals for a fair presentation of its financial condition and the results of its operations for the periods covered by said financial statements; and (iv) contain and reflect adequate provisions for all reasonably anticipated liabilities for all taxes, federal, state, local or foreign, with respect to the periods then ended and in all prior periods. The Bill of Materials attached hereto as Exhibit 18 accurately reflects the materials and costs associated with the Products. The Fixed Assets set forth on the Fixed Asset Schedule attached hereto as Exhibit 11 constitute all of the material Fixed Assets of Seller used or useful in the Business.

3.5 Absence of Certain Changes or Events. Since December 31, 1992, there has not been (a) any material adverse change in the operations, properties, assets or the condition, financial or otherwise, of the Business that would have a material adverse effect on the Acquisition Assets or the transactions contemplated hereby; (b) any damage, destruction or loss, whether covered by insurance or not, materially and adversely affecting the Acquisition Assets or the transactions contemplated hereby; (c) any labor dispute, other than routine matters, none of which is material to the Acquisition Assets

or the transactions contemplated hereby; (d) any entry into any commitment or transaction by Seller relating to the Acquisition Assets other than in the ordinary course of business; (e) any sale, lease or other transfer of any fixed assets of Seller relating to the Acquisition Assets; (f) any change in the accounting methods or practices relating to the Product Lines (particularly as such methods or practices concern the accounting of sales or prime costs associated with the Acquisition Assets), any change in depreciation or amortization policies or rates, or any revaluation of the Acquisition Assets; or (g) any agreement to do any of the things described in this Section 3.5.

3.6 Tax Returns and Audits. Seller has duly filed, in compliance with all applicable laws, all Federal, state, local and foreign tax returns required to be filed by it and Seller has paid all Federal, state, local and foreign taxes required to be paid, including interest and penalties, with respect to the periods covered by such returns. Seller has no tax deficiency proposed or assessed against it, nor has it executed any waiver of the statute of limitations or the assessment or collection of any tax for the assessment of any taxes of any kind or nature payable by it. No Federal, state, local or foreign tax returns of Seller have been audited by the applicable taxing authorities. Adequate reserves for all Federal, state, local and foreign income tax liabilities of Seller have been accrued for all unpaid taxes on Seller's financial statements, including interest and penalties incurred or subsequently determined to be due and payable with respect to the conduct of the business of Seller and any of its predecessors up to and through such date.

3.7 Title to Acquisition Assets. Seller, or Michael H. Sims (as to the Longlight Patent), has, and immediately upon Closing Buyer will acquire, good and marketable title to all Acquisition Assets, whether personal, mixed, tangible or intangible. At the Closing Buyer shall acquire the Acquisition Assets free and clear of all mortgages, pledges, liens, charges, security interests, claims, encumbrances or restrictions of any kind or nature. Neither the shareholders nor any officer, director or employee of Seller, nor any spouse, child or other relative of any of these persons, owns or has an interest, directly or indirectly, in any Acquisition Assets, other than in their capacity as shareholders.

3.8 Inventories.

(a) Seller has, and on the Closing Date Buyer will acquire, good and marketable title to all of the Inventories, free and clear of all mortgages, pledges,

liens, charges, security interests, claims, encumbrances or restrictions of any kind or nature.

(b) All such Inventories that are finished goods consist of items that (i) are usable and saleable in the ordinary course of business of Seller for an amount at least equal to their book value on the Closing Date, and (ii) are currently offered for sale to customers pursuant to the Price List. Any inventory in excess of one year's supply (based on historical figures for the twelve (12) month period prior to the date of this Agreement), any obsolete inventory, any inventory superseded by engineering change notices or any inventory not otherwise usable in the ordinary course of Seller's business as it relates to the Product Lines will be removed from the Inventory by Seller before Buyer acquires such Inventory.

