

03-08-2006

DEPARTMENT OF COMMERCE
Patent and Trademark Office



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TR

103193637

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Elwood J.B. Simpson

- Individual(s)
- General Partnership
- Corporation- State: _____
- Other _____
- Association
- Limited Partnership

Citizenship (see guidelines) USA

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Simpson Performance Products, Inc. (Formerly)
Internal KNOWN AS TEAM SIMPSON RACING, LLC

Address: _____

Street Address: 328 FM 306

City: New Braunfels

State: Texas

Country: USA Zip: 78130

Association Citizenship _____

General Partnership Citizenship _____

Limited Partnership Citizenship _____

Corporation Citizenship USA

Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) April 3, 1998

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

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,894,141

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):
WRENCHERS

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

Name: Gregory R. Everman

Internal Address: _____

Street Address: 6000 Fairview Road, Suite 1200

City: Charlotte

State: NC Zip: 28210

Phone Number: 704-552-3999

Fax Number: 704-552-3705

Email Address: geverman@evermanlawfirm.com

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 40.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers 2328
Expiration Date 07/08

b. Deposit Account Number _____
Authorized User Name _____

9. Signature:

Signature

September 20, 2005

Date

Gregory R. Everman

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 41

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

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APPENDIX A

EXCHANGE AGREEMENT

by and among

TEAM SIMPSON RACING, INC.,

**ROBERT HORN, AS TRUSTEE OF
JACKSON EQUIPMENT TRUST,**

and

E. J. SIMPSON

Dated as of April 3, 1998

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EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT is made and entered into as of the 3rd day of April 1998 (this "Agreement"), by and among Team Simpson Racing, Inc., a Texas corporation (the "Company"), Robert Horn, in his capacity as sole trustee (the "Trustee") of the Jackson Equipment Trust, a trust organized under the laws of Wyoming ("JET"), and E. J. Simpson ("Simpson").

STATEMENT OF PURPOSE

The parties hereto desire to effect a reorganization pursuant to which, inter alia, the Company will provide the consideration in connection with an exchange under Section 351 of the Code in which (a) all of the issued and outstanding Capital Stock of Aero Wings and Helmets will be transferred by Simpson to the Company, (b) all of the assets of JET will be transferred by JET to Simpson Racing, L.P., a Delaware limited partnership that is an indirect wholly-owned subsidiary of the Company ("Simpson Delaware"), (c) the Simpson Intellectual Property will be transferred by Simpson to Simpson Financial, Inc., a Delaware corporation that is a wholly-owned subsidiary of the Company ("Simpson Financial"), and (d) the Simpson Real Property and the Simpson Miscellaneous Assets will be transferred by Simpson to Simpson Delaware, all on the terms and conditions set forth herein. The parties acknowledge that the transactions contemplated hereby, as well as the subsequent investment in the Company by Carousel, are intended to be treated as exchanges under Section 351 of the Code. The parties further acknowledge that, in accordance with Section 2.07 hereof, while the Company is paying the consideration for, and is acquiring all of the rights to, the Acquired Simpson Assets and the Acquired JET Assets, it is nonetheless causing Simpson and JET to direct the transfer of the Acquired Simpson Assets and the Acquired JET Assets to Simpson Delaware and Simpson Financial (in a "cause to be directed" transaction) in order to facilitate the creation of a holding company structure. Capitalized terms used and not defined herein have the meanings ascribed to such terms in Article I hereof.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. In addition to the other definitions contained herein, the following terms when used herein have the meanings ascribed to them below:

"1998 Budget" means the Company's forecasted consolidated profit and loss statements for the twelve-month period ending August 31, 1998 (which (a) is based upon the actual results of the Business for the six-month period from September 1, 1997 through February 28, 1998 and Simpson's good faith estimate concerning the most probable course of the Business for the period from March 1, 1998 through August 31, 1998 and (b) does not include any items of income or expense associated with the Aero Wings operations), a copy of which is attached hereto as Schedule 1.01(a).

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"Accountants" has the meaning ascribed hereto in Section 2.04(d).

"Acquired Companies" means Aero Wings and Helmets.

"Acquired JET Assets" has the meaning ascribed thereto in Section 2.02(a).

"Acquired Simpson Assets" means, collectively, the Simpson Intellectual Property, the Simpson Real Property, the Simpson Miscellaneous Assets and any other assets acquired by the Company (or any Subsidiary thereof) from Simpson in connection with the transaction contemplated hereby.

"Acquired Stock" has the meaning ascribed thereto in Section 2.01(a).

"Aero Wings" means Aero Wings, Inc., a North Carolina corporation.

"Affiliate" means, with respect to a Person, any other Person (a) which, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person; (b) which beneficially owns or holds 10% or more of any class of the outstanding voting securities of such Person; or (c) of which 10% or more of any class of its outstanding voting securities (or in the case of a Person which is not an individual or a corporation, 10% or more of its equity interests) is beneficially owned or held by such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

"Agreement" has the meaning ascribed thereto in the recitals hereto.

"Amended and Restated Articles of Incorporation" means the Amended and Restated Articles of Incorporation of the Company in substantially the form of Exhibit A attached hereto.

"Assumed JET Liabilities" has the meaning ascribed thereto in Section 2.02(c).

"Assumed Simpson Liabilities" has the meaning ascribed thereto in Section 2.01(d).

"Business" means the business of (a) designing, manufacturing, distributing, marketing and selling fireproof clothing, shoes and other materials and helmets, seatbelts and other safety equipment for use in the motorsports industry, as conducted by the Company, the Acquired Companies, Simpson and JET immediately prior to the Exchange, and (b) operating retail stores in Torrance, California, Indianapolis, Indiana, Harrisburg, North Carolina and Mooresville, North Carolina, where the foregoing products are sold directly to the public.

"Business Day" means any day that is not a Saturday, Sunday or any other day on which banks are required or authorized by law to be closed in Charlotte, North Carolina.

"Calendar 1998" has the meaning ascribed thereto in Section 2.04(b).

"Calendar 1999" has the meaning ascribed thereto in Section 2.04(b).

"Calendar 2000" has the meaning ascribed thereto in Section 2.04(b).

"Calendar Year" means each of Calendar 1998, Calendar 1999 and Calendar 2000.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents of such Person's capital stock, partnership interests, membership interests or other equivalent equity interests and any rights, warrants or options exchangeable for or convertible into such capital stock or other equity interests.

"Carousel" means Carousel Capital Partners, L.P., a limited partnership organized under the laws of the State of Delaware.

"Cash Payments" means those cash payments actually received by the shareholders of the Company (a) as cash dividends or other cash distributions on the Common Stock or the Preferred Stock and (b) from any purchase or redemption by the Company, or sale by such shareholder to any Person not an Affiliate of such shareholder or any other shareholder of the Company at such time, of shares of Common Stock or Preferred Stock held by such shareholder or any of his or its Affiliates.

"Closing" means the consummation of the transactions contemplated hereby.

"Closing Date" means the date hereof.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock, \$0.01 par value, of the Company.

"Company" has the meaning ascribed thereto in the recitals hereto.

"Consolidated EBITA" has the meaning ascribed thereto in Section 2.04(c).

"Contingent Payment" has the meaning ascribed thereto in Section 2.04(a).

"Encumbrances" means any and all mortgages, liens, charges, pledges, security interests, easements, restrictions, restricted encumbrances, adverse claims or other defects in title.

"Excess Amount" has the meaning ascribed thereto in Section 2.04(b).

"Exchange" means the transaction contemplated hereby.

"Exchange Documents" means this Agreement, the exhibits and schedules hereto and each other document delivered or executed in connection with the transaction contemplated hereby.

