

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:		NEW ASSIGNMENT	
NATURE OF CONVEYANCE:		ASSET PURCHASE AGREEMENT	
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Billy Belts, Inc.		09/02/1992	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	Leegin Creative Leather Products, Inc.		
Street Address:	14022 Nelson Avenue		
City:	City of Industry		
State/Country:	CALIFORNIA		
Postal Code:	91746		
Entity Type:	CORPORATION: CALIFORNIA		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	1327131	BILLY BELTS	
CORRESPONDENCE DATA			
Fax Number:	(626)577-8800		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	626-795-9900		
Email:	pto@cph.com		
Correspondent Name:	Christie, Parker & Hale, LLP		
Address Line 1:	P.O. Box 7068		
Address Line 4:	Pasadena, CALIFORNIA 91109-7068		
NAME OF SUBMITTER:		Michael J. MacDermott	
Signature:		/Michael J. MacDermott/	
Date:		03/14/2005	

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Total Attachments: 30
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ASSET
PURCHASE AGREEMENT
AMONG
LEEGIN CREATIVE LEATHER PRODUCTS, INC.,
BILLY BELTS, INC.,
VINCENT CANTAGALLO,
CAROL CANTAGALLO,
WILLIAM ADLER
and
SANDRA ADLER
September 2, 1992

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[To be prepared on final version]

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into effective as of the 2nd day of September, 1992, by and among LEEGIN CREATIVE LEATHER PRODUCTS, INC., a California corporation ("Buyer"), on the one hand, and BILLY BELTS, INC., a California corporation ("Seller"), VINCENT CANTAGALLO ("Jim"), CAROL CANTAGALLO, ("Carol"), WILLIAM ADLER ("Bill") and SANDRA ADLER ("Sandy"), on the other hand.

R E C I T A L S

A. Jim, Carol, Bill and Sandy (individually, a "Shareholder" and collectively, the Shareholders"), are the record and beneficial owners of all of the outstanding shares of stock of Seller.

B. Seller is engaged in the business of manufacturing, importing, distributing and selling leather belts (the "Business").

C. Buyer desires to purchase, and Seller desires to sell to Buyer, all upon the terms and conditions hereinafter set forth, substantially all of the assets (but none of the liabilities) of Seller.

NOW, THEREFORE, the parties agree as follows:

1. COMPLIANCE WITH BULK SALES LAW

Buyer, Seller and the Shareholders acknowledge and agree that the transactions contemplated by this Agreement are subject to, and shall be consummated in compliance with, the provisions of Division 6 of the Uniform Commercial Code as in effect in the State of California (the "UCC") including, without limitation, Section 6106.2 thereof which requires Buyer to apply the consideration payable hereunder as far as necessary to pay all creditors' claims. Attached hereto as Exhibit A is a form of Notice to Creditors of Bulk Sale (the "Notice") which Seller has previously authorized Buyer to publish, record and mail in accordance with Division 6 of the UCC. Seller and Shareholders represent and warrant to Buyer that the information in the Notice concerning Seller is accurate and complete in all respects.

2. TRANSFER OF ASSETS AND NO ASSUMPTION OF LIABILITIES

2.1. Transfer of Assets. On the terms and subject to the conditions in this Agreement, Seller will sell, convey,

transfer, assign and deliver to Buyer on the Closing Date (as hereinafter defined) all of the following (collectively, the "Purchased Assets"): all of the assets of Seller of every kind and description, wherever located, tangible or intangible, including, without limitation, all property (whether real, personal or mixed), all cash, accounts receivable, inventory, work in process, customer orders, deposits, prepaid expenses, furniture, equipment, vehicles, telephone numbers, names, logos, trademarks, trade secrets, proprietary rights and customer lists.

Without limiting the generality of the foregoing, the Purchased Assets shall include the following:

2.1.1. all accounts receivable of Seller as of the Closing (the "Accounts Receivable") which shall be identified on Schedule 2.1(a) to be attached hereto on the Reconciliation Date (as defined in Section 3.2);

2.1.2. all items of inventory (including sample inventory) of Seller as of the Closing which shall be identified on Schedule 2.1(b) to be attached hereto on the Reconciliation Date based on a physical inventory of such items to be conducted by Buyer when Buyer unloads the Inventory at Buyer's facility in City of Industry (the "Inventory");

2.1.3. all property, plant and equipment described on Schedule 2.1(c) attached hereto (the "Property, Plant and Equipment");

2.1.4. all of Seller's customer deposits as of the Closing which shall be identified on Schedule 2.1(d) attached hereto;

2.1.5. all of Seller's other deposits and prepaid expenses as of the Closing which shall be identified on Schedule 2.1(e) attached hereto;

2.1.6. all rights to merchandise to be delivered pursuant to Seller's purchase orders outstanding as of the Closing that are approved by Buyer which shall be identified on Schedule 2.1(f) to be attached hereto on the Reconciliation Date (the "Purchase Orders");

2.1.7. all rights of Seller and the Shareholders under the Real Property Leases (as defined in Section 4.18); and

2.1.8. the name "Billy Belts" and any derivative of such name and all other trademarks, trade names, or slogans used by Seller.

Notwithstanding the foregoing, there shall be excluded from the Purchased Assets the items identified on Exhibit B attached hereto.

2.2. No Assumption of Liabilities. It is expressly acknowledged and agreed that the Buyer is not assuming and shall not assume nor be responsible for any obligations or liabilities of Seller, the Shareholders or any affiliate(s) of any of them of any nature whatsoever (whether accrued, absolute, contingent or otherwise). Seller and the Shareholders will continue to be responsible for all of their obligations and liabilities not expressly assumed in writing by the Buyer hereunder, whether they are known or unknown and whether they arise prior to, in connection with, or subsequent to the Closing Date, and Seller and Shareholders will pay and perform each such obligation and liability as it becomes due.