3.9 Tangible Personal Property. Seller has, and on the Closing Date Buyer will acquire, good and marketable title to all items of tangible personal property owned by it and that are to be transferred to Buyer pursuant hereto. Seller is, and on the Closing Date Seller will be, in possession of such tangible personal property. Each of said items of tangible personal property that is included in the Acquisition Assets and used in the current conduct of the Business is, and such tangible personal property at the Closing Date will be, in good operating and usable condition and repair, ordinary wear and tear excepted, and is and at the Closing Date will be fit for its intended purposes in connection with the Product Lines, and will constitute all of the tangible personal property necessary to manufacture the Products as Seller has historically conducted the manufacturing process (subject to replenishment by Buyer of component parts manufactured by third parties).

3.10 Intangible Personal Property. All intangible personal property, including, without limitation, customer lists, supplier lists, business records, accounting and cost records, patents, patent licenses, patent applications, trademarks, trademark applications, trade names and copyrights, owned or used by Seller and related to the Acquisition Assets, is being transferred to Buyer pursuant to this Agreement. Seller has not heretofore infringed, nor is Seller now infringing, upon any patent, trade name, trademark, copyright or other intangible property right belonging to any other person in connection with the Product Lines, and Seller has not engaged, nor is Seller now engaging, in any form of unfair or unlawful competition in connection with the Product Lines.

3.11 Accounts Receivable. The Accounts Receivable of Seller arose out of sales of inventory in the product lines

in the ordinary course of Seller's business and, to Seller's best knowledge, are collectible in full. Seller is not aware of any intended Product returns (other than in the ordinary course of Seller's business, which returns have historically not exceeded more than ten percent of sales).

3.12 Equipment Leased or Financed and Related Transactions. There are no outstanding equipment leases, equipment finance agreements, maintenance agreements or any arrangements pursuant to which such equipment and/or leases have been sold, factored or discounted, to which Seller is a party and that may materially and adversely affect the rights of Buyer hereunder.

3.13 Contracts. Exhibit 12, attached hereto and incorporated herein by this reference, is a true and complete list as of the date of this Agreement of the following, whether oral or written (collectively, the "Contracts"):

- (a) all of Seller's bonds, fidelity or surety contracts or similar obligations relating to the Acquisition Assets;
- (b) all outstanding purchase orders, sales orders, customer agreements, advertising allowances, supplier agreements and service and/or warranty agreements relating to the Acquisition Assets; and
- (c) all other contracts, agreements or obligations which are related to the Acquisition Assets and that obligate Seller for more than one (1) year or involve the expenditure by any party thereto of \$500 or more. Seller shall have delivered true copies of all such Contracts that are in writing to Buyer as soon as practicable after the execution of this Agreement, and in any event, not later than ten (10) days from the date hereof.

All Contracts are in the ordinary course of the Business. Seller is not in material default under any Contract whether or not referred to herein, to which Seller is a party or under which Seller is obligated or bound or to which any of Seller's properties may be subject, and there is no event that, with notice or lapse of time, or both, would constitute a material default by Seller pursuant to any such Contract. Seller has not received any notice that any party to any Contract intends to cancel or terminate any Contract or to exercise or not to exercise any options under any Contract. With respect to the Product Lines, Seller is not a party to, nor are any of the Acquisition Assets bound by, any Contract that contains any commercially unreasonable or burdensome provision. No other party to any Contract, whether or not referred to herein, to which Seller is a party or subject or otherwise bound or affected, is, to the knowledge of Seller, in breach or in default of any of its covenants, agreements, obligations or duties under any such Contract.

3.14 Sales. No inventory relating to the Acquisition Assets is consigned to third parties and no agreements or understandings exist for Seller to repurchase previously sold inventory or otherwise guarantee its resale, except for warranty returns in the ordinary course. All sales have been made at the prices and on the terms and conditions set forth on Seller's Price List, subject to normal discounts described therein.

