

06-05-2002



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

102111584

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

1. Name of conveying party(ies):

FINAL CONTROL ELEMENTS, INC.

5-31-02

- Individual(s)
- General Partnership
- Corporation - State of Texas
- Other
- Association
- Limited Partnership

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

2. Name and address of receiving party(ies):

Name: DRESSER EQUIPMENT GROUP, INC.

Internal Address: _____

Street Address: 2601 Beltline Road

City: Carrollton State Texas ZIP: 75006

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Delaware
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached:
 Yes No
(Designation must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Asset Purchase Agreement Dated August 17, 1999
Conveying Trademarks and Service Marks
- Merger
- Change of Name

Execution Date: August 17, 1999

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

A. Trademark Application No.(s)

B. Trademark registration No.(s)

PLEASE SEE ATTACHED

4. B - CONTINUED

Additional numbers attached? Yes No

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

Name: Russell N. Rippamonti
Jenkins & Gilchrist, P.C.

Internal Address: _____

Street Address: 1445 Ross Avenue, Ste. 3200

City: Dallas State: Texas Zip: 75202-2799

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41): \$ 65.00

- Enclosed
- Authorized to be charged to deposit account **only** if check is not received with this correspondence or additional fees are required. Please charge to deposit account 10-0447.

8. Deposit Account number: _____

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

Russell N. Rippamonti
Name of Person Signing

Russell N. Rippamonti
Signature

5/8/02
Date

Total number of pages comprising cover sheet: 23

06/04/2002 TDIAZ1 00000151 2151196

01 FC:481 40.00 00
02 FC:482 25.00 00

Dallas2 893739 v 1, 52792.00002

TRADEMARK
REEL: 002517 FRAME: 0873

CONTINUATION OF 4. B

MARK	REG. NO.	COUNTRY
T-BALL	2,151,196	U.S.A.
T-BALL & Design	2,374,553	U.S.A.
T-BALL	000261958	Community Trade Mark

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") made as of the 17th day of August 1999, by and among Final Control Elements, Inc., a Texas corporation ("FCE"), Forward Spin Consulting, Inc., a Texas corporation ("Forward Spin", and together with FCE, the "Sellers"), Chris Leinen (the "Shareholder"), and Dresser Equipment Group, Inc., a Delaware corporation ("Dresser"), which is a subsidiary of Halliburton Company.

W I T N E S S E T H:

In consideration of the respective representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

I. PRELIMINARY STATEMENT.

FCE is engaged in the business of the manufacture, assembly, and sale of valves and valve assemblies using patented trim inserts designed to dampen hydraulic noise (herein called the "Business") which patents have been registered in the U.S. Patent Office by Forward Spin. For purposes of this Agreement, "Patents" shall mean the United States patents set forth on Schedule 1 hereto, including any and all reissues and reexaminations thereof, and any and all foreign equivalents thereto. Dresser desires to purchase from the Sellers and the Sellers desire to sell, and the Shareholder desires to cause the Sellers to sell, to Dresser certain of Sellers' assets related to the Business and the Patents, upon the terms and conditions herein stated.

II. PURCHASE AND SALE.

2.1.1 Assets to be Conveyed. Subject to the terms and conditions of this Agreement, at the Closing on the Closing Date (as defined in Article VIII hereof) the Sellers shall sell to Dresser and Dresser shall buy from the Sellers all of the assets owned by Sellers and described below (said assets hereinafter sometimes collectively referred to as the "Purchased Assets"):

- (a) All of the finished goods, work-in-process and raw materials inventories owned by the Sellers and related to the Business, wherever located;
- (b) All of the service manuals, plans and specifications, drawings and related materials owned by the Sellers;
- (c) All customer lists, lists of sales agents, price lists, pricing policies descriptions and information, parts lists, service information, advertising literature, trade show displays and other printed materials owned by the Sellers and related to the Business;

- (d) All of the machinery and equipment owned by the Sellers and listed in Schedule 2.1.1(d) hereto;
- (e) All of the shop and office supplies owned by the Sellers;
- (f) All of the intellectual property of the Sellers and the Shareholder relating to the Business, including the Patents, trademarks, service marks, know how, drawings, designs, software process know how; machine tool software, and trades secrets, listed on Schedule 2.1.1(f) hereto;
- (g) All of the forms, castings, dies and molds owned by the Sellers and related to the Business;
- (h) All customer contracts; and
- (i) Copies of all of the books and records of the Sellers that relate to the Purchased Assets and the Business.

2.1.2 Excluded Assets. Notwithstanding anything contained in Section 2.1.1 to the contrary, the Purchased Assets shall not include Sellers' accounts receivable as of the Closing, any furniture owned by Sellers except as listed on Schedule 2.1.1(d), any motor vehicles owned by the Sellers as of the Closing, any cash or cash equivalents on hand at the Closing and any of the assets listed in Schedule 2.1.2.