"Excluded JET Assets" has the meaning ascribed thereto Section 2.02(b).

"Excluded JET Liabilities" has the meaning ascribed thereto in Section 2.02(d).

"Excluded Simpson Liabilities" has the meaning ascribed thereto in Section 2.01(d).

"GAAP" means generally accepted accounting principles applied on a consistent basis.

"Governmental Authority" means any Federal, state, municipal, national or other governmental department, commission, board, bureau, court, arbitrator, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a municipality, state of the United States, the United States, or a foreign entity or government.

"Helmets" means Simpson Helmets, Inc., an Indiana corporation.

"JET" has the meaning ascribed thereto in the recitals hereto.

"JET Consideration" means the issuance by the Company of the JET Demand Note and the assumption by the Company of the Assumed JET Liabilities.

"JET Demand Note" means the promissory note of the Company (which is payable to JET on demand) in substantially the form of Exhibit B-1 hereto.

"Last Offer" has the meaning ascribed thereto in Section 2.04(d).

"Losses" means any and all liabilities, losses, damages, fees, costs and expenses (including reasonable attorneys' and accountants' fees) of every nature and character.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company or any other entity whatsoever.

"Preemptive Rights" means any preemptive or other similar rights (whether created by contract or any Requirement of Law applicable at any time to any member of the Simpson Group).

"Preferred Stock" means the Series A Preferred Stock, \$.01 par value, of the Company.

"Purchase Price" means the JET Consideration and the Simpson Consideration.

"Requirement of Law" means, with respect to a Person, any law, treaty, rule, regulation, right, privilege, qualification, license or franchise or final and nonappealable determination of an arbitrator or a court or other Governmental Authority or any other judicial or government restriction, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"Sale Event" means (a) the sale to a third Person who is not an Affiliate of any shareholder of the Company at such time of 75% or more of the issued and outstanding Common Stock, (b) a merger, share exchange or other business combination involving the Company and a third Person who is not an Affiliate of any shareholder of the Company at such time in which holders of shares of Common Stock immediately prior to the effective time of such merger, consolidation or share exchange own less than 25% of the capital stock of the surviving corporation (determined on a fully diluted basis) immediately following the effective time of such merger, consolidation or share exchange, (c) the sale to a third Person who is not an Affiliate of any shareholder of the Company at such time of all or substantially all of the assets of the Company, (d) a leveraged recapitalization of the Company involving payments or other distributions to shareholders of the Company in excess of \$20,000,000, or (e) the closing of a public offering of the Common Stock pursuant to a registration statement declared effective under the Securities Act underwritten on a firm commitment basis by an investment banking firm of national reputation acceptable to the Company with an aggregate offering price to the public of at least \$25,000,000; provided, that neither Carousel's investment in Common Stock and Preferred Stock nor the Company's issuance of shares of Capital Stock in connection with its acquisition of other businesses shall in any way involve or constitute a Sale Event.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Purchase Agreement" means the Securities Purchase Agreement to be entered into by and among the Company, JET, Simpson and the other parties thereto.

"Shortfall" has the meaning ascribed thereto in Section 2.04(b).

"Shortfall Year" has the meaning ascribed thereto in Section 2.04(b).

"Simpson" has the meaning ascribed thereto in the recitals hereto.

"Simpson Closing Payment" has the meaning ascribed thereto in Section 2.04(a).

"Simpson Common Shares" has the meaning ascribed thereto in Section 2.04(a).

"Simpson Consideration" means the payment by the Company of the Simpson Closing Payment and the Contingent Payment and the assumption by the Company of the Assumed Simpson Liabilities.

"Simpson Delaware" has the meaning ascribed thereto in the recitals hereto.

"Simpson Demand Note" means the promissory note of the Company (which is payable to Simpson on demand) in substantially the form of Exhibit B-2 hereto.

"Simpson Financial" has the meaning ascribed thereto in the recitals hereto.

"Simpson Group" means, collectively, the Company, Simpson, Aero Wings, Helmets, JET, Simpson Delaware and Simpson Financial; provided, however, that, unless the context requires otherwise all references to the "Simpson Group" or to any member thereof shall include Simpson's business, affairs, assets and properties only to the extent that such business, affairs, assets and properties have any impact on or relationship to the Business.

"Simpson Intellectual Property" has the meaning ascribed thereto in Section 2.01(a)(ii).

"Simpson Miscellaneous Assets" has the meaning ascribed thereto in Section 2.01(a)(iii).

"Simpson Preferred Shares" has the meaning ascribed thereto in Section 2.04(a).

"Simpson Real Property" has the meaning ascribed thereto in Section 2.01(b).

"Target Amount" has the meaning ascribed thereto in Section 2.04(b).

"Trust Agreement" means the Trust Agreement, dated October 7, 1992, between Simpson, as Trustor, and Alvin Cassidy, as Trustee, as supplemented by the Resignation of Trustee and Successor Trustee's Acceptance of Trusteeship, dated as of October 1, 1994, pursuant to which the Trustee succeeded Alvin Cassidy as trustee of JET.

"Trustee" has the meaning ascribed thereto in the recitals hereto.

ARTICLE II

EXCHANGE

Section 2.01 Acquisition of Simpson Assets: Assumption of Simpson Liabilities

(a) Acquisition of Acquired Stock and Simpson Personal Property. Subject to the terms and conditions set forth in this Agreement, on the Closing Date:

(i) the Company shall acquire, in exchange for the portion of the Simpson Consideration set forth on Schedule 2.04(a) hereto, from Simpson, and Simpson shall contribute to the Company, free and clear of all Encumbrances, the following shares of Capital Stock (the "Acquired Stock") of the Acquired Companies:

- (A) 210 shares of common stock, no par value, of Aero Wings; and
- (B) 90 shares of common stock, no par value, of Helmets;

(ii) Simpson Financial shall acquire, in exchange for the portion of the Simpson Consideration set forth on Schedule 2.04(a) hereto and in accordance with Section 2.07 hereof, from Simpson, and Simpson shall contribute to Simpson Financial, free and clear of all Encumbrances, all of the trademarks (including both registered and unregistered trademarks and applications therefor), trade names, service names, service marks, patents

(including all applications, renewals, reissues, extensions, divisions, continuations and extensions thereof), design patents, copyrights (including all registrations, renewals, modifications and extensions thereof), know-how and trade secrets and all applications for any of the foregoing used in connection with or relating to the Business and all rights related thereto (including the right to receive royalties therefrom and the right to sue for infringement thereon), including the items listed on Schedule 2.01(a)(ii) hereto, and all of the goodwill of the Business connected therewith or symbolized thereby therefor (collectively, the "Simpson Intellectual Property"); provided, that it is understood and agreed that (A) even though it is not described in detail on Schedule 2.01(a)(ii) hereto, Simpson Financial is acquiring all of Simpson's rights in the formulae, processes and know-how related to the manufacture of helmets as part of the Business and a detailed written description of such formulae, processes and know-how has been prepared by Simpson and delivered to Simpson Financial prior to or on the date hereof and (B) Simpson shall retain and Simpson Financial is not acquiring any interest in the right to receive (i) payments under the License Agreement dated August 18, 1997 between Simpson and Action Performance Companies, Inc., an Arizona corporation ("Action Performance"), relating to non-functional miniature replica safety equipment and miniature collectibles and (ii) contingent payments under the Asset Purchase Agreement dated August 18, 1997 among Aero Wings, Simpson and Action Performance; and

(iii) Simpson Delaware shall acquire, in exchange for the portion of the Simpson Consideration set forth on Schedule 2.04(a) hereto and in accordance with Section 2.07 hereof, from Simpson, and Simpson shall contribute to Simpson Delaware, free and clear of all Encumbrances (other than the Assumed Simpson Liabilities), the additional items of personal property described on Schedule 2.01(a)(iii) hereto and any other personal property owned by Simpson and used in connection with the Business (the "Simpson Miscellaneous Assets").