3.15 Full Disclosure. None of the information contained in the covenants, agreements, representations and warranties of Seller and the Shareholders in this Agreement or in any Exhibit hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading when taken as a whole. During the period of survival of each representation and warranty, as described in Section 7.1, Seller and each Shareholder shall promptly advise Buyer in writing of any matter discovered after the date of this Agreement, which, if existing or known on the date hereof, would be required to have been set forth or described herein or disclosed to Buyer at the time of execution hereof in order to make the statements contained herein or therein not misleading. To their respective best knowledge, each of Seller and each Shareholder has disclosed to Buyer all material information relating to the Acquisition Assets, the transactions contemplated hereby and its operations, assets, properties and liabilities as they relate to the Acquisition Assets.

3.16 Brokers. Seller agrees to pay all fees due and owing to Colorado Business Consultants, Inc. or any employee, partner or agent of Colorado Business Consultants, Inc. for services rendered. Seller further agrees to hold Buyer harmless from all claims, asserted or threatened, and liabilities (including attorneys' fees and costs) arising in connection therewith. Except for Colorado Business Consultants, Inc., Seller has not retained any other broker or finder or agreed to become obligated to pay any fee or commission to any broker or finder for or on account of the transactions contemplated by this Agreement.

3.17 Litigation. (a) There are no claims, disputes, actions, proceedings or, to Seller's best knowledge, investigations of any nature pending or, to the knowledge of Seller, threatened against or involving the Business (including any such matters with respect to this Agreement or the transactions contemplated hereby), any of the Acquisition Assets, or any of Seller's officers or directors in connection with the business or its affairs pertaining to the Product Lines or that would have a material adverse effect on the Acquisition Assets or the transactions contemplated hereby,



and (b) Seller is not, and none of Seller's assets are, subject to or in default with respect to any writ, order, judgment, injunction, decree or governmental restrictions that would have a material adverse impact on the Acquisition Assets or the transactions contemplated hereby.

3.18 Insurance. Exhibit 14 lists each of the insurance policies under which the Seller, its properties or any of its officers or employees are insured with respect to the Product Lines and the Acquisition Assets. There are no outstanding requirements known to Seller by any insurance company that issued any such policy or by any Board of Fire Underwriters or other similar body or governmental authority exercising similar functions that require any changes in the conduct of the Business as it pertains to the Product Lines, or any repairs or other work to be done, with respect to the Business as it pertains to the Product Lines or the Acquisition Assets.

3.19 Customers and Suppliers. Exhibit 15, attached hereto and incorporated by this reference, lists Seller's twenty-five (25) largest customers with respect to the Product Lines during each of the fiscal years ending December 31, 1993, 1992 and 1991. Such list indicates the approximate dollar amount of such revenues for each such customer and which of them are no longer transacting business with Seller. Exhibit 16 attached hereto and incorporated by this reference lists each of Seller's suppliers that accounted for \$25,000 or more of the aggregate cost of Inventories purchased by Seller during the period from January 1, 1991, to December 31, 1993. Such list states the approximate amount of such purchases for each such supplier and which of them are no longer transacting business with Seller. Except as provided in Exhibits 15 and 16, no customers or suppliers have declared or indicated to Seller or any Shareholder their intent to terminate or reduce (other than ordinary course cyclical reductions) the current level of their business relationship with Seller or, subsequent to the Closing, with Buyer.

3.20 Environmental Matters. Seller is in material compliance with all Federal, state and local laws and regulations governing environmental matters including discharge of materials into the environment, noise abatement and other similar matters with respect to the Product Lines.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES  
OF BUYER**

Buyer represents and warrants to Seller as follows:

4.1 Organization and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

4.2 Authority Relative to this Agreement. Buyer has all the requisite right, legal capacity and authority, corporate or otherwise, to enter into this Agreement and perform its obligations hereunder and to consummate the transactions contemplated hereby, and no approvals, authorizations or consents of any public body or of any person other than Buyer and the shareholders of Buyer are necessary in connection herewith. This Agreement and all other agreements, documents and instruments required to be executed in connection herewith have been effectively authorized by all necessary action, corporate or otherwise, which authorizations remain in full force and effect and have been duly executed and delivered by Buyer. No other corporate proceedings on the part of Buyer are required to authorize this Agreement and the transactions contemplated hereby. This Agreement and each other document called for herein or contemplated hereby constitutes the legal, valid and binding obligation of Buyer, and each such agreement is enforceable against Buyer in accordance with its terms. Neither the execution and delivery of this Agreement and each other document called for herein or contemplated hereby, nor consummation by Buyer of the transactions contemplated hereby or thereby, nor compliance by Buyer with any of the provisions hereof, will (i) conflict with or violate the corporate charter or bylaws of Buyer; (ii) except as otherwise waived, conflict with, result in a breach or violation of, be a default under (or an event that with the passing of time or the giving of notice or both would be a default), or be limited or impaired by, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lien, franchise, permit, license, lease, bank loan agreement or other agreement or other instrument or obligation to which Buyer is a party or by which it is bound; or (iii) violate any judgment, order, injunction, decree, statute, arbitration award, rule or regulation applicable to Buyer or any of its assets or properties, in each such case in such a manner that would have a material adverse effect on the Acquisition Assets or the transactions contemplated hereby.

4.3 Buyer's Obligation to Pay Broker. Buyer has not retained any broker or finder or agreed to become obligated to pay any fee or commission to any broker or finder

for or on account of the transactions contemplated by this Agreement.

4.4 Litigation. There is not pending or, to Buyer's knowledge, threatened against Buyer any litigation, claim or proceedings which could, if adversely determined, have a material adverse effect on the transaction contemplated hereby or that seeks to enjoin this Agreement or such transaction.

#### ARTICLE V POST-CLOSING COVENANTS

5.1 Transition. For a period of up to twelve months after the Closing, the Shareholders agree to assist Buyer with respect to the Business for a total of up to 320 hours in the aggregate. Such assistance shall be provided without salary or other compensation; provided, however, that Buyer shall reimburse the Shareholders for preapproved normal and customary business expenses incurred by the Shareholders in the conduct of business on behalf of Buyer.

5.2 Seller Liabilities. Seller and Buyer understand and agree that except as specifically set forth in Section 1.6 hereof, Buyer is not assuming any liabilities, including but not limited to claims by third parties with respect to product liability, warranty or similar claims arising out of or related to the business of Seller or any act or omission of Seller prior to the close of business on the Closing Date or relating to Products or inventory produced or sold on or prior to the Closing Date and Products or inventory returned which were sold on or prior to the Closing Date; provided, however, that claims arising from defective assembly by Buyer of Inventory produced by Seller shall be Buyer's responsibility. Buyer agrees that prior to accepting any claim for defective goods in excess of \$1,000.00, Buyer will discuss such claim with Seller prior to issuing a credit and Buyer agrees to conduct product warranty claims in the manner it conducts such claims with respect to its own products. Seller will use its best efforts to avoid taking any action the result of which is likely to interfere with Buyer's relationship with its customers.

5.3 Use of Seller's Name. Promptly after the Closing, Seller will change its corporate name to a name that will be dissimilar to Lynx, and after the Closing shall not use the name Lynx in any commercial manner.

5.4 Collection of Accounts Receivable. Buyer agrees to use its reasonable efforts to collect the Accounts Receivable following the Closing in a manner consistent with good business practices. Following collection of an amount