2.2 Purchase Price; Royalty and Minimum Payments; Assignment of Patents.

(a) In consideration for the conveyance of the Purchased Assets as described in Section 2.1.1 and the Shareholder's representations, warranties and covenants (including the covenant not to compete referenced in Section 9.6 hereof), Dresser shall pay to FCE and Forward Spin at Closing the total cash price of \$1,750,000.00, divided as \$1,500,000.00 to Forward Spin for the Patents and Purchased Assets owned by Forward Spin and \$250,000.00 to FCE for the Purchased Assets owned by FCE.

(b) In further consideration for the conveyance of the Purchased Assets as described in Section 2.1.1 and the Shareholder's representations, warranties and covenants (including the covenant not to compete referenced in Section 9.6 hereof), Dresser and Forward Spin shall enter into a Patent Assignment Agreement in form and substance similar to that set forth as Exhibit 2.2(b) hereto.

2.3 Assumption of Liabilities. Subject to the terms and conditions of this Agreement, at the Closing the Sellers will assign to Dresser, and Dresser will assume from the Sellers, all of the liabilities described below (said liabilities and obligations hereinafter sometimes collectively referred to as the "Assumed Liabilities"):

(a) all liabilities or obligations, whether monetary or performance, of the Sellers arising under all customer contracts and the mobile phone contracts listed in Schedule 2.3(a); and

(b) all liabilities of Sellers' relating to accrued vacation, sick leave and severance benefits for Sellers' employees listed on Schedule 3.9 (such liabilities being called "Employee Liabilities").

III. REPRESENTATIONS AND WARRANTIES OF THE SELLERS AND SHAREHOLDER.

The Sellers and Shareholder jointly and severally represent and warrant to Dresser as follows:

3.1 Organization and Authority of the Sellers. FCE and Forward Spin are corporations duly organized and existing under the laws of the State of Texas. FCE and Forward Spin are duly qualified to transact business and in good standing in each jurisdiction in which the nature of their business and the ownership of their properties require qualification. FCE has authorized capital stock consisting of one million (1,000,000) shares of Common Stock with one dollar (\$1.00) par value, of which one thousand (1,000) shares are duly issued and outstanding. Each issued share is owned beneficially and of record by the Shareholder or is held by FCE as treasury stock. Forward Spin has authorized capital stock consisting of five hundred thousand (500,000) shares of Common Stock with one dollar (\$1.00) par value, of which one thousand (1,000) shares are duly issued and outstanding. Each issued share is owned beneficially and of record by the Shareholder or is held by Forward Spin as treasury stock. FCE and Forward Spin have full power and authority to carry out and perform their undertakings and obligations as provided herein. The execution and delivery by FCE, Forward Spin and Shareholder of this Agreement and the consummation of the transactions contemplated in this Agreement have been duly authorized by all proper and requisite corporate proceedings, and will not contravene any provision of law or conflict with or breach any provision of the Articles of Incorporation or by-laws of FCE or Forward Spin, conflict with or breach or constitute any default under any indenture, agreement or instrument to which FCE or Forward Spin is a party or by which FCE or Forward Spin is bound or require the consent, approval or authorization of any governmental agency or any third party or constitute a violation of any court order or a default which could accelerate any payment or obligation of FCE or Forward Spin.

3.2 No Subsidiaries. Neither FCE nor Forward Spin has any subsidiaries.

3.3 Title to Properties. The Sellers have good and marketable title to all assets and properties included in the Purchased Assets tangible or intangible, which the Sellers purport to own, subject to no liens, mortgages, security interests, encumbrances or charges other than as disclosed to Dresser in Schedule 3.3.

3.4 Environmental Matters. (a) The sole representations of the Sellers and Shareholder with respect to environmental matters are set forth in this Section 3.4. To the extent representations

in other sections of this Agreement also could be interpreted to apply to environmental matters, including, but not limited to, matters related to, arising under or concerning environmental laws or matters, such representations shall be construed to exclude all environmental matters and to apply to matters other than environmental matters.

(b) To the Knowledge of the Sellers and the Shareholder, no material quantity of any oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous wastes or hazardous substances has been intentionally or unintentionally released into the environment (including releases to air soil, surface water, and ground water) by the Sellers at or on any property used by the Sellers in connection with the Business, except releases in compliance with environmental laws, nor has any such property been used at any time by the Sellers as a land-fill or a disposal site for any hazardous substance or for garbage waste, or refuse of any kind, which release or use would give rise to any lien or proceeding under any environmental laws.