2.3. Method of Conveyance and Transfer. The conveyance, transfer and delivery of the Purchased Assets will be effected by Seller delivering physical possession of the Purchased Assets to Buyer at the Closing together with appropriate bills of sale, endorsements, transfers, assignments and other instruments of transfer, all in such form as Buyer reasonably requests, vesting in Buyer good and marketable title to the Purchased Assets, free and clear of any and all covenants, agreements, leases, conditions, easements, liens, charges, security interests, title retention instruments, adverse claims or interests, encumbrances, demands or other title defects or restrictions of any kind or nature whatsoever (collectively, "Liens"). To facilitate the transfer of the Purchased Assets to Buyer (including Buyer's collection of the Accounts Receivable) Buyer shall have the right to open Seller's mail and/or redirect Seller's mail to Buyer's facility. Buyer shall make available to Seller all of Seller's mail not relating to the Purchased Assets.

2.4. Real Property Leases. Buyer shall assume the obligation of Seller and Shareholders to pay the monthly rent due under the Real Property Leases after the Closing for the balance of the respective terms of the Real Property Leases after the Closing. At the request of Buyer, Seller and Shareholders shall (i) use their best efforts to obtain the landlord's consent to assignment of any or all of the Real Property Leases to Buyer, and (ii) act as Buyer's agent to enable Buyer to enjoy the peaceful possession and use of the premises which are the subject of the Real Property Leases.

2.5. Further Assurances. Seller and Shareholders, at any time and from time to time after the Closing Date, upon request of Buyer, will do, execute, acknowledge and deliver, all such further acts, assignments, transfers, conveyances, powers

of attorney and assurances as may be reasonably required for the better conveying, transferring, assigning, and delivering to Buyer, or to its successors and assigns, and for aiding and assisting in collecting and reducing to possession, all the Purchased Assets.

2.6. Books and Records. Seller shall retain its original books and records and give Buyer access to and copies of such books and records upon request by Buyer from time to time.

3. CONSIDERATION

3.1. Amount. In consideration for the sale, transfer and assignment of the Purchased Assets and in consideration of the representations, warranties and covenants of Seller and the Shareholders set forth herein (including Section 10 hereof), Buyer, subject to the conditions set forth herein (including Section 1 hereof), shall pay the following amounts:

3.1.1. To or on behalf of Seller: \$1,516,755 plus the amount, if any, by which Seller's Total Liabilities as of the close of business on September 2, 1992 exceed \$914,455 and less the amount, if any, by which Seller's Tangible Net Worth as of close of business on September 2, 1992 is less than \$543,686. Seller's Total Liabilities and Tangible Net Worth shall be calculated in the same manner as set forth in Section 4.4, including the application of an overall marketability reserve of \$100,000 to the Inventory.

3.1.2. To Seller's suppliers: the amounts reflected on Seller's purchase orders outstanding as of the Closing that are approved by Buyer and identified on Schedule 2.1(f) attached hereto, subject to Buyer's actual receipt of the merchandise covered by such purchase orders;

3.1.3. To Jim: \$100,000; and

3.1.4. To Carol: \$100,000.

3.2. Estimated Payment at Closing and Post Closing Adjustment. At the Closing, in lieu of paying the amount specified in Section 3.1.1 above, Seller shall pay an estimated amount of \$1,708,614. Seller authorizes Buyer to pay \$450,000 of said amount on behalf of Seller directly to Seller's bank, California State Bank. On or before September 14, 1992 (the "Reconciliation Date"), Buyer and Seller shall determine the final amount payable pursuant to Section 3.1.1 and Buyer shall pay to Seller or Seller shall refund to Buyer, as the case may be, the amount necessary so that the amount due under Section 3.1.1 has been paid, subject to Section 3.3.

3.3. Holdback. \$50,000 of the amount otherwise payable pursuant to Section 3.1.1 above (the "Holdback Amount") shall be retained by Buyer until the six month anniversary of the Closing. The Holdback Amount shall be applied by Buyer against any Indemnified Losses (as defined in Section 9.3 hereof) existing as of the six month anniversary of the Closing and the balance of the Holdback Amount, if any, shall be paid to Seller.

3.4. Allocation of Consideration. The parties will allocate the consideration payable hereunder in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"), as set forth on Exhibit C to be attached hereto on the Reconciliation Date. Buyer and Seller will each attach a copy of such information or forms as are required to be filed pursuant to Section 1060 of the Code to the tax returns filed covering the period in which the transfer of the Purchased Assets occurs. Seller and Buyer will report the transactions governed by this Agreement in accordance with the allocations set forth on Exhibit C attached hereto for all federal, state and local tax purposes.

3.5. Transfer Taxes. All applicable sales, use and transfer taxes, if any, arising by reason of the transfer of the Purchased Assets and transactions governed by this Agreement shall be paid by Seller.

4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF SELLER AND THE SHAREHOLDERS

Seller and the Shareholders, jointly and severally, represent and warrant to, and agree with, Buyer as follows:

4.1. Organization and Standing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Seller has full power and authority to carry on the Business as and where conducted and to own, lease and operate the Purchased Assets at and where owned, leased and operated by it.

4.2. Authority of Seller and Shareholders; Consents. The execution, delivery and consummation of this Agreement by Seller and the Shareholders has been duly authorized in accordance with all applicable laws and the Articles of Incorporation and By-Laws of Seller, and as of the Closing no further corporate action will be necessary on the part of Seller, Seller's Board of Directors or the Shareholders to make this Agreement valid and binding on Seller and the Shareholders enforceable against Seller and the Shareholders in accordance with its terms (subject to bankruptcy, insolvency, reorganization and other similar laws affecting creditors'

rights generally and to general principles of equity). This Agreement has been duly executed and delivered by Seller and the Shareholders and constitutes a legal, valid and binding obligation of Seller and the Shareholders enforceable against Seller and the Shareholders in accordance with its terms (subject to bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally and to general principles of equity). The execution, delivery and consummation of this Agreement by Seller and the Shareholders (i) does not violate the Articles of Incorporation or ByLaws of Seller, (ii) except as set forth on Schedule 4.2, does not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement or any other restriction to which Seller or any of the Shareholders is a party or to which Seller or any of the Shareholders or any of their assets are subject or bound, (iii) will not result in the creation of any Lien upon any of the Purchased Assets, and (iv) will not result in any acceleration or termination of any loan or security agreement to which Seller or any of the Shareholders is a party or to which Seller or any of the Shareholders or any of their assets are subject or bound. No approval or consent of any person, firm or other entity or governmental body is or was required to be obtained by Seller or the Shareholders for the authorization of this Agreement or the consummation by Seller and the Shareholders of the transactions contemplated in this Agreement.