(b) Acquisition of Simpson Real Property. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Simpson Delaware shall acquire, in exchange for the portion of the Simpson Consideration set forth on Schedule 2.04(a) hereto and in accordance with Section 2.07 hereof, from Simpson, and Simpson shall contribute to Simpson Delaware, free and clear of all Encumbrances (other than the Assumed Simpson Liabilities), all of the real property and interests in real property and buildings, structures, fixtures and improvements thereon and any appurtenances thereto (including all easements, privileges and rights of way relating to or for the benefit of such real property), owned by Simpson and located at 328 FM 306, New Braunfels, Texas 78130, as more particularly described on Schedule 2.01(b) hereto (collectively, the "Simpson Real Property").

(c) Excluded Simpson Assets. Subject to Section 2.03 hereof, the assets to be contributed by Simpson hereunder shall not include any assets or properties of Simpson other than the Acquired Simpson Assets. Without limiting the foregoing, the Acquired Simpson Assets shall not include those assets and properties of Simpson described on Schedule 2.01(c) hereto.

(d) Assumed Simpson Liabilities; Excluded Simpson Liabilities. In accordance with Section 2.07 hereof, on the Closing Date, Simpson shall assign and Simpson Delaware shall assume

only the liabilities of Simpson set forth on Schedule 2.01(d) hereto (the "Assumed Simpson Liabilities"). Except for the Assumed Simpson Liabilities, Simpson Delaware shall not assume, and shall have no duty, liability or obligation with respect to, any indebtedness, obligation, duty or liability of any nature whatsoever, fixed or contingent, known or unknown, including without limitation any indebtedness secured by the assets of Simpson, services rendered to or for the benefit of Simpson prior to the Closing Date, any tax liabilities arising from the conduct of the business of Simpson prior to the Closing Date, any liability for the breach or default by Simpson under any contract, lease or agreement assigned to Simpson Delaware by Simpson hereunder, any liability with respect to any litigation, legal, judicial or administrative proceeding pending or threatened against Simpson or any liability to any Person (including employees or former employees of Simpson) attributable to any act, failure to act, neglect or default of Simpson in the course of his business (collectively, the "Excluded Simpson Liabilities").

Section 2.02 Acquisition of Acquired JET Assets: Assumption of Assumed JET Liabilities.

(a) Acquired JET Assets. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Simpson Delaware shall acquire, in exchange for the portions of the JET Consideration set forth on Schedule 2.05 hereto and in accordance with Section 2.07 hereof, from JET, and JET shall contribute to Simpson Delaware, free and clear of all Encumbrances (other than the Assumed JET Liabilities), all of JET's right, title and interest in and to all of the assets owned by JET that are used in the Business (other than the Excluded JET Assets) (the "Acquired JET Assets"). The Acquired JET Assets shall include, without limitation:

(i) all rights of JET in or to any equipment owned, leased, licensed or used in the Business, including any equipment leased or licensed by JET to or from any other Person and including that equipment set forth on Schedule 2.02(a)(i) hereto;

(ii) all rights of JET as lessor under any equipment leases, including those equipment leases set forth on Schedule 2.02(a)(ii) hereto;

(iii) all rights of JET to payments and pre-payments, rights of refusal and offset, privileges, causes of action, rights under warranties and all other rights relating to any equipment leases or other contracts, whether performed or yet to be performed;

(iv) all rights of JET in or to any other fixed assets, including furniture, fixtures and machinery, used in the Business, including those fixed assets set forth on Schedule 2.02(a)(iv) hereto; and

(v) all rights of JET in or to any other tangible and intangible personal property relating to the Business, including (A) all rights under licenses, leases, service agreements and contracts; (B) all claims, causes of action and other rights of JET against any other Person relating to the Business; (C) all governmental permits, licenses, approvals that are owned or have been received by JET or the Trustee in connection with the Business; and (D) all other properties and assets listed on Schedule 2.02(a)(v) hereto.

(b) Excluded JET Assets. Subject to Section 2.03 hereof, the Acquired JET Assets to be contributed by JET hereunder, and the term "Acquired JET Assets" as used herein, shall not include the assets of JET described on Schedule 2.02(b) hereto (the "Excluded JET Assets").

(c) Assumed JET Liabilities; Excluded JET Liabilities. In accordance with Section 2.07 hereof, on the Closing Date, JET shall assign and Simpson Delaware shall assume only the liabilities of JET set forth on Schedule 2.02(c) hereto (the "Assumed JET Liabilities"). Except for the Assumed JET Liabilities, Simpson Delaware shall not assume, and shall have no duty, liability or obligation with respect to, any indebtedness, obligation, duty or liability of any nature whatsoever, fixed or contingent, known or unknown, including without limitation any indebtedness secured by the Acquired JET Assets, services rendered to or for the benefit of JET prior to the Closing Date, any tax liabilities arising from the conduct of the business of JET prior to the Closing Date, any liability for the breach or default by JET under any contract, lease or agreement assigned to Simpson Delaware hereunder, any liability with respect to any litigation, legal, judicial or administrative proceeding pending or threatened against JET or any liability to any Person (including employees or former employees of JET) attributable to any act, failure to act, neglect or default of JET in the course of the business of JET (collectively, the "Excluded JET Liabilities").

Section 2.03 Additional Conveyances. The parties hereto acknowledge that it is their intent and purpose that the Company acquire, directly or through one or more Subsidiaries, all of the assets, tangible and intangible, and property, real and personal, used or useful in connection with the Business (other than the assets set forth on Schedule 2.01(c) (Excluded Simpson Assets) or Schedule 2.02(b) (Excluded JET Assets)) and that the full consideration therefor consists of the Purchase Price. In the event that any such assets or property owned by any member of the Simpson Group or any of their respective Affiliates on the date hereof are not hereby conveyed to the Company (directly or through a Subsidiary), the Company, JET and Simpson shall, or shall cause such Affiliate to, promptly transfer and assign all such assets or property to the Company (or any Subsidiary designated by the Company) for no additional consideration. In connection with such transfer or assignment, the affected Person shall execute and deliver all such agreements and instruments of transfer as may be reasonably requested by the Company in order to effect such transfer or assignment.

Section 2.04 Payment of Simpson Consideration.

(a) Closing Payment. The aggregate consideration payable by the Company to Simpson with respect to the Acquired Stock and the Acquired Simpson Assets shall consist of (i) payments on the Closing Date consisting of (A) the Simpson Demand Note in the original principal amount of \$19,495,000, (B) 275,549 shares of Common Stock (the "Simpson Common Shares"), and (C) 76,625 shares of Preferred Stock (the "Simpson Preferred Shares"; the consideration referred to in clauses (A) - (C) is collectively referred to herein as the "Simpson Closing Payment"), (ii) the assumption of the Assumed Simpson Liabilities, (iii) the payment of a cash payment of \$665,000 (the "Escrow Amount") to Commonwealth Land Title Insurance Company ("Commonwealth") on April 7, 1998 (or such later date as the transactions contemplated by the Securities shall be consummated) to hold in escrow pending resolution of, among other things, the Koppolow Dispute (as hereinafter defined) in accordance with the terms of an escrow agreement to be entered into by and between Simpson and Commonwealth and (iv)

the deferred, contingent payments in the aggregate amount of up to \$5,200,000, if earned, pursuant to Section 2.04(b) (the "Contingent Payment"). The Simpson Consideration shall be allocated among the Acquired Stock, the Acquired Simpson Assets and the Assumed Simpson Liabilities as set forth on Schedule 2.04(a) hereto.