(c) For purposes of this Agreement, "Knowledge" means, with respect to a particular fact or other matter, actual knowledge and awareness of such fact or other matter. As used in this Agreement, "Knowledge of the Sellers and the Shareholder" or "Knowledge of the Sellers or the Shareholder" or similar phrases shall mean only the Knowledge of Chris Leinen.

3.5 Non Infringement of the Rights of Others. The Patents used by the Sellers in the manufacture, assembly and sale of Sellers' products do not infringe any third party's patents registered in the United States, Canada, Mexico or any European country (excluding the Baltic and CIS countries), and to the Knowledge of Sellers and Shareholder neither the Patents nor the methods and designs used in the manufacture, assembly and sale of Seller's products violate any proprietary rights or trade secrets of other parties in such countries and no such claim has been asserted against the Sellers.

3.6 Contracts and Commitments. Except as disclosed to Dresser, to the Knowledge of the Sellers and the Shareholder, neither the Sellers nor any other party thereto has breached any material provision of, or is in default in any respect under the terms of any contract, agreement, plan, lease or license, a breach of which or default under which would have an material adverse effect on the Purchased Assets or the Business.

3.7 Litigation, Claims and Regulations. To the Knowledge of the Sellers or the Shareholder, there is no litigation pending or threatened, which, if successful, would materially adversely affect the Purchased Assets (the Sellers' right, power or authority to convey the same to Dresser), the products or the Business or interfere with the sale or use of the products or services related thereto. To the Knowledge of the Sellers or the Shareholder, there is no threatened or pending investigation, including inquiries, citations or complaints by any government or governmental department, commission, board, bureau, agency or administration, involving the Purchased Assets, the Business or the products or services related thereto. To the Knowledge of the Sellers and the Shareholder, there are no outstanding orders, writs, injunctions, or decrees of any court or any government or governmental department, commission, board, bureau, agency or

administration which materially adversely affect the Purchased Assets, the Business or the products or the Sellers' right, power or authority to convey the same to Dresser.

3.8 Curtailment Notices. The Sellers have not received any notice, oral or written, from any supplier of any material curtailment of services or supplies, including utilities.

3.9 Employment Matters. Schedule 3.9 sets forth a complete list as of the Closing Date of Sellers' employees and such employees' job title, years of service, annual compensation, accrued vacation, sick leave and severance benefits.

3.10 No Change in Condition. Since May 31, 1999, except as listed in Schedule 3.10 furnished to Dresser, to the Knowledge of the Sellers and the Shareholder, Sellers have not:

(a) Sold or transferred or made any commitment with respect to any of the Purchased Assets, tangible or intangible, or the Business, except for the acquisition or disposition of inventories or supplies in the ordinary and customary course of business, or mortgaged, pledged or subjected to lien, charge or other encumbrance any of its assets or entered into any lease of real property, machinery, equipment or buildings or canceled any debt or claim, or waived any right of substantial value;

(b) Materially increased the compensation paid or payable to any officer or salaried employee who is employed in connection with the Business or agreed to increase such compensation, including, but not limited to bonuses, pensions or profit sharing payments, excepting, however, ordinary merit increases to non-officer personnel in accord with past practices, or made any contribution to any trust or plan for the benefit of salaried or hourly employees not required by the terms thereof;

(c) Incurred any substantial damage, destruction or loss (whether or not covered by insurance), affecting the Purchased Assets or Business; or

(d) With respect to the Purchased Assets or the Business, entered into any material transaction, except in connection with the execution and performance of this Agreement or transactions contemplated by this Agreement.

3.11 Taxes. All federal, state, local and other governmental (both domestic and foreign) tax returns and similar reports required to be filed by, or with respect to, the Sellers have been filed by the Sellers and all taxes shown thereon and which are due and payable have been paid. Adequate provision has been made and reflected on the books of the Sellers for the payment of all unpaid taxes, whether federal, state, local or other governmental, and including, but not limited to, all franchise, sales and use and property taxes, and whether or not due and payable and whether or not disputed, and such taxes will be timely paid. All taxes and other assessments and levies which the Sellers are required by law to withhold or to collect have been duly withheld and collected and have been paid over to the proper governmental authorities or are held by the Sellers for such payment,

and all withholding and collections and other payments due in connection therewith are duly reflected on the books of the Sellers.

3.12 Product Warranty and Liability Claims. From January 1, 1996 until the date hereof, to the Knowledge of the Sellers and the Shareholder, with respect to the products of the Business, the total in any year of the cost of settlement with, or satisfying claims by, customers for breach of sales contracts, or product liability claims (including personal injury and property damages) against the Sellers has not exceeded \$10,000.