4.3. Title to Assets; Condition of Assets. Seller owns and possesses and will own and possess as of the Closing Date all right, title and interest in and to the Purchased Assets including, without limitation, good and marketable title to all of the Purchased Assets; in each case free and clear of all Liens. Seller has and will have as of the Closing Date the right, power and capacity to sell, convey, transfer, assign and deliver to Buyer the Purchased Assets free and clear of any Liens. Except as set forth on Schedule 4.3, all of the Purchased Assets are in Seller's possession or under its control. Seller enjoys peaceful and quiet possession of the Purchased Assets pursuant to or by all of the deeds, bills of sale, leases, licenses and other agreements under which it is operating the Business. As of the date of this Agreement and the Closing Date, all Inventory included in the Purchased Assets is and will be of a quality and quantity usable and saleable in the ordinary and usual course of business and is free from any defects or obsolescence. All Property, Plant and Equipment included in the Purchased Assets is in good operating condition and repair and is free from any defects. The Accounts Receivable were generated by Seller in the ordinary course of

business from the sale of merchandise in the ordinary course of business and will be collectible by Buyer in full without offset or deduction in the ordinary of business of Buyer within six (6) months after the Closing Date, subject to a \$50,000 bad debt allowance. The Purchased Assets comprise all of the assets and rights of any kind or character necessary for the operation of the Business as it is presently conducted.

4.4. Assets and Liabilities. As of July 27, 1992 (the "Valuation Date"), the material assets and liabilities of Seller were as follows:

Assets:

Cash		\$ 5,064
Accounts Receivable		837,444
Inventory	715,633	
(less overall marketability reserve)	(100,000)	<u>615,633</u>
Total Assets		\$1,458,141

Liabilities:

Trade Payables	\$ 487,649
Bank Loan	<u>426,806</u>
Total Liabilities	\$ <u>914,455</u>
Tangible Net Worth	\$ 543,686

For purposes of the foregoing, Seller's Inventory has been valued by Seller at cost or market, whichever is lower, less an overall marketability reserve of \$100,000.

4.5. Absence of Certain Changes. Since the July 27, 1992: (i) there has not been any material adverse change in the Business or in the condition (financial or otherwise), assets, liabilities, results of operations or prospects of either the Business or Seller, (ii) there has not occurred any event or governmental regulation or order which could cause such a change, nor, to the best knowledge of Seller and the Shareholders, is the occurrence of any such event, regulation or order threatened, (iii) there has not been any transaction outside of the ordinary course of business of Seller, or (iii) there has not been, directly or indirectly, any payment or distribution by Seller of any amounts to its stockholders other than normal base compensation not exceeding \$5,200 in the aggregate per week.

Without limiting the generality of the foregoing, since the Valuation Date, there has not been:

- 4.5.1. Any mortgage or pledge of, or any other lien, charge or encumbrance of any kind, on any of the assets, tangible or intangible, of Seller;
 - 4.5.2. Any sale or transfer of any assets, or settlement, cancellation or release of any indebtedness owing to Seller or of any other claims of Seller, except in the ordinary course of business of Seller;
 - 4.5.3. Any sale, license, assignment or transfer by Seller of any patents, trademarks, trade names or other intangible assets of Seller;
 - 4.5.4. Any amendment or termination of any contract, agreement or license, to which Seller is a party or to which Seller or any of its assets are subject or bound;
 - 4.5.5. Any commitment made (through negotiations or otherwise) or any liability incurred to any labor union or similar organization of employees by Seller;
 - 4.5.6. Any institution by Seller of a bonus, stock option, profit-sharing, pension plan or similar arrangement or any material changes in any such existing plans;
 - 4.5.7. Any adverse change in account receivable collection experience;
 - 4.5.8. Any loss, damage or destruction to the Purchased Assets (whether or not covered by insurance);
 - 4.5.9. Any discharge or satisfaction by Seller of any lien, encumbrance, obligation or liability (accrued, absolute, fixed or contingent) other than those incurred in connection with the ordinary course of operations of the Business.
- 4.6. Absence of Undisclosed Liabilities. To the best knowledge of Seller and the Shareholders, Seller does not have, nor are any of the assets or properties of Seller subject to, any liability, adverse claims or obligations of any nature whatsoever (whether accrued, absolute, contingent or otherwise), except as set forth in Section 4.4 to this Agreement. There are no facts known to Seller or the Shareholders that might reasonably serve as a basis, in whole or in part, for any liabilities or obligations not disclosed in this Agreement.

4.7. Taxes.

4.7.1. Seller has filed all income, franchise, sales, payroll and other tax returns and reports of every nature required to be filed by it accurately reflecting all taxes owing to the United States, or any other government (domestic or foreign) or any government subdivision, state or local, or any other taxing authority (domestic or foreign), and has paid in full or made adequate provision for the payment of all taxes and duties (including penalties and interest) for which it has or may have liability, including, without limitation, taxes payable to any jurisdiction by reason of the transfer of the Purchased Assets pursuant to this Agreement. Except as set forth on Schedule 4.7, there is not any unassessed tax deficiency proposed or threatened against Seller. There are no liens on the assets of Seller as a result of any tax liabilities. There are, and after the date of this Agreement will be, no tax deficiencies (including penalties and interest) of any kind assessed against or relating to Seller with respect to any taxable periods ending on or before, or including, the Closing Date of a character or nature that would result in liens or claims on any of the Purchased Assets or on Buyer's title to or use of the Purchased Assets, or that would result in any claim against Buyer.

4.7.2. There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, state, local, or foreign tax return of Seller for any period. No federal income tax return of Seller has been audited by the Internal Revenue Service. No state, local or foreign taxing authority has audited any tax return or report filed by Seller with respect to matters related to the Business.

4.8. Accounts Receivable. Seller has furnished to Buyer a true, correct and complete aging schedule of the accounts receivable of Seller as of August 27, 1992.

4.9. Purchase Orders. Seller has furnished to Buyer a true, correct and complete list of all outstanding purchase orders as of Seller as of August 21, 1992. The Purchase Orders were issued by Seller in the ordinary course of business.

4.10. Contracts. Schedule 4.10 is a true and correct list of each material written contract, agreement, lease, mortgage, deed of trust, note, guaranty, instrument or understanding (collectively, "Contract(s)") and of each oral Contract, by which any of the Purchased Assets is bound or affected. A true, correct and complete copy of each written Contract and a written description of each oral Contract has been delivered to Buyer.

4.11. Litigation. There are no suits, actions, legal or administrative proceedings, arbitrations or governmental investigations of any nature whatsoever pending or, to the best knowledge of Seller and the Shareholders, threatened against Seller or the Purchased Assets, including, without limitation, any proceedings that could affect title to or interests in the Purchased Assets. None of Seller nor the Shareholders have received any notice that Seller is the subject of any governmental investigation and none of Seller nor the Shareholders are subject to any order, writ, injunction or decree of any court, or of any federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign in connection with the Business or the Purchased Assets.

4.12. Transactions with Related Parties.

4.12.1. None of Seller nor any of the Shareholders or members of their immediate families or other corporations, partnerships or other entities in which any of them has an interest (a) own, directly or indirectly, any interest in any entity that has any existing contractual relationship, oral or written, or other business relationship with Seller or the Purchased Assets, or (b) has any direct or indirect interest in any competitor, supplier or customer of Seller or in any person, firm or entity from whom or to whom Seller leases any property, or in any other person, firm or entity with whom Seller transacts business.

4.12.2. There are no Contracts (oral or written) relating to the provision of goods and services between any officer, director or shareholder of Seller or members of their immediate families or other corporations, partnerships or other entities in which any of them has an interest, except for any compensation arrangements with any of such persons who are employees of Seller.

4.13. Employment Matters.

4.13.1. Seller is not a party to, participant in, or bound by, any collective bargaining agreement, union contract, insurance, pension, profit sharing arrangement or material employment, bonus, deferred compensation, termination, severance or similar personnel arrangement, or any stock purchase, stock option or other stock plans or programs.

4.13.2. Neither Seller nor any of the Shareholders has received notice of any active, pending, or threatened administrative or judicial proceedings under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Occupational

Safety and Health Act, the National Labor Relations Act, or any other federal, state or local law (including common law), ordinance or regulation relating to employees of Seller.

4.14. Employee Benefit Plans and Other Plans.

4.14.1. For purposes of this Section 4.14, the following definitions apply:

4.14.1.1. "Benefit Plan" means each deferred compensation, pension, profit-sharing and retirement plan, each plan, arrangement or policy for the provision of bonuses and/or severance benefits, each "employee benefit plan" (as defined in ERISA Section 3(3)) and each fringe benefit plan (including, without limitation, a hospitalization, insurance, stock option or stock purchase plan) that a Controlled Group Member maintains, contributes to, has liability with respect to, or has an obligation to contribute to;

4.14.1.2. "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985;

4.14.1.3. "Controlled Group Member" means Seller and each other person or entity required to be aggregated with Seller under Code Section 414(b), (c), (m) or (o); and

4.14.1.4. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

4.14.2. No Controlled Group Member has directly or indirectly acted in any manner or incurred any obligation or liability, and will not directly or indirectly act in any manner in the future or incur any obligation or liability in the future with respect to any Benefit Plan which has or could give rise to any liens on any of the Purchased Assets, or which could result in any liability or obligation to Buyer, whether arising out of the establishment, operation, administration or termination of such Benefit Plans or the transactions contemplated by this Agreement.

4.14.3. Each Controlled Group Member has timely provided or will timely provide all notices and any continuation of health benefit coverage (including, without limitation, medical and dental coverage) required to be provided to employees, former employees or the beneficiaries or dependents of such employees or former employees, under Part 6 of Subtitle B of Title I of ERISA or, as applicable, COBRA to the extent such notices and continuation of health benefit coverage are required to be provided by reason of the events occurring prior

to or on the Closing Date or by reason of the transactions contemplated by this Agreement. To the extent required by COBRA, Seller will treat its employees (and their dependents and beneficiaries) as of the Closing Date as having incurred a "qualifying event" (within the meaning of ERISA Section 603 and, as applicable, Code Section 4980B(f)(3)) on the Closing Date. Seller will continue the health benefit coverage required by COBRA. Seller will periodically upon request provide Buyer with evidence, to the satisfaction of Buyer, of compliance with the above provision. Seller and the Shareholders will indemnify and hold harmless Buyer and its shareholders, directors, officers, employees and agents against, any costs, expenses, losses, damages and liabilities incurred or suffered by any of them, directly or indirectly, including, without limitation, reasonable legal fees and expenses, with respect to any failure of any Controlled Group Member to comply with the requirements of this Section 4.14 or COBRA.

4.15. Merchandise.

4.15.1. To the best knowledge of Seller and the Shareholders, the inventory and merchandise sold by Seller conforms to and meets or exceeds all standards required by all applicable laws, ordinances and regulations now in effect and, to the best knowledge of Seller and the Shareholders, there is no pending legislation, ordinance or regulation which if adopted or enacted would have a material adverse effect on such merchandise or the Business.

4.15.2. Seller has not issued any warranties or customer service policies concerning any inventory or merchandise sold by the Business, except as implied by law. No claims of customers or others based on an alleged or admitted defect of material, workmanship or design or otherwise in or in respect of any merchandise sold by Seller is presently pending or, to the best knowledge of Seller and the Shareholders, threatened.

4.15.3. All inventory and merchandise sold by Seller was and is "sold" to Seller's customers and is not held by such customers on consignment or with any right to return such inventory or merchandise or receive any credit therefor.

4.16. Casualty Occurrences. To the best knowledge of Seller and Shareholders, there have been no occurrences during the last two (2) years of alleged damages to persons or property involving any of the inventory or merchandise sold by Seller.

4.17. Business Relations. Seller is not required, in the ordinary course of the Business, to provide any bonding

or any other financial security arrangements in connection with any transactions with any customers or suppliers. Seller has not received notice of any disruption (including, without limitation, delayed deliveries or allocations by suppliers) in the availability of any materials or products used in the Business. There are no sole source suppliers of goods, equipment or services used by Seller (other than public utilities) with respect to which practical alternative sources of supply are unavailable. To the best knowledge of Seller and Shareholders, Seller has not lost any customers within the one hundred eighty (180) day period prior to the Closing Date which had average purchases of more than \$500 per month.

4.18. Real Property Leases.

4.18.1. Schedule 4.18 is a true, complete and correct copy of all real property leases to which Seller is a party ("Real Property Leases").

4.18.2. With respect to the Real Property Leases and the real property and improvements subject thereto (the "Real Property"):

4.18.2.1. Except as shown on Schedule 4.18, the Real Property Leases have not been modified, amended, sublet or assigned;

4.18.2.2. The rental set forth in the Real Property Leases is the actual rental being paid, and there are no separate agreements or understandings with respect to the same;

4.18.2.3. Seller has the full right to exercise any renewal options and on due exercise would be entitled to enjoy the use of the leased premises for the full term of such renewal options, and such renewal options do not terminate on assignment of the Real Property Leases;

4.18.2.4. There is no default by Seller or, to the best knowledge of Seller and the Shareholders, any other party under the Real Property Leases;

4.18.2.5. There is no condemnation proceeding or eminent domain proceeding of any kind pending or, to the best knowledge of Seller and the Shareholders, threatened against any of the Real Property;

4.18.2.6. Except as shown on Schedule 4.18, on performance by Buyer of the terms of the Real Property Leases, Buyer will have the full right to enjoy the use of the premises devised for the full term of the leases

without disturbance by any other party, and there are no written or oral contracts between Seller and any third party relating to any claim by such third party of any right to all or any part of the interest of Seller in any leasehold estate or otherwise relating to the use and occupancy by Seller of such estate;

4.18.2.7. Seller has full power and authority to assign each of the Real Property Leases to Buyer and no consent of any person other than the landlord is required to be obtained in connection with any such assignment;

4.18.2.8. All security deposits required by the Real Property Leases have been made and have not been refunded or returned, or their forfeiture claimed, in whole or in part, by the lessor;

4.18.2.9. The leasehold improvements included in the Purchased Assets are in good operating condition and repair in all material respects and are adequate for the operation of the Business as presently conducted; and

4.18.2.10. All contributions required to have been paid by any lessor of property in respect of any leasehold improvements have been paid.

4.19. Environmental Matters.

4.19.1. For purposes of this Section 4.19, the following definitions apply:

4.19.1.1. "Contaminant" means any substance or waste containing hazardous substances, pollutants or contaminants as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., and any other substance similarly defined or identified in any other foreign, federal, state or local laws, rules or regulations governing the manufacture, import, use, handling, storage, processing, release or disposal of substances or wastes deemed hazardous, toxic, dangerous or injurious to public health or to the environment. This definition includes asbestos-containing material and petroleum or petroleum-based products.

(ii) "Requirements of Law" means any federal, foreign, state or local law, rule, regulation, permit, agreement, order or other binding determination of

any governmental authority relating to the environment, public health or safety.

(iii) "Release" has the same meaning as in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.

4.19.2. Except as set forth on Schedule 4.19:

4.19.2.1. None of Seller nor any Shareholders has caused or allowed any Contaminant to be used, manufactured, stored, placed, processed or released on or off-site of any of the Real Property in material violation of the Requirements of Law;

4.19.2.2. Neither Seller nor the Real Property are the subject of any written notice, order or agreement regarding any remedial action or the Release, threatened Release or presence of a Contaminant;

4.19.2.3. To the best knowledge of Seller and Shareholders, Seller has obtained all environmental, health and safety permits necessary under the Requirements of Law, and made all notifications necessary thereunder, for the current operations of the Business;

4.19.2.4. All such permits and notifications are in good standing and Seller has made timely application for renewal of such permits where necessary;

4.19.2.5. Seller is in compliance in all material respects with all terms and conditions of such permits and notifications; and

4.19.2.6. The Business, the Purchased Assets and the Real Property are in compliance with all applicable Requirements of Law and the Business, the Purchased Assets and the Real Property are, to the best knowledge of Seller and the Shareholders, subject to no contingent liability in connection with the Release, threatened Release or presence of any Contaminants on or off-site of the Real Property.

4.19.3. Except as set forth on Schedule 4.19, to the best knowledge of Seller and the Shareholders, there is not now on or in the Purchased Assets, including but not limited to, the Real Property:

4.19.3.1. any treatment, storage, recycling, disposal or arrangement therefor, of any hazardous waste as that term is defined under 40 CFR Part 261 or any state equivalent;

4.19.3.2. any underground storage tanks, in use or abandoned;

4.19.3.3. any asbestos-containing material;

4.19.3.4. any polychlorinated biphenyls (PCBS) in any hydraulic oils, transformers, capacitors or other electrical equipment.

4.20. Trademarks, Copyrights and Similar Matters.

All patents, trademarks, service marks, trade names and copyrights (the "Intellectual Property"), and all applications or registrations, owned or used by Seller are listed on Schedule 4.20 and, to the extent indicated, have been duly registered in, filed in or issued by the United States Patent and Trademark Office and the corresponding agency or office of each state in the United States. Seller is the only owner of and has the full right, power and authority to transfer to Buyer all right, title and interest in the name "Billy Belts". Seller does not use the name of any other person or entity and Seller owns the name "Billy Belts" free and clear of any Liens. There are no claims or demands of any other person or entity pertaining to the use of such name and no proceedings have been instituted or, are threatened, which challenge the rights of Seller in respect of such name; and the use by Seller of such name does not infringe on and is not being infringed on by others, and is not subject to any outstanding order, decree, judgment, stipulation or agreement restricting the scope of its use.

4.21. Compliance with Law. Seller has complied with all laws, regulations, rules and orders of any governmental department or agency or any other commission, board, agency or instrumentality, federal, state or local, or other requirements of law affecting the Business and the Purchased Assets and is not in default under or in violation of any provision of any federal, state or local law, regulation, rule or order affecting the Business.

4.22. Licenses and Rights. Seller possesses all franchises, licenses, easements, permits and other authorizations from governmental or regulatory authorities (either domestic or foreign) and from all other persons or entities that are necessary to permit it to engage in the Business as presently conducted in and at all locations and places where it is presently operating.

4.23. Financial Condition of Seller. As of the Closing, the Tangible Net Worth of Seller shall be at least \$543,686 and the Total Liabilities of Seller shall not exceed \$1,400,000; such amounts being calculated in the same manner as set forth in Section 4.4.

4.24. Brokerage and Finder's Fees. Neither Seller nor any Shareholder, nor any officer, director or agent of Seller has incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, or commissions with respect to the transactions contemplated by this Agreement.

4.25. Material Misstatements or Omissions. No representation or warranty made by Seller or the Shareholders in this Agreement or in any document, statement, certificate, schedule, chart, list, letter, compilation or other document furnished or to be furnished to Buyer in connection with the transactions governed by this Agreement (collectively, the "Documents"), contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements of fact contained therein, in light of the circumstances under which they were made, not misleading.

4.26. Closing. The representations and warranties of Seller and Shareholders in this Agreement will be true and correct as of the Closing with the same effect as if such warranties and representations had been made on and as of the Closing.

5. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer warrants and represents to, and agrees with, Seller and the Shareholders as follows:

5.1. Organization and Good Standing of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of California, has full power and authority to carry on its business as and where conducted and to own, lease and operate its properties at and where owned, leased and operated by it, and is duly qualified to do business and is in good standing in every jurisdiction in which the property owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification necessary.

5.2. Authority of Buyer. The execution, delivery and consummation of this Agreement by Buyer has been authorized by the board of directors of Buyer in accordance with all applicable laws and the Articles of Incorporation and ByLaws of Buyer, and at the Closing Date no further corporate action will be necessary on the part of Buyer to make this Agreement valid and binding on Buyer and enforceable against Buyer in accordance with its terms.

5.3. Execution, Delivery and Binding Effect. This Agreement has been duly executed and delivered by the Buyer and constitutes a legal, valid and binding obligation of the Buyer

enforceable in accordance with its terms (subject to bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally).

5.4. Brokerage and Finder's Fees. Neither the Buyer nor any shareholder, officer, director or agent of the Buyer or its parent corporation has incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees or commissions with respect to the transactions contemplated by this Agreement.

5.5. Closing. The representations and warranties of Buyer in this Agreement will be true and correct as of the Closing with the same effect as if such warranties and representations had been made on and as of the Closing.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are, at its option, subject to satisfaction of the following conditions at or prior to the Closing Date:

6.1. The warranties and representations made herein by Seller and the Shareholders to Buyer shall be true and correct on and as of the Closing Date with the same effect as if such warranties and representations had been made on and as of the Closing Date, and at the Closing, Seller and the Shareholders shall have delivered to Buyer a certificate to such effect signed by Seller and each Shareholder.

6.2. Seller and the Shareholders shall have performed and complied with all agreements, covenants and obligations contained herein on their part required to be performed or complied with on or prior to the Closing Date, and at the Closing Seller and the Shareholders shall have delivered to Buyer a certificate to such effect signed by Seller and each Shareholder.

6.3. No investigation, proceeding or litigation, at law or in equity, by any governmental or regulatory commission, agency or other body or authority or by any other person, firm, corporation or other entity shall be pending on the Closing Date which challenges the consummation of the transactions contemplated by this Agreement or which claims damages against Buyer or Seller or any of the Shareholders as a result of the consummation of the transactions contemplated hereby, or which adversely affects any of the operations of Seller or the Purchased Assets.

6.4. Buyer shall have received such approvals, consents, authorizations, waivers and permits from any person,

necessary or appropriate in order to enable Buyer to consummate the transactions in the manner provided herein without the imposition of any conditions which Buyer might reasonably consider to be significant or adverse.

6.5. All proceedings to be taken in connection with the consummation of the transactions contemplated by this Agreement, and all certificates, documents and instruments incidental thereto, shall be reasonably satisfactory in form and substance to Buyer and its counsel and Buyer shall have received copies of such documents and instruments as Buyer and its counsel may reasonably request in connection with such transactions.

6.6. The provisions of Division 6 of the UCC shall have been complied with.

6.7. There shall have been no material casualty or damage to or destruction of any of the Purchased Assets.

6.8. Documents to be Delivered to Buyer. Buyer shall receive at or prior to the Closing:

6.8.1. a written opinion from counsel for Seller, dated as of the Closing Date, addressed to Buyer in the form attached hereto as Exhibit D;

6.8.2. certified copies of resolutions duly adopted by the shareholders and board of directors of Seller approving this Agreement and the transactions contemplated under it; and

6.8.3. Uniform Commercial Code Termination Statements and/or other documentation in form and substance satisfactory to Buyer terminating any and all liens and/or other adverse interests (including leases) that may affect any of the Purchased Assets, except that with respect to the UCC-1 filed by GTEL, Seller shall (i) pay the balance of any monies owed with respect thereto and provide Buyer with a copy of the check evidencing full payment, and (ii) obtain and deliver to Buyer as soon as reasonably practical after the Closing an Uniform Commercial Code Termination Statement terminating the UCC-1 filed by GTEL.

6.8.4. a certificate from Seller dated the Closing Date certifying that the conditions set forth in Sections 6.1 through 6.7 have been fulfilled.

6.9. Instruments of Transfer and Delivery of the Purchased Assets. Seller shall have delivered to Buyer physical possession of the Purchased Assets and good and sufficient

instruments of transfer relating to the Purchased Assets as required pursuant to Section 2.3. The instruments of transfer shall be in form and substance reasonably satisfactory to Buyer and its counsel. All of such instruments relating to the Purchased Assets shall contain general warranties of title and good authority and right to convey title.

6.10. Change of Corporate Name. Seller shall change its corporate name to a name not containing the words "Billy Belts" or any derivative thereof, such new name to be acceptable to Buyer. Within ten (10) days after the Closing Date, Seller shall deliver to Buyer a certified copy of the Certificate of Amendment of Seller's Articles of Incorporation from the California Secretary of State certifying such change of name.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER AND THE SHAREHOLDERS

The obligations of Seller and the Shareholders under this Agreement are, at their option, subject to satisfaction of the following conditions at or prior to the Closing Date:

7.1. Receipt of Consideration. Seller and Shareholders shall have received the consideration payable to them at the Closing as provided in Section 3.

7.2. No Investigation. No investigation, proceeding or litigation, at law or in equity, by any governmental or regulatory commission, agency or other body or authority or by any other person, firm, corporation or other entity shall be pending on the Closing Date which challenges the consummation of the transactions contemplated by this Agreement or which claims damages against Buyer or Seller or the Shareholders as a result of the consummation of the transactions contemplated hereby, or which adversely affects any of the operations of Seller or the Purchased Assets.

8. CLOSING

The closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Buchalter, Nemer, Fields & Younger, 601 South Figueroa Street, 26th Floor, Los Angeles, California at 10:00 a.m. on September 3, 1992, or such other time and date mutually agreeable to the parties (the "Closing Date"). Unless the parties otherwise agree in writing, if the Closing has not occurred by September 8, 1992, then this Agreement will be deemed to have been terminated and abandoned, subject to the legal rights and remedies of the parties party arising out of any party's breach of any of the provisions of this Agreement.

The parties will use all reasonable efforts to achieve the Closing.

9. SURVIVAL OF REPRESENTATIONS
AND WARRANTIES, INDEMNIFICATION

9.1. Survival of Representations and Warranties.

Notwithstanding the Closing of the transactions contemplated in this Agreement, or any investigation made by or on behalf of Seller, the Shareholders or Buyer, the representations and warranties of Seller, the Shareholders and the Buyer contained in this Agreement or in any certificate, schedule, chart, list, letter, compilation or other document furnished pursuant to this Agreement, will survive the Closing.

9.2. Seller and Shareholders' Indemnification.

Seller and the Shareholders, jointly and severally, covenant and agree to indemnify, defend and hold harmless Buyer and its shareholders, directors, officers, employees and agents from any and all costs, expenses, losses, damages and liabilities incurred or suffered, directly or indirectly, by any of them (including, without limitation, actual legal fees and expenses) arising out of, in connection with, resulting from or attributable to the following (collectively, "Indemnified Losses"): (a) the breach of, or misstatement in, any one or more of the representations or warranties of Seller or the Shareholders made in or pursuant to this Agreement, (b) the breach of any one or more of the covenants of Seller or the Shareholders made in or pursuant to this Agreement, (c) any claims, demands, suits, investigations, proceedings or actions by any third party containing or relating to allegations that, if true, would constitute a breach of, or misstatement in, any one or more of the representations or warranties of Seller or the Shareholders made in or pursuant to this Agreement, (d) any trade payables, obligations or liabilities of Seller or the Shareholders any nature whatsoever (whether accrued, absolute, contingent or otherwise). Indemnified Losses shall be paid by Seller and the Shareholders to the Buyer on demand. Without limiting the foregoing or any other rights or remedies of Buyer, Buyer shall be entitled to set off against and withhold from any amounts (including the Holdback Amount) payable by Buyer to Seller or the Shareholders the amount of any Indemnified Losses. The Holdback Amount shall not be construed as in any way limiting the obligations of Seller and Shareholders under this Section 9.2.

9.3. Buyer's Indemnification.

Buyer covenants and agrees to indemnify, defend and hold harmless Seller and its Shareholders, directors, officers, employees and agents from any and all costs, expenses, losses, damages and liabilities incurred or suffered, directly or indirectly, by any of them

(including, without limitation, actual legal fees and expenses) arising out of, in connection with, resulting from or attributable to the following (collectively, "Indemnified Losses"): (a) the breach of, or misstatement in, any one or more of the representations or warranties of Buyer made in or pursuant to this Agreement, (b) the breach of any one or more of the covenants of Buyer made in or pursuant to this Agreement, (c) any claims, demands, suits, investigations, proceedings or actions by any third party containing or relating to allegations that, if true, would constitute a breach of, or misstatement in, any one or more of the representations or warranties of Buyer made in or pursuant to this Agreement. Indemnified Losses shall be paid by Buyer to Seller and Shareholders on demand.

10. NON-COMPETITION

10.1. Non-Competition Agreement. As a material inducement to Buyer to enter into this Agreement Seller and the Shareholders, jointly and severally, agree that for a period of two (2) years from and after the Closing Date, none of Seller or any of the Shareholders shall, directly or indirectly, engage in the Restricted Activities in the Covenant Territory.

As used herein, the term "Covenant Territory" shall mean each and every city, county and jurisdiction in which the Business is conducted as of the Closing Date. As used herein, the term "Restricted Activities" shall mean (i) during the first year after the Closing Date, the business of manufacturing, importing, distributing, marketing or selling leather belts, and (ii) during the second year after the Closing Date, the business of selling leather belts to department stores. Seller and each of the Shareholders acknowledges that the length of time pertaining to the prohibitions in this Section 10.1 is reasonable and necessary for the legitimate protection of Buyer's business and interests.

10.2. Disclosure of Confidential Information. From and after the Closing Date, none of Seller or any Shareholder will disclose, disseminate, divulge, discuss, copy or otherwise use or suffer to be used, in competition with, or harmful to the interests of, Buyer, any information (written or oral), documents, lists or other data of or respecting any aspect of the Purchased Assets or the Business.

10.3. Remedies. Seller and each of the Shareholders expressly agree and understand that the remedy at law for any breach by Seller or any of the Shareholders of this Section 10 will be inadequate and that the damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon Seller's or any Shareholder's violation or threatened violation of this

Section 10, Buyer will be entitled, among other remedies, to immediate injunctive relief and may obtain a temporary restraining order restraining any threatened or further breach without the necessity of posting bond. Nothing in this Section 10 will be deemed to limit Buyer's remedies at law or in equity for any breach by Seller or any Shareholder of any of the provisions of this Agreement which may be pursued or availed of by Buyer.

In the event any court of competent jurisdiction determines that the specified time period or geographical area set forth in this Section 10 is unreasonable, arbitrary or against public policy, then a lesser time period or geographical area that is determined by the court to be reasonable, non-arbitrary and not against public policy may be enforced.

In the event that Seller or any Shareholder violates any provision of this Section 10 as to which there is a specific time period during which Seller or any Shareholder is prohibited from taking certain actions or engaging in certain activities, then, in such event the violation will toll the running of the time period from the date of the violation until the violation ceases.

11. ASSIGNMENT, THIRD PARTIES, BINDING EFFECT

The rights of Seller and the Shareholders under this Agreement are not assignable nor are the duties delegable by Seller or any Shareholder without the written consent of Buyer first having been obtained, and any attempted assignment or delegation without such consent will be null and void. Nothing contained in this Agreement is intended to convey upon any person or entity, other than the parties and their successors in interest and permitted assigns, any rights or remedies under or by reason of this Agreement unless expressly stated. All covenants, agreements, representations and warranties of the parties contained in this Agreement are binding on and will inure to the benefit of Buyer, Seller and the Shareholders respectively, and their respective successors and permitted assigns.

12. EXPENSES

Buyer, Seller and the Shareholders will bear their own respective expenses, including, without limitation, counsel and accountants' fees, in connection with the preparation and negotiation of, and transactions contemplated under, this Agreement.

13. NOTICES

All notices, requests, demands and other communications under this Agreement must be in writing and will be deemed duly given (i) when personally delivered, (ii) upon receipt of a telephonic facsimile transmission with a confirmed telephonic transmission answer back, (iii) three (3) days after having been deposited in the United States mail, certified or registered, return receipt requested, postage prepaid, or (iv) one (1) business day after having been dispatched by a nationally recognized overnight courier service, addressed to the parties or their permitted assigns at the following addresses (or at such other address or number as is given in writing by either party to the other) as follows:

To Buyer: Leegin Creative Leather Products, Inc.
14022 Nelson Avenue
City of Industry, California 91746
Attention: Jerry Kohl
President
Facsimile No.: (818) 961-9380

With a copy to: Buchalter, Nemer, Fields & Younger
Suite 2500
601 South Figueroa Street
Los Angeles, California 90017-5704
Attention: David S. Kyman
Facsimile No.: (213) 896-0400

To Seller: Billy Belts, Inc.
1162 E. Edna Place
Covina, California 91724
Attention: Vincent Cantagallo,
President
William Adler,
Vice President

With a copy to: Saxon, Dean, Mason, Brewer & Kincannon
333 City Boulevard West, Suite 1600
Orange, California 92668-2924
Attention: Bruce Holden
Facsimile No.: (714) 978-6922

To Jim or Carol: 1655 Aspen Village Way
West Covina, California 91791

If to Bill
or Sandy: 365 Fremont Street
Upland, California 91786

With a copy to:

Saxon, Dean, Mason, Brewer & Kincannon
333 City Boulevard West, Suite 1600
Orange, California 92668-2924
Attention: Bruce Holden
Facsimile No.: (714) 978-6922

14. REMEDIES NOT EXCLUSIVE

No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy will be cumulative and will be in addition to every remedy given under this Agreement or now or subsequently existing, at law or in equity, by statute or otherwise. The election of any one or more remedies by Buyer or Seller will not constitute a waiver of the right to pursue other available remedies.

15. MISCELLANEOUS

15.1. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same document.

15.2. Waivers. Any failure by any of the parties to comply with any of the obligations, agreements or conditions set forth in this Agreement may be waived by the other party or parties, but any such waiver will not be deemed a waiver of any other obligation, agreement or condition contained herein.

15.3. Amendments, Supplements or Modifications. Each of the parties agrees to cooperate in the effectuation of the transactions contemplated under this Agreement and to execute any and all additional documents to take such additional action as is reasonably necessary or appropriate for such purposes.

15.4. Entire Agreement. This Agreement, including any certificate, schedule, exhibit or other document delivered pursuant to its terms, constitutes the entire agreement between the parties. There are no verbal agreements, representations, warranties, undertakings or agreements between the parties, and this Agreement may not be amended or modified in any respect, except by a written instrument signed by the parties to this Agreement.

15.5. Governing Law and Arbitration. This Agreement, the construction, interpretation and enforcement thereof and the rights of the parties thereto shall be determined under, governed by and construed in accordance with

the laws of the State of California. Any dispute arising out of or relating to this Agreement shall be resolved by binding arbitration in Los Angeles, California in accordance with the rules of the American Arbitration Association. The prevailing party in any such arbitration shall be entitled to an award of attorneys' fees and costs. Any award or determination by the arbitrator shall be final and binding on the parties and may be entered in any court having jurisdiction over the parties or the subject matter of the arbitration. The provisions of this Section shall not impair or prevent Buyer's right to obtain injunctive relief or other remedies as authorized in Section 10.

15.6. Joint and Several Liability. All representations, warranties and covenants made by Seller and the Shareholders in this Agreement shall be deemed to have been made jointly and severally by each Shareholder and Seller.

15.7. Definition of Knowledge. For purposes of this Agreement, the phrase "to the best knowledge of Seller and the Shareholders" or any words of similar import shall be deemed to include the knowledge, information or belief of any "Responsible Individual" formed after a reasonable, good faith inquiry with respect to the subject matter of the representation, warranty, covenant or other provision in respect of which such term is used. The term "Responsible Individual"

[Remainder of page intentionally left blank]

shall include a shareholder, director, president, vice president, secretary, financial officer, accounting officer, and/or any other person routinely performing corresponding functions with respect to Seller.

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

"Buyer"

LEEGIN CREATIVE LEATHER PRODUCTS, INC.
a California Corporation

By: [Signature]
Jerry Kohl, President

"Seller"

BILLY BELTS, INC.
a California corporation

By: [Signature]
Vincent Cantagallo, President

By: [Signature]
William Adler, Secretary
Sandra Assistant

"Jim"

[Signature]
Vincent Cantagallo

"Carol"

[Signature]
Carol Cantagallo

"Bill"

[Signature]
William Adler
by [Signature]
Attorney in fact

"Sandy"



Sandra Adler