(b) Contingent Payment. The Company shall pay to Simpson the applicable amount set forth on Schedule 2.04(b) hereto to the extent that the Company achieves Consolidated EBITDA with respect to any of the twelve month periods ending December 31, 1998 ("Calendar 1998"), December 31, 1999 ("Calendar 1999") or December 31, 2000 ("Calendar 2000") in excess of \$3,500,000. The Company shall pay any amounts owed pursuant to this Section 2.04(b) within 30 days after the conclusive, final and non-appealable determination (after, among other things, taking into account the period during which Simpson may object to the Company's calculation of the amount thereof) of Consolidated EBITDA with respect to any particular Calendar Year.

In the event that a Shortfall (as defined below) exists with respect to Calendar 1998, Calendar 1999 or Calendar 2000 and the Company shall achieve Consolidated EBITDA in another Calendar Year in excess (the "Excess Amount") of the lowest amount (the "Target Amount") at which 100% of the Contingent Payment with respect to such Calendar Year is payable, the amount of the Contingent Payment with respect to the Calendar Year in which the Shortfall exists (the "Shortfall Year") shall be calculated (or recalculated) by adding the additional payment that would have been payable for the Shortfall Year had Consolidated EBITDA for such year been increased by the Excess Amount. For purposes hereof, "Shortfall" shall mean the amount, in any particular Calendar Year, by which the Company fails to achieve Consolidated EBITDA at least equal to the Target Amount.

Notwithstanding the foregoing, if a Sale Event occurs during Calendar 1998, Calendar 1999 or Calendar 2000 and the shareholders of the Company receive Cash Payments and securities which imply a value of at least \$5,762,500 for all Common Stock in connection therewith (assuming the repayment of all indebtedness for borrowed money and the redemption of all Preferred Stock and other securities of the Company senior to the Common Stock (and the payment of all accrued but unpaid dividends thereon)), the Company shall pay to Simpson an amount equal to the amount by which the value of such Common Stock exceeds \$5,762,500; provided, that, (i) there shall be deducted from any such payment the amount of any payments theretofore made pursuant to this Section 2.04(b), (ii) there shall be no additional payments made pursuant to this Section 2.04(b) based upon Consolidated EBITDA with respect to the Calendar Year in which such Sale Event occurs or in any subsequent Calendar Year, (iii) in no event shall aggregate payments pursuant to this Section 2.04(b) exceed \$5,200,000, and (iv) the determination of the implied value of all Common Stock of the Company in connection with any Sale Event shall, subject to Section 2.04(d) relating to the resolution of disputes, be determined in good faith by the board of directors of the Company.

(c) Consolidated EBITDA. For purposes of Section 2.04(b), "Consolidated EBITDA" means, for any Calendar Year, the following amount: (i) the consolidated pre-tax net income of the Company plus (ii) the sum of the following amounts (but only to the extent such

amounts are deducted in determining consolidated net income): (A) interest expense (net of interest income), (B) depreciation expense and (C) amortization expense; provided, that:

(i) in calculating the Company's consolidated net income, no amounts shall be included with respect to items of income or expense associated with: (A) the hiring and employment of a chief operating officer or corporate chief financial officer (or equivalent officer(s)), (B) the sale or other disposition (including as a result of damage or destruction) of any assets outside of the ordinary course of business, (C) any correction of a prior period error, (D) any write-off of intangibles, (E) any adjustment arising from major accounting changes (including but not limited to the establishment of reserves or warranties not currently required in the Company's accounting practices); (F) any other material non-recurring events unless specifically provided for in the 1998 Budget; (G) unless otherwise expressly agreed to in writing, incurring any overhead or general and administrative costs materially in excess of the amounts contained in the 1998 Budget (for purposes of this clause (G), examples of such costs include, but are not limited to, (1) increases in employee benefits such as a profit sharing plan, (2) any expenses incurred with updating the Company's management information systems (computer applications), (3) any increase in administrative staff expense including the addition of additional managerial positions, particularly in the area of sales and marketing, (4) any bonuses or additional fringe benefits paid to employees not reflected in the 1998 Budget, (5) any increase in advertising or promotional costs not reflected in the 1998 Budget, including any increase in costs associated with brand advertising, and (6) any increase in professional fees, such as audit or legal fees, other than as contained in the 1998 Budget);

(ii) in calculating Consolidated EBITDA for a particular Calendar Year, retroactive effect to such year shall be given to any adjustment determined after such year which relates to or has an impact on Consolidated EBITDA for such year;

(iii) Consolidated EBITDA shall be calculated based solely on the Business as it exists on the Closing Date without regard to any income or expense related to or derived from any acquisitions (whether of stock or a substantial portion of the assets of another entity) by the Company or any Acquired Company after the Closing Date;

(iv) for purposes of calculating Consolidated EBITDA for Calendar 1998, expenses borne by the Company in connection with the Exchange or the sale of securities to Carousel shall be added back to consolidated net income (but only to the extent that such expenses were charged to expense or amortized and deducted in determining consolidated net income for such year);

(v) expenses relating to any insurance policy obtained by the Company relating to the tax character of the transactions contemplated hereunder insofar as they relate to Simpson shall be added back to consolidated net income;

(vi) expenses related to any management agreement to be entered into with Carousel shall be added back to consolidated net income;

(vii) expenses related to royalties paid to Simpson pursuant to the Securities Purchase Agreement shall be added back to consolidated net income; and

(viii) if a portion of the Business is sold before December 31, 2000, Simpson and the Company shall negotiate in good faith to equitably adjust the Consolidated EBITDA targets and the Sale Event benchmark set forth in Section 2.04(b) to reflect the effect of such sale (with such adjustment, in the case of Consolidated EBITDA, being made by deducting from the targets the amount of EBITDA associated with the disposed of operations).

Notwithstanding clause (iii) above, if the Company expands its sales into markets other than the motorsports industry, Consolidated EBITDA shall include income and expense related to such sales unless either the Company or Simpson objects. In connection with sales to any such markets, the Company and Simpson shall use their reasonable good faith efforts with respect to the allocation of direct and indirect expenses attributable to the manufacture of products related to such markets.

Consolidated EBITDA shall be calculated by the Company's independent public accountants and shall be calculated in accordance with GAAP and in a manner consistent with the 1998 Budget. In determining Consolidated EBITDA for each Calendar Year, the Company's independent public accountants shall consider the Company's audited consolidated financial statements for its fiscal year ending on August 31 or September 30 of such year.