3.13 Insurance. Attached as Schedule 3.13 is a list of the insurance policies carried by Sellers. The Sellers will continue all of such insurance or its equivalent in full force and effect up to and including the Closing Date.

3.14 Broker's and Finder's Fees. Neither the Sellers nor the Shareholder has employed any investment banker, broker, or finder in connection with the transaction contemplated by this Agreement which would give rise to a valid claim against Dresser for a brokerage commission, finder's fee or other like payment.

IV. REPRESENTATIONS AND WARRANTIES OF DRESSER.

Dresser represents and warrants to the Sellers and Shareholder as follows:

4.1 Organization and Authority. Dresser is a corporation duly organized, validly existing and in good standing under the laws of Delaware and it has the corporate power and authority to carry out and perform its undertakings and obligations as provided herein. The execution and delivery by Dresser of this Agreement and the consummation of the transactions contemplated in this Agreement have been duly authorized by all proper and requisite corporate proceedings, and will not contravene any provision of law or conflict with or breach any provision of the Certificate of Incorporation or by-laws of Dresser, conflict with or breach or constitute any default under any indenture, agreement or instrument to which Dresser is a party or by which Dresser is bound, or require the consent, approval or authorization of any governmental agency or any third party or constitute a violation of any court order or a default which could accelerate any payment or obligation of Dresser.

4.2 Broker's and Finder's Fees. Neither Dresser nor any of its affiliates has employed any investment banker, broker, or finder in connection with the transaction contemplated by this Agreement which would give rise to a valid claim against the Sellers or the Shareholder for a brokerage commission, finder's fee or other like payment.

V. COVENANTS OF THE SELLERS AND SHAREHOLDER PENDING CLOSING.

5.1 Covenants of the Sellers. The Sellers and Shareholder agree that, from the date of this Agreement until the Closing, the Sellers will not, without prior written consent of Dresser, which consent shall not be unreasonably withheld:

(a) Acquire any assets, except for the production or acquisition of inventories in the ordinary and customary course of the Business;

(b) Except for the sale of inventories in the ordinary and customary course of business, sell, encumber, remove or otherwise dispose of or enter into any agreement or arrangement providing for the sale, encumbrance, removal or other disposition of any of the Purchased Assets;

(c) Waive any claim or right relating to or affecting the Business or the Purchased Assets;

(d) Increase the rate of compensation or commit to make any extraordinary bonus or other payment to any employee of the Sellers;

(e) Make any material change in its sales representation commitments or arrangements or, with respect to the Purchased Assets or the Business, enter into:

- (i) Any distributor or sales agency agreement not subject to termination without liability on notice of thirty (30) days or less;
- (ii) Any contract for the purchase or sale of any materials, products, services or supplies other than such contracts entered into in the ordinary and customary course of business for customary amounts;
- (iii) Any contract for the purchase or sale of any materials, products, services or supplies, the total contract price of which exceeds \$10,000.00, except for purchases and sales in the ordinary course of business consistent with past practice, unless approved by Dresser, or which contains an escalator, renegotiation or redetermination clause, or which commits it for a fixed term;
- (iv) Any management or consultation agreement which might affect the Business or the Purchased Assets except as provided in Section 6.1(b);
- (v) Any lease, license, royalty or union agreement which might affect the Business or the Purchased Assets; or
- (vi) Any other agreement not in the ordinary and customary course of business.

5.2 Covenants of Dresser. Dresser agrees that, from and after the date of this Agreement until the Closing, Dresser will:

(a) maintain in confidence any information obtained from the Sellers or the Shareholder in connection with this Agreement relating to the Business, the Purchased Assets,

the Sellers or the Shareholder and shall promptly return all documents delivered by the Sellers or the Shareholder upon the termination of this Agreement prior to the Closing;

(b) cooperate and use reasonable efforts to obtain all required consents or authorizations in connection with the consummation of the transactions contemplated by this Agreement;

(c) enter into a Consulting Agreement with the Shareholder in form and substance similar to Exhibit 5.2(c) hereto; and,

(d) offer employment to Sellers' employees listed on Schedule 3.9 on terms substantially similar to those currently in effect with respect to such employees, shall assume Sellers' liabilities with respect to such employees as provided in Section 2.3(b), and shall, as of the Closing, integrate such employees into all employment related plans and benefits of Dresser applicable to Dresser's employees with comparable positions and seniority.

VI. CONDITIONS PRECEDENT TO THE SELLERS' AND SHAREHOLDER'S OBLIGATIONS.

6.1 The obligations of the Sellers and the Shareholder to consummate the transactions provided for in this Agreement are, at the option of the Sellers, subject to satisfaction of the following conditions and the delivery of the following documents or agreements at or before the Closing Date:

(a) Dresser shall have delivered to the Sellers a certificate dated the Closing Date signed by the President or a Vice President or other authorized representative of Dresser, certifying that, to his knowledge after reasonable investigation, all of the covenants, terms and conditions of this Agreement to be complied with or performed by Dresser at or before the Closing Date shall have been complied with and performed in all material respects and that the representations and warranties made by Dresser in this Agreement are correct in all material respects as of the Closing Date with the same force and effect as though such representations and warranties had been made at and as of the Closing Date, provided that any representation or warranty which by its terms is made with reference to a specific date shall have been correct in all material respects as of such date;

(b) Dresser shall have entered into a Consulting Agreement with the Shareholder, pursuant to Section 5.2(c);

(c) Dresser shall have obtained all required consents and authorizations necessary to consummate the transactions contemplated by this Agreement;

(d) Dresser shall have delivered an assumption agreement in the form of Exhibit 6.1(d) by which Dresser agrees to assume the obligations and liabilities of Sellers set forth in Section 2.3;

(e) Certified copies of the Board of Directors' resolutions of Dresser or other action approving the transactions contemplated by this Agreement;

(f) Dresser shall have entered into the Patent Assignment Agreement in the form of Exhibit 2.2(b) with Forward Spin;

(g) All such other instruments as shall be reasonably requested by the Sellers or Sellers' counsel to consummate the transactions contemplated by this Agreement.

VII. CONDITIONS PRECEDENT TO DRESSER'S OBLIGATIONS.

7.1 The obligations of Dresser to consummate the transactions provided for in this Agreement are, at the option of Dresser, subject to satisfaction of the following conditions and the delivery of the following documents or agreements at or before the Closing Date:

(a) There shall have been no material adverse change in the Purchased Assets or the Business;

(b) All of the covenants, terms and conditions of this Agreement to be complied with and performed by the Sellers and the Shareholder at or before the Closing Date shall have been complied with and performed in all material respects. The Sellers and the Shareholder shall have delivered to Dresser a certificate dated the Closing Date signed by an officer of FCE and Forward Spin, and a certificate signed by the Shareholder, certifying in each case that, to the Knowledge of FCE, Forward Spin and the Shareholder, respectively, after reasonable investigation, the representations and warranties made by the Sellers and the Shareholder in this Agreement shall be correct in all material respects at and as of the Closing Date with the same force and effect as though such representations and warranties had been made at and as of the Closing Date, provided that any representation or warranty which by its terms is made with reference to a specific date shall have been correct in all material respects as of such date;

(c) Dresser shall have received all consents, if any, required by any government or governmental agency in order to consummate the transactions contemplated in this Agreement;

(d) A general conveyance, bill of sale, transfer and assignment from the Sellers to Dresser selling, assigning, transferring and conveying to Dresser all of the Purchased Assets;

(e) Copies of the books of account, customer lists, work papers, files, data, drawings, specifications and other engineering and research data, reports, correspondence and all other books and records owned by the Sellers pertaining to or affecting in any way the Purchased Assets or the Business;

(f) All such other instruments as shall be reasonably requested by Dresser or Dresser's counsel to vest in Dresser good and marketable title in and to the Purchased Assets, free and clear of all encumbrances;

(g) Certified copies of the Board of Directors resolutions of FCE and Forward Spin and Shareholder consent or other action approving the transactions contemplated by this Agreement; and

(h) Forward Spin shall have entered into the Patent Assignment Agreement in the form of Exhibit 2.2(b) with Dresser;

(i) A receipt for payment of the portion of the purchase price payable at Closing pursuant to Section 2.2(a) hereof.

VIII. CLOSING DATE.

8.1 Subject to the conditions precedent set forth in Articles VI and VII of this Agreement, final transfer of the Purchased Assets to Dresser shall take place at the Closing of the transactions provided herein (the "Closing") at the offices of Mayer, Brown & Platt, 700 Louisiana, Suite 3600, Houston, Texas 77002, at 10:00 a.m. on August 17, 1999 or at such other place and time as the parties hereto agree. The date and time of Closing are referred to herein as the "Closing Date".

8.2 The transaction shall be effective as of 9:00 a.m. on the Closing Date.

IX. ADDITIONAL COVENANTS OF THE PARTIES.

9.1 Survival of Representations and Warranties and Covenants. The representations, warranties and covenants of the Sellers, the Shareholder and Dresser shall survive the Closing Date until January 1, 2001, provided, however, that the representations of the Sellers and the Shareholder set forth in Sections 3.1 and 3.3 shall survive the Closing indefinitely and the covenant of the Sellers not to compete set forth in Section 9.6 shall survive the Closing for a period of three (3) years.