equaling the Buyer's Accounts Receivable, all further Accounts Receivable collections relating to sales prior to the Closing shall be paid over to Seller on a weekly basis. In the event that such Accounts Receivable are not collected in full within ninety (90) days following the Closing, Buyer agrees to reassign such Accounts Receivable to Seller. The parties mutually agree (a) that such additional payments shall constitute additional Purchase Price hereunder, (b) that for a period of 90 days following the Closing, Barbara J. Sims shall assist Buyer in the collection of such Accounts Receivable and (c) that all Accounts Receivable collected shall be posted against the invoice number stated on the payment remittance documents. Seller and the Shareholders agree that (a) Seller shall execute and deliver to Buyer a power of attorney for the limited purpose of allowing Buyer to endorse checks received in payment of Accounts Receivable and (b) the Shareholders shall hand deliver to the Buyer unopened all Accounts Receivable payments received at their home. During the 90-day period following the Closing, Buyer agrees to provide to the Seller and the Shareholders by telecopy a weekly statement setting forth the amount of Accounts Receivable collected in the previous week, the customer and invoice numbers relating to such Accounts Receivable, the amount of any returns or discounts relating thereto and the amount of any other returns. A listing of the Accounts Receivable is attached hereto as Exhibit 21.

5.5 Discharge of Sales Representatives. Within seven (7) days following the Closing, Seller shall discharge its existing sales representatives following consultation with, and in coordination with, Buyer.

5.6 Cooperation. Each party to this Agreement agrees to cooperate with the other parties hereto for the purpose of providing such other parties with access to and copies of information reasonably requested in connection with the preparation of tax returns and any audits or reviews in connection therewith. No party shall destroy any such records without providing notice to the other parties hereto of such intent to destroy and affording such other parties a reasonable opportunity to copy such records.

5.7 Product Returns. Buyer, Seller and the Shareholders agree that with respect to sales made on or prior to the Closing Date, the parties intend that the financial burden as to the gross profit portion of such returned items shall be borne by Seller and the financial burden as to the manufacturing cost of such items shall be borne by Buyer. Thus, the parties agree that in the event any Product sold by Seller prior to the Closing is returned to Buyer, and if such returned Product in the condition returned would have been salable in the ordinary course of Buyer's business at the

normal price therefor, (a) if Buyer is required to return the purchase price therefor to the customer (whether through a direct cash refund, a credit or any other method), Seller shall reimburse Buyer for the gross profit on all such returned Product and (b) if Buyer is not required to return the purchase price therefor to the customer, Buyer shall reimburse Seller for the manufacturing cost of such items. In the event Product sold by Seller prior to the Closing is returned to Buyer, that is defective or would not have otherwise been salable in the ordinary course of Seller's business at the normal price therefor, Seller agrees to reimburse Buyer for all amounts Buyer is required to pay to customers for such returned product.

**ARTICLE VI  
ADDITIONAL COVENANTS AND  
AGREEMENTS OF THE PARTIES**

6.1 Tax Returns. Buyer and Seller agree to file all Federal, state, local and foreign tax returns subsequent to the Closing Date in a manner consistent with the Schedule of Allocation as described in Section 1.3(b).

6.2 Seller's Further Assurances. From time to time after the date of this Agreement, Seller and each Shareholder will execute and deliver to Buyer such instruments of sale, transfer, conveyance, assignment and delivery, consent, assurance, powers of attorney and other instruments as may be reasonably requested by Buyer in order to vest in Buyer good and marketable title in and to the Acquisition Assets and otherwise in order to carry out the purpose and intent of this Agreement.

6.3 Buyer's Further Assurances. From time to time after the date of this Agreement, Buyer will execute and deliver to Seller such instruments of sale, transfer, conveyance, assignment and delivery, consent, assurance, powers of attorney and other instruments as may be reasonably requested by Seller in order to carry out the purpose and intent of this Agreement.

**ARTICLE VII  
SURVIVAL OF REPRESENTATIONS, WARRANTIES,  
COVENANTS AND AGREEMENTS; INDEMNIFICATION**

7.1 Survival of Representations, Warranties, Covenants and Agreements. The representations, warranties, covenants and agreements of each of the parties hereto contained herein or in any Exhibit, certificate or other instrument delivered by or on behalf of either party pursuant to this Agreement, specifically including the indemnity obligations contained in Section 7.2(a) hereof and the

obligations contained in Articles V and VI, shall survive the Closing and any investigations made by or on behalf of Buyer for a period of two years after the Closing; provided however, that the representations and warranties contained in Sections 3.6 and 3.20 shall not expire.

7.2 Indemnification and Claims. The following items shall be "Deficiencies" and shall be treated as provided in Sections 7.3 and 7.4 below:

(a) Indemnification of Third Party Claims. Each party hereto (the "Indemnifying Party") shall hold the other party hereto (the "Indemnified Party") harmless from and against all claims, damages, losses and expenses, including but not limited to costs and reasonable attorneys' fees, arising out of or resulting from claims by third parties with respect to any liability or obligation whatsoever arising out of or related to (i) the business of Seller or any act or omission of Seller prior to the close of business on the Closing Date, including without limitation warranty, products liability or similar claims relating to products produced or sold on or prior to the Closing Date and products returned that were sold on or prior to the Closing Date; and (ii) the business of Buyer or any act or omission of Buyer after the Closing Date, including without limitation warranty, products liability or similar claims relating to products produced or sold following the Closing Date and products returned that were following the Closing Date. With respect to (i) above, Seller shall be the Indemnifying Party and Buyer shall be the Indemnified Party. With respect to (ii) above, Buyer shall be the Indemnifying Party and Seller shall be the Indemnified Party; provided, however, that with respect to third party claims giving rise to a right by Buyer to be indemnified by Seller pursuant to the terms of Subsection (b) below, Buyer shall be the Indemnified Party and Seller shall be the Indemnifying Party.

(b) Breach of Representations. The Indemnifying Party shall be liable for any and all claims, losses, damages, obligations, liabilities and expenses, including without limitation settlement costs or any legal or other expenses for investigating or defending any actions or threatened actions, which the Indemnified Party may incur or suffer by reason of the Indemnifying Party's breach of its representations and warranties contained herein. Seller shall have no liability under this Section 7.2(b) for the first Five Thousand Dollars (\$5,000) of damages suffered by Buyer (such amount shall be a one-time non-recoverable deductible).

7.3 Setoff. In the event of any Deficiency, Buyer shall be entitled to set off against, and deduct from, the principal and accrued interest due under the Note, the full amount of any Deficiency in accordance with the provisions of Section 7.4 hereof.

7.4 Setoff Procedure. In the event that Buyer intends to invoke its rights to setoff under Section 7.3, the parties agree that the following procedure shall be followed:

(a) Buyer shall give Seller written notice of its claim of a Deficiency within sixty (60) days following discovery and confirmation of such deficiency. Such notice shall contain a reasonably thorough description of the amount, cause, timing, value and manner of effecting the setoff.

(b) Seller shall have a period of 30 days from receipt of the notice referred to above to dispute the setoff. Failure to so respond within the 30 day period shall be a waiver of the right to dispute the setoff. In the case of any Deficiency, if Seller disputes the setoff, such dispute shall be determined in accordance with Section 7.4, during which time Buyer shall have the right to setoff, without further action, subject to subsequent payment of such amount (with interest thereon as set forth below) if it is determined that such setoff was incorrect. If such setoff is subsequently determined to have been incorrect, interest shall accrue on such incorrect setoffs from the Closing Date until maturity of the Note at the Prime Rate plus 1% (as defined in Section 1.4(b)).

7.5 Defense of Claims by Third Parties. If a third party claim is asserted that might result in a Deficiency giving rise to indemnification under Section 7.2(a) hereof, the Indemnified Party shall, with reasonable promptness, provide the Indemnifying Party with notice of any such claim, make available to the Indemnifying Party all information (within the Indemnified Party's knowledge or control) relevant and material to the defense of any such claim and otherwise cooperate with the Indemnifying Party in the defense of the claim which the Indemnifying Party shall control. If any third party claim alleges damages in excess of the principal and accrued interest due under the Note, the Indemnifying Party shall have the right to control the defense of such claim, but only if the Indemnifying Party posts a bond or other security as reasonably approved by the Indemnified Party in an amount at least equal to such excess. Notwithstanding the preceding sentence, the Indemnified Party shall be entitled to participate in the defense of such claim if it may affect ongoing operations of the Indemnified Party's business.

If the Indemnifying Party fails to post an adequate bond or security pursuant to the previous sentence or if the suit shall have been instituted against the Indemnified Party, and the Indemnifying Party shall have failed after reasonable notice of institution of the suit to take control of such suit as provided herein, the Indemnified Party may, but shall not be obligated to, take control. If the Indemnifying Party admits in writing its liability to the Indemnified Party with respect to the full amount and as to all material elements of a third party claim alleging damages in an amount equal to or less than the principal and accrued interest due under the Note, the Indemnified Party shall have the right to assume full control of the defense to such claim. In any suit in which the Indemnifying Party has taken control pursuant to this Section, the Indemnifying Party shall not settle or compromise any claim which would affect the rights of the Indemnified Party without the Indemnified Party's prior written consent, which consent shall not be unreasonably withheld.

7.6 Liability in Excess of Note. In the event and to the extent any Deficiencies exceed the aggregate amount which Buyer is able to setoff and recoup under Section 7.3 above, Seller shall be liable to Buyer for, and/or shall indemnify Buyer against, any such excess. Any such amount shall be paid to Buyer by Seller within thirty (30) days of notice from Buyer to Seller unless Seller shall dispute the claim in writing. If Seller disputes the claim in writing, the matter shall be settled in accordance with Section 8.4. In the case of actual fraud, the party alleging fraud, in addition to the right to indemnification from the other party hereto and any other rights hereunder, may pursue any and all legal and equitable remedies it may have against any person or entity (including any shareholder of Seller) guilty of such actual fraud. Nothing in this Section shall be construed as limiting the liability of Seller under this Agreement to the amounts which Buyer is entitled to set off and recoup or the amount of the indemnification by Seller, nor shall such amounts be considered as liquidated damages for any breach under this Agreement.

#### ARTICLE VIII GENERAL PROVISIONS

8.1 Delivery of Closing Documents. Each party shall use its best efforts to perform its agreements, covenants and obligations contained or provided for herein prior to, and to timely satisfy any conditions precedent to, the Closing Date and shall cooperate with the other to the fullest extent possible in exchanging instruments and documents required to be delivered at the Closing, or drafts thereof, in sufficient time in advance of the Closing to



provide to the other party a reasonable opportunity to examine such documents or drafts thereof.

8.2 Notices. All notices and other communications required or permitted hereunder shall be in writing and may be given by personal delivery, delivered by registered or certified mail, postage prepaid, return receipt requested or by facsimile transmission or similar electronic means, at the address or facsimile number set forth below, or as provided from time to time pursuant to this Section. Notice shall be deemed given on the date of receipt in the case of personal delivery or facsimile transmission or three (3) business days from the date of posting.

Seller: Michael H.Sims  
21271 Rudin Circle  
Evergreen, Colorado 80439

With Copies to: Minor & Brown P.C.  
Suite 1100 Cherry Creek Plaza II  
650 Cherry Street  
Denver, Colorado 80222  
Facsimile: (303) 320-6330  
  
Attention: Ned A. Minor, Esq.

Buyer: Donel, Inc.  
150 South Rodeo Drive, Suite 290  
Beverly Hills, California 90212  
Facsimile: (310) 246-4951  
  
Attention: Robert F. Stephenson

With Copies to: Gibson, Dunn & Crutcher  
4 Park Plaza  
Irvine, California 92714  
Facsimile: (714) 451-4220  
  
Attention: John E. Stoner, Esq.

Any party may change its address by written notice to the other party.

8.3 Governing Law. This Agreement is delivered in and shall be governed under the internal law, and not the law pertaining to conflicts or choice of laws, of the State of Colorado, including all matters of validity, interpretation, construction and performance.

8.4 Arbitration.

(a) Claims. All claims, disputes and other matters in question arising out of, or relating to, this Agreement or the interpretation or breach thereof shall be decided by arbitration in Jefferson County, Colorado, in accordance with the applicable rules of the American Arbitration Association then pertaining unless the parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under applicable law in any court of competent jurisdiction.

(b) Notice. Notice of the demand for arbitration shall be filed in writing with the American Arbitration Association. Written notice of the demand for arbitration shall be given by the party seeking arbitration to all other parties. Except with respect to arbitration of setoffs for certain Deficiencies for which the time limits in Section 7.4(b) shall be applicable, the demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen and in no event shall it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable contractual or other statute of limitations.

(c) Award. The award rendered by the arbitrators shall be final and judgment may be entered in accordance with applicable law and in any court having jurisdiction thereof. The parties shall comply with any such award notwithstanding any contest or appeal thereof.

(d) Discovery. The parties shall permit reasonable discovery in addition to the discovery permitted by the rules of the American Arbitration Association.

8.5 Entire Agreement. This Agreement and the Exhibits hereto constitute the entire agreement of the parties and supersede all prior written or oral and all contemporaneous oral agreements, representations, warranties, understandings and negotiations between the parties with respect to the subject matter hereof.

8.6 No Third Party Representations and Warranties. No person who is not a party to this Agreement shall have any equitable or other rights by virtue of this Agreement, except as provided in Section 8.14.

8.7 Severability. Any portion or provision of this Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions or

provisions hereof in such jurisdiction or, to the extent permitted by law, rendering that or any other portion or provision of this Agreement invalid, illegal or unenforceable in any other jurisdiction.

8.8 Remedies Cumulative-Waiver. The remedies of each party contained in this Agreement are cumulative with one another and with any other remedies which a party may have at law, in equity, under any agreements of any type or otherwise, and the exercise or failure to exercise any remedy shall not preclude the exercise of that remedy at another time or of any other remedy at any time. The waiver by one party of any of its rights, powers or remedies hereunder shall not constitute the waiver of any such right, power or remedy as to future violations thereof.

8.9 Equitable Remedies. In addition to legal remedies to the extent allowed under this Agreement or by law, in recognition of the fact that remedies at law may not be sufficient, Buyer shall be entitled equitable remedies including, without limitation, specific performance and injunction.

8.10 Headings. The article, section and paragraph headings and the table of contents included in this Agreement are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

8.11 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

8.12 Time of the Essence. Time is of the essence in the performance of this Agreement.

8.13 Assignment. This Agreement shall not be assignable by either party, and any attempted assignment shall be void and of no effect.

8.14 Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized as of the date first above written.

Seller:

LYNX MANUFACTURING INC.

By: Barbara J. Sims  
Barbara Sims,  
President

Buyer:

DONEL, INC.

By: Robert F. Stephenson  
Robert F. Stephenson,  
President

By: Michael H. Sims  
Michael H. Sims,  
Vice President

THE SHAREHOLDERS

Michael H. Sims  
Michael H. Sims

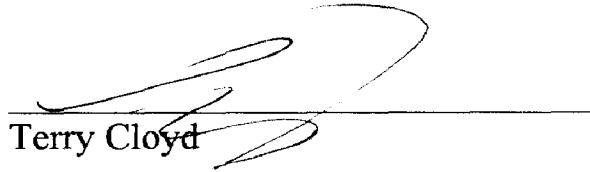
Barbara J. Sims  
Barbara J. Sims

OA940100.245 /0

**CERTIFICATE OF MAILING BY EXPRESS MAIL**

Express Mail No. **EL555595577US**

I hereby certify that this recordation form cover sheet is addressed to: Box Assignments, Commissioner of Trademarks, Washington DC 20231, and is being deposited with the United States Postal Service, Express Mail "Post Office to Addressee" for pick up on **February 21, 2002**.

  
Terry Cloyd

February 21, 2002  
Date