(d) Dispute Resolution. If, within 45 calendar days after the date of the Company's delivery to Simpson of its computation of either (a) the implied value of all Common Stock in connection with a Sale Event or (b) Consolidated EBITDA for any particular Calendar Year, Simpson determines in good faith that such computation is inaccurate, Simpson will give written notice to the Company within such 45 day period specifying in reasonable detail the basis for his disagreement with the Company's computation. In connection with his review of the foregoing amounts, the Company shall provide Simpson and his advisors reasonable access upon reasonable notice and at reasonable times to the Company's books and records. Simpson shall, and shall cause his advisors to, hold all information disclosed by the Company in confidence. The failure by Simpson to express his disagreement within such 45 day period will constitute his acceptance of the Company's computation of any such amount. If Simpson and the Company are unable to resolve the disagreement between them within 30 calendar days after Simpson's giving notice of such disagreement, (i) Simpson and the Company will choose one of Price Waterhouse, LLP, Ernst & Young, LLP or Coopers & Lybrand, LLP to act as arbitrator with respect to such dispute (the "Accountants"), and (ii) the items in dispute will be referred for determination to the Charlotte, North Carolina office of the Accountants as promptly as practicable. The Accountants will make a determination as to the item in dispute, which determination will be (a) in writing, (b) furnished to the Company and Simpson as promptly as practicable after the item in dispute has been referred to the Accountants and (c) conclusive and binding upon each of the parties hereto. In connection with their determination of the disputed items, as and to the extent necessary, the Accountants will be entitled to rely on the work papers, trial balances, and similar materials prepared by the Company's independent public accountants in connection with their examination of the financial statements of the Company, and the fees and expenses of the Accountants will be shared fifty percent by the Company and fifty percent by Simpson (except as otherwise provided below). The Company and Simpson will use

reasonable efforts to cause the Accountants to render their decision as soon as practicable, including by promptly complying with all reasonable requests by the Accountants for information, books, records, and similar items. If the determination of the Accountants represents an outcome more favorable to either the Company, on one hand, or Simpson, on the other hand, than the mid-point of such parties' last written settlement offers submitted to the Accountants upon the referral of the matter to the Accountants (each, a "Last Offer"), then the party obtaining such favorable result will be deemed the "Prevailing Party" and the other party will be deemed the "Non-Prevailing Party." For purposes hereof, all of the fees and expenses of the Accountants and the reasonable out-of-pocket expenses of the Prevailing Party will be borne by the Non-Prevailing Party. No party will disclose to the Accountants, and the Accountants will not consider for any purpose, any settlement offer (other than the Last Offer) made by any party. Further, in connection with the determination of Consolidated EBITDA, if the parties have not made written settlement offers or if the foregoing provisions are otherwise inapplicable, the Company shall pay Simpson's reasonable out-of-pocket expenses if the actual amount of Consolidated EBITDA is more than 5% greater than the amount computed by the Company.

(e) Control of Koppolow Dispute. Simpson hereby elects to assume the defense and control the prosecution ("Control the Conduct") of the dispute between the Simpson Group and Koppolow Construction Co., Inc. (the "Koppolow Dispute") on behalf of the Company and the Acquired Companies. So long as Simpson is diligently and in good faith Controlling the Conduct of the Koppolow Dispute, (i) the Company shall not enter into any settlement of the Koppolow Dispute without the prior written consent of Simpson which shall not be unreasonably withheld and (ii) Simpson shall cooperate with the Company in connection therewith and shall permit the Company to participate therein. So long as Simpson is in good faith Controlling the Conduct of the Koppolow Dispute, then Simpson shall not be required to settle the Koppolow Dispute, except to the extent that the failure to settle may result in (i) a forfeiture of, or the imposition of any additional liens or charges upon, any of the assets of the Company or any Acquired Company or (ii) an interruption in, or material adverse effect upon, the operation of the Business, in either which case Simpson shall either (A) pay or discharge the Koppolow Dispute to such extent or (B) provide the Company with a bond with surety(ies) reasonably acceptable to the Company, which will adequately compensate the Company for any loss resulting from the failure to so pay or discharge the Koppolow Dispute. If Simpson elects not to Control the Conduct of the Koppolow Dispute, the Company shall Control the Conduct of the Koppolow Dispute in such manner that it reasonably deems appropriate.

(f) Interest on Escrow Amount. The Company and Simpson acknowledge that while the Escrow Amount is being held in escrow by Commonwealth, it will be held in an interest bearing account (the "Escrow Account"). For all periods that the Escrow Amount is so held in the Escrow Account, the Company shall reimburse Simpson, on a monthly basis upon receipt of reasonable supporting documentation, the amount by which the interest actually earned in the Escrow Account is less than the interest that would have been earned if the Escrow Amount had been placed in an account earning interest at the rate of 7% per annum.

Section 2.05 Payment of Jet Consideration. The aggregate consideration payable by the Company to JET with respect to the Acquired JET Assets shall consist of (i) the issuance of JET Demand Note in the original principal amount of \$340,000 and (ii) the assumption of the

Assumed Jet Liabilities. The JET Consideration shall be allocated among the Acquired JET Assets and the Assumed JET Liabilities in the manner set forth on Schedule 2.05.

Section 2.06 Allocation. The Company, Simpson and JET acknowledge that the allocation of the Purchase Price is based upon the respective fair market values of the Acquired Stock, the Acquired Simpson Assets and the Acquired JET Assets and the amounts of the Assumed Simpson Liabilities and by Assumed JET Liabilities determined by arms-length negotiation and each agrees to adhere to such allocation in all reports, returns and other documents filed with or statements made to any Governmental Authority.

Section 2.07 Transfer of Assets to Subsidiaries. The parties hereto acknowledge that, while the Company is paying the consideration for, and acquiring all of the rights to, the Acquired Simpson Assets and the Acquired JET Assets, the Company is nonetheless causing Simpson and JET to direct the transfer of the Acquired Simpson Assets and the Acquired JET Assets to Simpson Delaware and Simpson Financial (both of which are direct or indirect wholly-owned subsidiaries of the Company) in order to facilitate the creation of a holding company structure. Further, insofar as Simpson Delaware is acquiring the Acquired Simpson Assets (other than the Simpson Intellectual Property) and the Acquired JET Assets, the Company is causing Simpson Delaware to assume the Assumed Simpson Liabilities and the Assumed Jet Liabilities.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SIMPSON AND JET

To induce the Company to enter into this Agreement and to consummate the transactions contemplated hereby, Simpson and JET, jointly and severally, represent and warrant to the Company that:

Section 3.01 Organization and Authority.

(a) Aero Wings. Aero Wings is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina, with full corporate power and authority to conduct its business as now conducted and own, lease and operate its assets.

(b) Helmets. Helmets is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, with full corporate power and authority to conduct its business as now conducted, and own, lease and operate its assets.

(c) JET. JET is a trust created and validly existing under and governed by the laws of the State of Wyoming, with full power and authority to conduct its business as now conducted and own, lease and operate its assets and enter into and perform its obligations under this Agreement.

Section 3.02 Due Execution. The execution, delivery and performance of this Agreement and the other Exchange Documents by JET have been duly authorized by all requisite

action on the part of JET, and this Agreement constitutes, and all other Exchange Documents to be executed and delivered by Simpson and JET hereunder will constitute, such Person's legal, valid and binding obligation enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

Section 3.03 Absence of Conflicts and Consent Requirements. The execution, delivery and performance of this Agreement and the other Exchange Documents by Simpson and JET, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with, violate or result in any default under the organizational documents of JET or any Acquired Company, (b) with or without the giving of notice or the lapse of time, or both, result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any Encumbrance pursuant to, or right of termination under, any material mortgage, indenture, agreement, instrument or other contract to which Simpson, JET or any Acquired Company in a party or by which any of their property is bound, (c) conflict with or violate any Requirement of Law to which Simpson, JET or any Acquired Company is subject, or (d) require the consent of, or any prior filing with or notice to, any Governmental Authority or other third party.

Section 3.04 Capitalization: Ownership.

(a) **Authorized, Issued and Outstanding Shares.** The authorized Capital Stock of each Acquired Company consists solely of the respective shares of common stock thereof set forth on Schedule 3.04, and, except as set forth on Schedule 3.04, no shares of Capital Stock of any Acquired Company are issued and outstanding.

(b) **Validity of Currently Outstanding Shares.** All issued and outstanding shares of Capital Stock of each Acquired Company (i) have been duly authorized and validly issued, are fully paid and nonassessable and are not subject to call and (ii) have not been issued in violation of, and are not subject to, any Preemptive Rights.