9.2 Certain Employee Matters. The employees will be hired by Dresser as new hires and Dresser will not assume any employment related liabilities other than those set forth in Section 2.3.

9.3 Possession of Assets. The Sellers agree that they will execute, acknowledge or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and powers of attorneys as may be reasonably required by Dresser to transfer title of the Purchased Assets to Dresser.

9.4 Transfer Taxes and Expenses. Dresser shall pay any transfer or similar taxes in connection with the transactions contemplated hereby. Except as may otherwise be specifically provided herein, each party shall be responsible for its own expenses, including without limitation the fees of accountants and attorneys, which are incurred in connection with the negotiation and execution of this Agreement and the consummation of the transactions herein contemplated.

9.5 Access to Records After Closing Date. The Sellers, the Shareholder and Dresser agree that, so long as the books and records which are in existence on the Closing Date and which are retained by the Sellers or the copies of the books and records delivered to Dresser hereunder remain in existence and available, each party shall have the right to inspect and, at its expense, to make copies of the same at any time during business hours for any proper purpose. For a period of seven (7) years following the Closing Date, neither of the parties hereto will destroy, without first having offered to deliver to the other party, any of such books and records. Each party agrees that it will make available to the other and to any accountants or attorneys or tax agents authorized by such other party, at the expense of the party requesting the same, any such records or information needed in connection with any tax matters, litigation or similar matters.

9.6 Agreements Not to Compete. To protect and secure for Dresser the full and complete beneficial use and enjoyment resulting from the purchase of the Purchased Assets hereunder, the Sellers covenant and agree that, except with the prior written consent of Dresser, for a period of three (3) years after the Closing Date, the Sellers will not directly or through any other person, corporation, partnership or other entity, engage in a business which is in competition with the Business as the same has been conducted during the three (3) years immediately preceding the Closing Date.

9.7 Warranty and Related Claims. The Sellers shall reimburse Dresser for the work performed on, and cost of all warranty and warranty services relating to, products shipped by the Sellers prior to the Closing Date. The Sellers shall indemnify Dresser for any warranty claim or warranty service costs incurred after the Closing Date attributable to products sold or services rendered by the Sellers before the Closing Date. For the purposes of this Agreement (i) the terms "warranty" or "warranty service" or "warranty claims" shall be deemed to include repairs, replacements or adjustments made with respect to such products, or services but shall exclude repairs, replacements or adjustments which do not represent breaches of the Sellers' terms and conditions of sale but are carried out for the purpose of preserving customer goodwill, and (ii) Dresser's cost for such services shall be the actual, unburdened cost to Dresser exclusive of any general and administrative expenses or other overhead charges.

9.8. Settlement of Outstanding Liabilities. The Sellers shall pay in full all invoices, claims, liabilities, and taxes outstanding as of the Closing Date as such invoices, claims, liabilities, and taxes come due.

X. INDEMNIFICATION.

10.1 Indemnification by the Sellers and Shareholder. The Sellers and the Shareholder, jointly and severally, agree to indemnify and hold Dresser harmless at all times against and in respect of any Dresser Damages as hereinafter defined. "Dresser Damages", as used in this Section 10.1, shall mean any claim, action, loss, cost, expense, liability, penalty, interest or damage, including, without limitation, reasonable fees of counsel, and all costs and expenses of

all actions, suits, proceedings, demands, assessments, claims and judgments arising out of or in any way related thereto, resulting to Dresser, or any of its subsidiaries or affiliates, from:

(a) Any breach of a representation, warranty or covenant made by the Sellers or the Shareholder in or pursuant to this Agreement, except that any breach of representation and warranty under Section 3.5 shall not include any causes of action, claims or assertion of damages initiated by Dresser against any third party;

(b) Any claim by a third party against Dresser relating to the Purchased Assets or the Business arising from an act, omission or obligation of the Sellers for any period prior to the Closing, other than the obligations and liabilities assumed by Dresser pursuant to this Agreement; and

(c) Any claim by a third party arising out of or based upon strict liability, negligence, or any express or implied warranty or agreement made by Sellers, or imposed on or asserted to be imposed by operation of law, in connection with any product shipped by the Sellers prior to the Closing Date;

provided, however, that neither the Sellers nor the Shareholder shall be liable for any Dresser Damages until such claim or claims shall have exceeded \$35,000.00 in the aggregate and then only for the excess of such Dresser Damages above \$35,000.00 (the "Threshold Amount"); and further provided, however, that, except with respect to the breach by Sellers of the representations contained in Section 3.5, the aggregate liability of the Sellers and the Shareholder pursuant to this Agreement shall not exceed in any event one-half of the purchase price actually paid at the Closing as set forth in Section 2.2(a). The aggregate liability of the Sellers and the Shareholder with respect to a claim arising as a result of the breach of the representations contained in Section 3.5 shall be further limited as follows: the Sellers and the Shareholder shall be liable for the first \$50,000 of Dresser Damages after the Threshold Amount and shall thereafter share equally with Dresser the Dresser Damages arising from such claim until such time as their share of the Dresser Damages reaches the maximum of an additional \$200,000 after which the Sellers and Shareholder shall have no further liability. In no event shall the aggregate liability of the Sellers and the Shareholder for the breach of Section 3.5 exceed \$250,000.

10.2 Indemnification by Dresser. Dresser agrees to indemnify and hold the Sellers and the Shareholder harmless at all times against and in respect of any Sellers' Damages hereinafter defined. "Sellers' Damages", as used in this Section 10.2 shall mean any claim, action, loss, cost, expense, liability, penalty, interest or damage, including, without limitation, reasonable fees of counsel, and all costs and expenses of all actions, suits, proceedings, demands, assessments, claims and judgments arising out of or in any way related thereto, resulting to Sellers and the Shareholder from:

(a) any breach of a representation, warranty or covenant made by Dresser in or pursuant to this Agreement;

(b) any claim or liability arising from or related to the liabilities expressly assumed by Dresser pursuant to Section 2.3 hereof; and

(c) any claim or liability arising from or related to the operation of the Business or the Purchased Assets after the Closing Date.

10.3 Survival of Indemnities. The indemnities set forth in this Article X shall survive until January 1, 2001, after the Closing Date; provided however, that the indemnification of Dresser by the Sellers for any breach of the representations set forth in Sections 3.1 and 3.3 shall survive the Closing indefinitely and the covenant not to compete set forth in Section 9.6 of this Agreement shall survive for a period of three (3) years; and further provided, however, that the indemnification of the Sellers and the Shareholder by Dresser pursuant to clauses (b) and (c) of Section 10.2 shall survive indefinitely.

10.4 Defense Against Asserted Claims. If any claim or assertion of liability is made or asserted by a third party against a party indemnified pursuant to this Article X ("Indemnified Party") based on any liability or absence of right which, if established, would constitute a breach of any of the representations, covenants, warranties or agreements of an indemnifying party pursuant to this Article X ("Indemnifying Party"), the Indemnified Party shall promptly give to the Indemnifying Party written notice of the claim or assertion of liability and request the Indemnifying Party to defend the same. Failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party might have to the Indemnified Party unless such failure materially prejudices the Indemnifying Party's position. The Indemnifying Party shall have the right to defend against such liability or assertion, in which event the Indemnifying Party shall give written notice to the Indemnified Party of acceptance of the defense of such claim and the identity of counsel selected by the Indemnifying Party with respect to such matters. The Indemnified Party shall be entitled to participate with the Indemnifying Party in such defense and also shall be entitled at its option to employ separate counsel for such defense at the expense of the Indemnified Party. In the event the Indemnifying Party does not accept the defense of the matter as provided above, the Indemnified Party shall have the full right to employ counsel for such defense at the expense of the Indemnifying Party. Dresser and the Sellers and the Shareholder will cooperate with each other in the defense of any such action and the relevant records of each shall be available to the other with respect to such defense.

XI. TERMINATION.

This Agreement may be terminated not later than the Closing Date by:

(a) The mutual consent of the Boards of Directors of Dresser and the Sellers;

(b) By either party without the mutual consent of the other party if the transactions contemplated by this Agreement shall not have been consummated on or prior to August 31, 1999, provided that the party seeking to terminate this Agreement shall not have materially

breached the representations, warranties, covenants or obligations made by such party in this Agreement;

(c) The Board of Directors of the Sellers, if any of the conditions provided in Article VI of the Agreement have not been met at the Closing Date and have not been waived by the Sellers in writing; or

(d) The Board of Directors of Dresser, if any of the conditions provided in Article VII of this Agreement have not been met at the Closing Date and have not been waived by Dresser in writing.

In the event of termination by the Board of Directors of either the Sellers or Dresser as provided above, written notice shall forthwith be given to the other party, and neither Dresser nor the Sellers nor any of their respective shareholders, directors or officers shall have any liability to the other party for any of the foregoing for costs, expenses, loss of anticipated profits or otherwise.

XII. DISCLOSURES.

All disclosures and schedules referred to in this Agreement shall be in writing and signed or initialed on behalf of the Sellers and Dresser.

XIII. NOTICES.

Any notice, request, instruction or other documents to be given hereunder by any party hereto to another shall be given in writing, delivered personally or mailed by registered or certified mail, postage paid:

- (a) If to Dresser, addressed to:
Mr. Stuart Brightman
President
11110 W. Airport Rd.
Stafford, Texas 77477

With copy to:

Mr. Thomas J. Cooney
Sr. Counsel – Mergers and Acquisitions
Halliburton
4100 Clinton Drive
Building 1, Seventh Floor
Houston, Texas 77020

(b) If to the Sellers and Shareholder, addressed to:

Mr. Chris Leinen
2010 Big Canyon Drive
Austin, TX 78746

XIV. AMENDMENTS.

This Agreement may not be amended except by an instrument in writing signed by Dresser, the Sellers and the Shareholder.

XV. WAIVER.

Either Dresser or Sellers may (a) extend the time for the performance of any of the obligations or other acts of the other, (b) waive any inaccuracies in the representations and warranties of the other contained in this Agreement or in any document delivered by the other pursuant to this Agreement or (c) waive compliance with any of the agreements, or satisfaction of any of the conditions, contained in this Agreement by the other. Any agreement on the part of a party to this Agreement to any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party against whom enforcement is sought.

XVI. FAIR CONSTRUCTION.

This Agreement shall be deemed to be the joint work product of Dresser, Sellers and the Shareholder without regard to the identity of the draftsperson, and any rule of construction that a document shall be interpreted or construed against the drafting party shall not be applicable.

XVII. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument, but all of which together shall constitute but one instrument.

XVIII. PARTIES IN INTEREST.

This Agreement is made solely for the benefit of the Sellers, the Shareholder and Dresser and no other person, partnership, trust, association or operation shall acquire or have any right under or by virtue of this Agreement. This Agreement shall be binding on the parties hereto and their respective successors and assigns.

XIX. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and

understandings of the parties in connection therewith. No covenant or condition not expressed in this Agreement shall affect or be effective to interpret, change or restrict this Agreement.

XX. PARTIAL INVALIDITY.

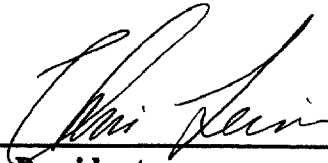
If any term, provision, covenant or condition of this Agreement is held by any court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect.

XXI. APPLICABLE LAW.

This agreement is governed by the law the State of Texas.

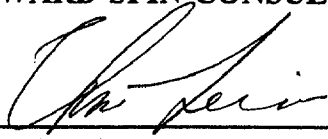
IN WITNESS WHEREOF, the parties to this Agreement have duly executed the same as of the date first above written in the presence of the undersigned witnesses.

FINAL CONTROL ELEMENT, INC. DRESSER EQUIPMENT GROUP, INC.

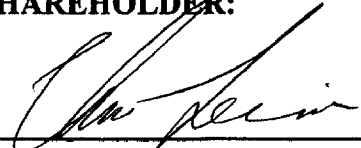
By: 
Title: **President**


By: _____
Title: **President, America's Operations
Dresser Valve Division,
Attorney - in - Fact**

FORWARD SPIN CONSULTING, INC.

By: 
Title: **President**

SHAREHOLDER:




WITNESS

WITNESS

IN WITNESS WHEREOF, the parties to this Agreement have duly executed the same as of the date first above written in the presence of the undersigned witnesses.

FINAL CONTROL ELEMENT, INC. DRESSER EQUIPMENT GROUP, INC.

By: _____
Title: President

By: *RTM* _____
Title: President, America's Operations
Dresser Valve Division
Attorney - in - Fact

FORWARD SPIN CONSULTING, INC.

By: _____
Title: President

SHAREHOLDER:

WITNESS

WITNESS

SCHEDULE 1

Patents

U.S. Patent Numbers: 4,784,039	Valve Positioner
5,287,889	Low Noise Rotary Control Valve
5,437,305	Low Noise Rotary Control Valve
5,511,584	Low Noise Rotary Control Valve
5,758,689	Partial Diffuser

The following U.S. Patents were allowed to expire: 5,179,887
5,179,888
4,819,543

SCHEDULE 2.1.1(d)

Assets - Machinery and Equipment

Designs, molds, literature, sizing programs, noise meter, data acquisition equipment.

30202411

SCHEDULE 2.1.1(f)

Assets - Intellectual Property

U.S. Patent Numbers: 4,784,039	Valve Positioner
5,287,889	Low Noise Rotary Control Valve
5,437,305	Low Noise Rotary Control Valve
5,511,584	Low Noise Rotary Control Valve
5,758,689	Partial Diffuser

The name "T-Ball" is registered in the United States and European Patent Office.

Some of the artworks and marks are in the process of registration.

Copyrights and intellectual property as listed in Schedule 1.

Tradename "Final Control Elements, Inc."

30202411