(c) **Title: Authority to Transfer.** Simpson has good, valid and marketable title to all shares of Capital Stock of the Acquired Companies reflected on Schedule 3.04 hereto, and all such shares of Capital Stock are owned beneficially and of record by Simpson free and clear of all Encumbrances. Simpson has full right, power and authority to transfer and assign the Acquired Stock to the Company and, upon delivery to the Company of the certificates for such Acquired Stock and accompanying instruments of transfer, the Company will have acquired good, valid and exclusive title to such Acquired Stock free and clear of all Encumbrances.

(d) **No Warrants, Options, etc.** Except as set forth on Schedule 3.04 hereto, (i) there are no outstanding subscriptions, warrants, options, calls, commitments or other rights or agreements to which any member of the Simpson Group or any other Person is bound or entitled to the benefit of relating to the issuance, sale, redemption, transfer or voting of shares of the Acquired Stock, or any other Capital Stock of any Acquired Company, (ii) no shares of Capital Stock of any Acquired Company are reserved for any purpose and (iii) neither any member of the Simpson Group nor any

other Person has any right or entitlement to any equity securities of any Acquired Company (including as the result of any Preemptive rights).

Section 3.05 Transfer of Title. Upon delivery to Simpson Delaware and Simpson Financial of the bills of sale, warranty deed and trademark assignment described in Section 5.02(b), (c), (d) and (e)(i), Simpson Delaware and Simpson Financial, as applicable, will acquire good, valid, exclusive and marketable title in the Acquired Simpson Assets and the Acquired JET Assets to be acquired by each of them hereunder free and clear of all Encumbrances other than those set forth on Schedule 3.05.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

To induce Simpson and JET to enter into this Agreement and consummate the transactions contemplated hereby, the Company hereby represents and warrants to Simpson and JET that:

Section 4.01 Organization and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas, with full corporate power and authority to conduct its business as now conducted, own, lease and operate its assets and enter into and perform its obligations under this Agreement.

Section 4.02 Due Execution. The execution, delivery and performance of this Agreement and the other Exchange Documents by the Company have been duly authorized by all requisite corporate action on its part, and this Agreement constitutes, and all other Exchange Documents to be executed and delivered by the Company hereunder will constitute, its legal, valid and binding obligation, enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability.

Section 4.03 Absence of Conflict and Consent Requirements. The execution, delivery and performance of this Agreement and the other Exchange Documents by the Company, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with, violate or result in any default under the articles of incorporation or the by-laws of the Company, (b) with or without the giving of notice or the lapse of time, or both, result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any Encumbrance pursuant to, or right of termination under, any material mortgage, indenture, agreement, instrument or other contract to which the Company is a party or by which the Company or its property is bound, (c) conflict with or violate any Requirement of Law to which the Company is subject, or (d) require the consent of, or any prior filing with or notice to, any Governmental Authority or other third party.

Section 4.04 Capitalization: Ownership.

(a) Authorized, Issued and Outstanding Shares. The authorized Capital Stock of the Company consists solely of 2,000,000 shares of Common Stock, of which 52,000 shares are issued and outstanding, and 200,000 shares of Preferred Stock, none of which are issued and outstanding.

(b) Validity of Currently Outstanding Shares. All issued and outstanding shares of Capital Stock of the Company (i) have been duly authorized, validly issued, are fully paid and nonassessable and are not subject to call, (ii) have not been issued in violation of, and are not subject to, any Preemptive Rights, and (iii) are owned beneficially and of record by Simpson.

(c) Validity of Simpson Common Shares and Simpson Preferred Shares. All of the Simpson Common Shares and Simpson Preferred Shares, upon issuance thereof in accordance with the terms of this Agreement, (i) will have been duly authorized and validly issued, will be fully paid and nonassessable and will not be subject to call and (ii) will not have been issued in violation of, and will not be subject to, any Preemptive Rights.

(d) No Warrants, Options, etc. There are no outstanding subscriptions, warrants, options, calls, commitments or other rights or agreements to which the Company or any other Person is bound or entitled to the benefit of relating to the issuance, sale, redemption, transfer or voting of shares of Capital Stock of the Company. No shares of Capital Stock of the Company are reserved for any purpose and no Person has any right or entitlement to any equity securities of the Company (including as the result of any Preemptive Rights).

ARTICLE V

CLOSING

Section 5.01 Time and Place of Closing. The Closing shall be held at the offices of Kennedy Covington Lobdell & Hickman, L.L.P., 100 North Tryon Street, Suite 4200, Charlotte, North Carolina 28202-4006, commencing at 1:00 p.m., local time, on April 3, 1998.

Section 5.02 Conditions to the Obligations of the Company. The obligations of the Company to complete the Closing are contingent upon the fulfillment of each of the following conditions on or before the Closing Date:

(a) Certificates for the Acquired Stock. Simpson shall have delivered to the Company the certificates for the Acquired Stock, together with such stock powers, endorsements, certificates, instruments and assurances as will convey the Acquired Stock to the Company, free and clear of all Encumbrances;

(b) Acquired JET Assets. JET shall have delivered to Simpson Delaware a Bill of Sale, substantially in the form of Exhibit C-1 hereto, together with such other instruments of assignment, transfer or conveyance as may be requested by the Company to effect the transfer of the Acquired JET Assets to Simpson Delaware;

(c) Simpson Intellectual Property. Simpson shall have delivered to Simpson Financial a Bill of Sale, substantially in form of Exhibit C-2 hereto, together with such other instruments of assignment, transfer or conveyance as may be requested by the Company to effect the transfer of the Simpson Intellectual Property to Simpson Financial;

(d) Trademark Assignment. Simpson shall have delivered to Simpson Financial a Trademark Assignment, substantially in the form of Exhibit D hereto;

(e) Simpson Real Property.

(i) General Warranty Deed. Simpson shall have delivered to Simpson Delaware a general warranty deed, substantially in the form of Exhibit E hereto;

(ii) Title Insurance. The Company shall have obtained (A) a written commitment for an ALTA Owner's Policy of Title Insurance on Form B-1987 issued by a title insurer satisfactory to the Purchaser (the cost of which shall be borne by Simpson), in amount equal to \$3,600,000 marked up to insure title in the Simpson Real Property in Simpson Delaware as of the Closing Date free and clear of all Encumbrances (other than those reflected on Schedule 3.05) and (B) any affidavit required by such insurer to remove the standard printed exceptions from such policy;

(iii) Assignment of Leases. Simpson shall have delivered to Simpson Delaware an assignment in a commercially reasonable form of all of Simpson's right, title and interest as lessor under any leases, rental agreements, options and licenses affecting the Simpson Real Property;

(iv) FIRPTA Certificate. Simpson shall have delivered to the Company a commercially reasonable form of non-foreign affidavit or certificate;

(v) IRS Form 1099. Simpson shall have delivered to the Company information with respect to Simpson in connection with the conveyance of the Simpson Real Property by Simpson to Simpson Delaware required by either (A) Section 6045 of the Code or Treas. Regs. Sec. 1.6045 or (B) Treas. Form 1099 or its instructions;

(vi) Survey. Simpson shall deliver to the Company an "as-built" survey of the Simpson Real Property prepared by a registered land surveyor acceptable to the Company in accordance with ALTA/ASTM standards for improved property that is in accordance with applicable state requirements and is otherwise satisfactory to the Company its sole discretion.

(f) Simpson Miscellaneous Assets. Simpson shall have delivered to Simpson Delaware a Bill of Sale, substantially in the form of Exhibit C-3 hereto, together with such

other instruments of assignment, transfer or conveyance as may be requested by the Company to effect the transfer of the Simpson Miscellaneous Assets to Simpson Delaware;

(g) Amended and Restated Articles of Incorporation. The Amended and Restated Articles of Incorporation of the Company shall have been duly authorized, executed and filed with the Secretary of State of the State of Texas and shall be in full force and effect;

(h) Conditions Relating to Bond Financing. The terms, conditions and documents relating to the \$3,000,000 Comal County Industrial Development Authority Variable Rate Demand Industrial Development Bonds (The Simpson Companies Project) shall have been amended to permit the transactions contemplated hereby.

Section 5.03 Conditions to the Obligations of Simpson and JET. The obligations of Simpson and JET to complete the Closing are contingent upon fulfillment of each of the following conditions on or before the Closing Date:

(a) Assumption Agreements. Simpson Delaware shall have delivered to Simpson and to JET an Assumption Agreement, substantially in the form of Exhibit F hereto, pursuant to which Simpson Delaware shall have assumed the Assumed Simpson Liabilities and the Assumed JET Liabilities, respectively; and

(b) Consideration. The Company shall have paid to (i) Simpson the portion of the Simpson Consideration to be paid on the Closing Date and (ii) JET the JET Consideration.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Construction. The captions or headings in this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement. In this Agreement, unless the context otherwise requires, (a) words denoting any gender shall include all genders and (b) the word "including" shall mean "including without limitation." In interpreting and enforcing this Agreement, each of the representations and warranties set forth in this Agreement shall be given independent significance of fact and shall not be deemed superseded or modified by any other such representation or warranty.

Section 6.02 Further Assurances. Without limiting the other provisions of this Agreement (including Section 2.03 hereof), each of the parties hereto covenants and agrees with each other party hereto, that at any time and from time to time it or he will (a) promptly execute and deliver or cause its Affiliates, Subsidiaries and predecessors to execute and deliver to the other parties such further assurances, instruments and documents (including any and all bills of sale, assignments, certificate of title, powers of attorney, stock powers and other documents or instruments of conveyance and transfer) as the other parties may reasonably request in order to

Section 6.11 Captions. The captions herein are for convenience of reference only and shall not be construed as a part of this Agreement.

Section 6.12 Governing Law. This Agreement shall be construed, interpreted, enforced and governed by and under the laws of the State of Delaware, without regard to its principles of conflicts of laws.

SECTION 6.13 JURISDICTION. EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY AGREES THAT ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE AGREEMENTS OR TRANSACTIONS CONTEMPLATED HEREBY MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR THE STATE OF NORTH CAROLINA OR OF THE UNITED STATES OF AMERICA FOR THE CENTRAL DISTRICT OF CALIFORNIA OR THE WESTERN DISTRICT OF NORTH CAROLINA AND HEREBY EXPRESSLY SUBMITS TO THE PERSONAL JURISDICTION AND VENUE OF SUCH COURTS FOR THE PURPOSES THEREOF AND EXPRESSLY WAIVES ANY CLAIM OF IMPROPER VENUE AND ANY CLAIM THAT SUCH COURTS ARE AN INCONVENIENT FORUM. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH SUITS, ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE ADDRESS SET FORTH IN SECTION 10.08, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING.

Section 6.14 Schedules and Exhibits. All of the schedules and exhibits hereto referred to in this Agreement are hereby incorporated herein by reference and shall be deemed and construed to be a part of this Agreement for all purposes.

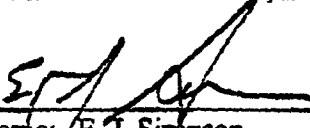
Section 6.15 Severability. The invalidity or unenforceability of any one or more phrases, sentences, causes or provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement or any part thereof.

Section 6.16 Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

* * *

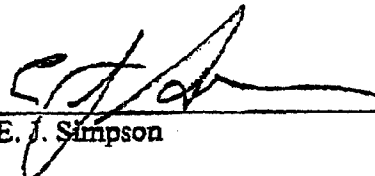
IN WITNESS WHEREOF, this Exchange Agreement has been duly executed under seal by the parties hereto, as of the day and year first above written.

TEAM SIMPSON RACING, INC.

By:  [SEAL]
Name: E. J. Simpson
Title: President

JACKSON EQUIPMENT TRUST

By: _____ [SEAL]
Name: Robert Horn
Title: Trustee

 [SEAL]
E. J. Simpson

SIMPSON - EXCHANGE AGREEMENT SCHEDULESSchedule No. **2.01(a)(ii)**Schedule Name: **SIMPSON INTELLECTUAL PROPERTY**

4/3/98 Simpson trademarks, trade names, service names, service marks, patents, design patents, copyrights, know-how and trade secrets consist of:

1. United States Trademark Registration No. 1,243,426, Registered June 28, 1983, for the mark "SIMPSON - safety equipment" (red in a rectangular trapezoid background)
2. United States Trademark Registration No. 1,243,427, Registered June 28, 1983, for the mark "SIMPSON" (white on a black rectangular trapezoid background)
3. United States Trademark Registration No. 1,263,417, Registered January 10, 1984, for the mark "SIMPSON - race car logo" (a fabric label)
4. United States Trademark Registration No. 1,619,676, Registered October 30, 1990, for the mark "BEADALL" (black rectangular background)
5. United States Trademark Registration No. 1,894,141, Registered May 16, 1995, for the mark "WRENCHERS" (black rectangular background)
6. Design Patent Application, filed October 20, 1997 (Elwood J. B. Simpson as inventor), on ridged forehead-rounded nose and chin racing helmet with ventilation openings and window (Bill Maxwell's docket number 2164).
7. Design Patent Application, filed October 20, 1997 (Elwood J. B. Simpson as inventor), on smoothed forehead-imperforate pentagonal nose and chin racing helmet with ventilation openings and window, PTO Serial Number 29/078,182 (Bill Maxwell's docket number 2165).
8. Design Patent Application, filed October 20, 1997 (Elwood J. B. Simpson as inventor), on smoothed forehead-rounded nose and chin racing helmet with ventilation openings and window, PTO Serial Number 29/078,183 (Bill Maxwell's docket number 2166).
9. Design Patent Application, filed October 20, 1997 (Elwood J. B. Simpson as inventor), on smoothed forehead-pentagonal nose and chin racing helmet with ventilation openings and window (Bill Maxwell's docket number 2167).

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**ASSIGNMENT OF TRADEMARK REGISTRATIONS
AND DESIGN PATENT APPLICATIONS**

WHEREAS, E. J. SIMPSON, an individual, having offices at 328 FM 306, New Braunfels, Texas 78130 (the "Assignor"), is the owner of the trademarks (the "Marks") and the registrations thereof (the "Registrations") identified as follows:

1. United States Trademark Registration No. 1,243,426, Registered June 28, 1983, for the mark "SIMPSON - safety equipment" (red in a rectangular trapezoid border);
2. United States Trademark Registration No. 1,243,427, Registered June 28, 1983, for the mark "SIMPSON" (white on a black rectangular trapezoid background);
3. United States Trademark Registration No. 1,263,417, Registered January 10, 1984, for the mark "SIMPSON - race car logo" (a fabric label);
4. United States Trademark Registration No. 1,619,676, Registered October 30, 1990, for the mark "BEADALL" (black rectangular background);
5. United States Trademark Registration No. 1,894,141, Registered May 16, 1995, for the mark "WRENCHERS" (black rectangular background);

AND, WHEREAS, Assignor is the owner of the design inventions (the "Designs") and the applications for United States Design Patents therefor (the "Patent Applications") identified as follows:

1. Inventor: Elwood J. B. Simpson; filing date: October 20, 1997; Serial No.: (unassigned); and entitled: "Ridged Forehead - Rounded Nose and Chin Racing Helmet with Ventilation Openings and Window";
2. Inventor: Elwood J. B. Simpson; filing date: October 20, 1997; Serial No.: 29/078,182; and entitled: "Smoothed Forehead - Imperforate Pentagonal Nose and Chin Racing Helmet with Ventilation Openings and Window";

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3. Inventor: Elwood J. B. Simpson; filing date: October 20, 1997; Serial No.: 29/078,183; and entitled: "Smoothed Forehead - Rounded Nose and Chin Racing Helmet with Ventilation Openings and Window";
4. Inventor: Elwood J. B. Simpson; filing date: October 20, 1997; Serial No.: (unassigned); and entitled: "Smoothed Forehead - Pentagonal Nose and Chin Racing Helmet with Ventilation Openings and Window";

AND, WHEREAS, SIMPSON FINANCIAL, INC., a Delaware corporation, with a principal office and place of business at 2415 Amsler Street, Torrance, California (the "Assignee"), is desirous of acquiring the Marks, the Registrations, the Designs, and the Patent Applications;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby assign unto Assignee the entire right, title and interest in and to the Marks and the above-identified Registrations of the Marks, together with the good will of the business symbolized by the Marks and the Registrations, and the entire right, title and interest in and to the Designs and the Patent Applications therefor.

[SIGNATURE PAGE TO FOLLOW]

Assignor: E.J. SIMPSON

E. J. Simpson (SEAL)
E. J. Simpson

State of North Carolina)

County of Mecklenburg)

On this 3rd day of April, 1998, before me a Notary Public, came E. J. Simpson, to me known and known by me or proved to be the individual described in and who executed the foregoing Assignment, and duly acknowledged the same to be his free act and deed.

Diane Morgan
Notary Public

My Commission Expires: Nov. 14, 2000

Assignee: SIMPSON FINANCIAL, INC.

By: E. J. Simpson
E. J. Simpson, President

State of North Carolina)

County of Mecklenburg)

On this 3rd day of April, 1998, before me a Notary Public, came E. J. Simpson, to me known and known by me or proved to be the President of Simpson Financial, Inc., who executed the foregoing Assignment on behalf of said Corporation, by its authority duly given, and who duly acknowledged the same be the act and deed of said Corporation.

Diane Morgan
Notary Public

My Commission Expires: Nov. 14, 2000

[TRADEMARK ASSIGNMENT]

APPENDIX B



The State of Texas
Secretary of State

CERTIFICATE OF AMENDMENT
FOR
SIMPSON PERFORMANCE PRODUCTS, INC.
FORMERLY
TEAM SIMPSON RACING, INC.
CHARTER NUMBER 01456213

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS,
HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF AMENDMENT FOR THE ABOVE
NAMED ENTITY HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO
CONFORM TO LAW.

ACCORDINGLY THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE
OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS
CERTIFICATE OF AMENDMENT.

DATED NOV. 17, 1998

EFFECTIVE NOV. 17, 1998



[Handwritten signature]

ARTICLES OF AMENDMENT
TO THE
SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
TEAM SIMPSON RACING, INC.

FILED
In the Office of the
Secretary of State of Te
NOV 17 1998
Corporations Section

Pursuant to Section 4.04 of the Texas Business Corporation Act, the undersigned corporation (the "Corporation") hereby executes the following Articles of Amendment for the purpose of amending its Second Amended and Restated Articles of Incorporation.

1. The name of the Corporation is "Team Simpson Racing Inc."

2. The subject amendment to the Second Amended and Restated Articles of Incorporation of Team Simpson Racing, Inc. is set forth below in the resolution adopted by written consent of the shareholders of the Corporation:

RESOLVED, that, as recommended and submitted by the Board of Directors of the Corporation, the Second Amended and Restated Articles of Incorporation of the Corporation be amended to change the name of the Corporation to "Simpson Performance Products, Inc." and that, to that end, Article I of the Second Amended and Restated Articles of Incorporation be deleted in its entirety and the following be substituted in lieu thereof:

"The name of the corporation is Simpson Performance Products, Inc."

3. The date of the adoption of the amendment by the shareholders of the Corporation was October 27, 1998.

4. The number of shares outstanding and entitled to vote, and voting for and against the amendment were as follows:

CLASS	SERIES	OUTSTANDING AND ENTITLED TO VOTE	NUMBER OF VOTES PER SHARE	VOTES FOR	VOTES AGAINST
Common	-	1,030,928	1	1,030,928	-0-
Preferred	A	198,223	1	<u>198,223</u>	<u>-0-</u>
Total				1,229,151	-0-

5. The Articles of Amendment to the Second Amended and Restated Articles of Incorporation were duly adopted by unanimous written consent of the shareholders of Common Stock and Series A Preferred Stock (voting together as a single class) as required by, and in

APPENDIX C

**AFFIDAVIT OF CHUCK DAVIES,
CEO OF SIMPSON PERFORMANCE PRODUCTS, INC.**

I, Chuck Davies, being duly sworn, and having personal knowledge of the facts set forth herein, hereby deposes and says that:

1. I am presently the CEO of Simpson Performance Products, Inc. I have served in this capacity since about November 2001. Prior to that date, from about June 2001 through November 2001, I served as Chief Operations Officer with Simpson Performance Products, Inc.
2. Simpson Performance Products, Inc. is a duly organized corporation of the State of Texas with a business address of 328 FM 306, New Braunfels, TX 78130.
3. On or about April 3, 1998, an EXCHANGE AGREEMENT was entered into between Team Simpson Racing, Inc; Elwood Simpson (written as E. J. Simpson in the AGREEMENT); and others. In short, under the EXCHANGE AGREEMENT, various assets, including intellectual property, owned by Elwood Simpson were transferred to Team Simpson Racing, Inc. and Simpson Financial, Inc. (a wholly-owned subsidiary of Team Simpson Racing, Inc.). A copy of the EXCHANGE AGREEMENT is provided in Appendix "D".
4. On or about April 9, 1998, a Consulting Agreement was entered into between Team Simpson Racing, Inc.; Elwood Simpson; and Cripple Creek Ltd. LLC. As a result of this Agreement, Elwood Simpson agreed to provide consulting services to Team Simpson Racing, Inc., including serving as Chief Product Development Officer. Elwood "Bill" Simpson served as Chief Product Development Officer until he resigned on about July 19,

2001. A copy of Elwood Simpson's resignation letter is provided in Appendix "F".

- 5. On or about November 17, 1998, Article of Amendment was filed with the Secretary of the State of Texas changing the corporate name "Team Simpson Racing Inc." to "Simpson Performance Products, Inc.". Copies of the Articles of Amendment and the Certificate of Amendment are provided in Appendix "E".
- 6. I have had numerous communications with Elwood Simpson and with my patent attorney, Gregory R. Everman. Based on these communications, it is my understanding that Elwood Simpson refuses to execute a Declaration/Oath or an Assignment for the subject Application.
- 7. Since Elwood Simpson refuses to sign the corresponding documents relating to the filing of the Utility Patent Application, it has been necessary to file the subject Application without such signature in order to preserve the legitimate ownership interest of Simpson Performance Products, Inc. in the invention.

This 24th day of March, 2004.

Chuck Davies
 SIMPSON PERFORMANCE PRODUCTS, INC.
 Chuck Davies, CEO

Sworn to and subscribed before me this the 24th day of March, 2004.

Linda C Simpson
 Notary Public

My Commission Expires:

