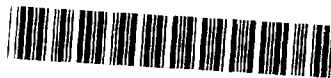


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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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To the Honorable Commissioner of Patents and Trademarks, P.O. Box 101955563

and the attached original documents or copy thereof.

1. Name of conveying party(ies):
Precision Porous Pipe, Inc.

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

Name: **Plastic Specialties and Technologies, Inc.**

Internal Address: _____

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

3. Nature of conveyance:

☐ Assignment☐ Merger☐ Security Agreement☐ Change of Name☒ Other **Asset Purchase Agreement**Street Address: **119 Cherry Hill Road**City: **Parsippany**State: **NJ**ZIP: **07054**Execution Date: **October 12, 1994**Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or patent numbers(s):

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)

B. Patent No.(s)

4,958,770Additional numbers attached? ☐ Yes ☒ No

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

Name: **Ludomir A. Budzyn, Esq.**Internal Address: **Hoffmann & Baron, LLP**

01/22/2002 GT0N11 00000085 4958770

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40.00 DP

Street Address: **6900 Jericho Turnpike**City: **Syosset**State: **NY**ZIP: **11791**6. Total number of applications and patents involved: **1**7. Total fee (37 CFR 3.41):\$ **40.00**☒ Enclosed - Any excess or insufficiency should be credited or debited to deposit account☐ Authorized to be charged to deposit account

8. Deposit account number:

08-2461

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

Name of Person Signing

Signature

November 6, 2001

Date

Total number of pages including cover sheet, attachments, and document: **24**

ASSET PURCHASE AGREEMENT

THIS AGREEMENT dated this 12th day of October 1994, by and between PRECISION POROUS PIPE, INC., a Tennessee corporation ("Seller"), and PLASTIC SPECIALTIES AND TECHNOLOGIES, INC., (Colorite Division) a Delaware corporation ("Purchaser").

WITNESSETH:

WHEREAS, the parties hereto desire that Seller sell, and Purchaser acquire, certain assets of Seller relating to the manufacture and distribution of porous pipe (the "Business") in exchange for the consideration herein described and on the terms herein set forth;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Terms of Transaction.

1.1 Transfer of Assets. In reliance on the representations and warranties contained herein, and on the terms and subject to the conditions of this Agreement, Seller, at the Closing (as defined in Section 2 hereof), shall sell, transfer, convey and deliver to Purchaser, and Purchaser shall buy from Seller, all of the following Acquired Assets, as hereinafter defined. (collectively, the "Acquired Assets" or the "Asset"). For purposes hereof the term "Acquired Assets" means all of the following assets, properties and rights which are used in connection with the operations of the Business, more particularly described as follows:

- (i) All assets listed on Schedule 1.1(i) hereto;
- (ii) All operating information, customer lists, catalogues, advertising material, sales information and computer software owned by Seller or used by Seller in connection with

the Business;

(iii) All domestic and international trademarks, trade names, brand names, product registrations, patents, patent applications, copyrights, inventions, processes, know-how and formulae or other intangible assets owned by Seller or used by Seller in connection with the Business together with all right, title and interest in the corporate name Precision Porous Pipe.

(iv) All operating procedure manuals relating to the Business or relating to improvements, machinery, equipment, furniture and fixtures to be transferred to Purchaser pursuant hereto;

(v) All historical sales, purchasing and pricing records relating to the Business;

(vi) All contracts referenced in Schedule 1.4;

(vii) All inventory, packaging material and promotional materials;

(viii) All accounts receivable, a complete list of which will be delivered to Purchaser at Closing;

(ix) All prepaid expenses, cash and cash equivalent items including without limitation certificates of deposit, time deposit, marketable securities and proceeds of accounts receivable paid on or prior to the Closing Date, exclusive of cash received by Seller at the closing.

Except as may be otherwise herein provided, the Acquired Assets shall be conveyed from Seller to Purchaser "as is" with no warranties.

1.2 Instruments of Conveyance and Transfer. At the Closing, Seller shall deliver to Purchaser a bill of sale and assignment (the "Bill of Sale and Assignment") in standard form, and such endorsements and other instruments of transfer, conveyance and assignment in form

effective to transfer the Assets to Purchaser, free and clear of all liens, claims, charges, pledges, security interests and encumbrances. Seller shall also execute and deliver in proper forms for filing with the Secretary of State of Tennessee such documents as may be necessary to change its corporate name and thereby permit Purchaser to use the corporate name Precision Porous Pipe. Seller shall change its corporate name to one other than Precision Porous Pipe or any name that would be confusingly similar to Precision Porous Pipe. While Seller shall change its corporate name, in concluding its business and corporate affairs Seller may state for purposes of identification that it was formerly Precision Porous Pipe, Inc.

1.3 Purchase Price. At Closing, in full consideration for the Acquired Assets, Purchaser shall pay to Seller the sum of [REDACTED] in immediately available funds. To the extent that less than [REDACTED] is needed to satisfy all of Seller's liabilities and debts at the time of the closing (but not including obligations to Seller's shareholders) that part of the Purchase Price represented by the [REDACTED] cash payment at closing shall be reduced in a like amount. In addition, for each of the five (5) years after the Closing, Purchaser shall pay to Seller an amount equal to [REDACTED] of its annual cash flow (the "Cash Flow") from the operation of the Business (the "Additional Payment"); provided, however, to the extent that gross sales of the Business exceeds [REDACTED] for any of the said five (5) years, Purchaser agrees that for such year the Additional Payment shall be no less than [REDACTED] (the "Minimum Additional Payment"). The amount of the Additional Payment with respect to any of the said five (5) years that exceeds the Minimum Additional Payment shall be withheld by Purchaser as its sole and exclusive funds until the said withheld funds, in the

aggregate, amount to [REDACTED], upon which there shall be no further withholdings. The parties agree that if the said withheld funds, in the aggregate, amount to less than [REDACTED] at the end of the said five (5) years, Seller shall have no obligation to pay to Purchaser the difference between the said withheld funds and [REDACTED]. Each of the said five (5) years shall coincide with Purchaser's fiscal year end of the business for the next five years. For purposes of this Agreement, Cash Flow shall be calculated each year by the independent accountant regularly employed by Purchaser according to the formula set forth in Exhibit A attached hereto and incorporated herein. Within forty-five (45) days following the close of each said year, Purchaser shall deliver to Seller its calculation of Cash Flow with supporting documentation for such year and shall pay to Seller the Additional Payment (or, if applicable, the Additional Minimum Payment) for such year as previously described. Such supporting documentation shall consist of a copy of the income statement and balance sheet for the Business (prepared by Purchaser's independent accountants) in addition to such other such calculations and supporting schedules as necessary to enable Seller to confirm the accuracy of Purchaser's calculation of Cash Flow. Purchaser shall promptly deliver to Seller any additional information reasonably requested by Seller to enable Seller to confirm the accuracy of Purchaser's calculation of Cash Flow. For purposes of calculating the Cash Flow, no allocation shall be made to the Business for any of Purchaser's general corporate expenses unless such expenses are directly attributable to the operations of the Business such as travel and entertainment, accounting expenses and the like. Purchaser shall have the absolute right to setoff against any Additional Payment (or, if applicable, any Additional Minimum Payment) due and owing to Seller hereunder any amount

to which Purchaser is entitled to as indemnification under any provision of Section 9.2 to as indemnification under any provision of Section 9.2 hereof or as may be otherwise herein provided. For purposes of the calculation of Cash Flow, gross sales shall include all gross sales from Purchaser's activities in connection with the manufacture and distribution of porous pipe including, but not limited to, gross sales resulting from the business and assets purchases hereunder. Attached hereto as Schedule 1.3 and incorporated herein is an allocation of the purchase price among the Acquired Assets. The parties agree that in the preparation and filing of IRS 8594 they shall use the allocations set forth on Schedule 1.3, and each party shall provide the other party with a copy of form 8594 after the same has been filed with the Internal Revenue Service.

1.4 Obligations of Seller. Purchaser shall assume no liabilities or obligations of Seller whether accrued, absolute, or contingent, including but not limited to, accounts payable, obligations to employees for salary, bonus, vacation pay, severance or other fringe benefits, obligations under any contracts or commitments whether to customers, suppliers, distributors or others or under any royalty agreements. All such liabilities are and shall remain the sole responsibility of Seller. Seller agrees to indemnify and hold Purchaser harmless from any claim that may be asserted against Purchaser for any liabilities of Seller whether described in this section or otherwise.

Section 2. The Closing.

The closing (the "Closing") of the transactions provided for in Section 1 hereof shall take place at the offices of Connell, Foley & Geiser, 85 Livingston Avenue, Roseland, New Jersey 07068 at 10:00 a.m., local time, on October 7, 1994 or at such other place, time and date as

the parties may agree in writing. The date of the Closing is referred to herein as the "Closing Date". Failure to consummate the transactions contemplated hereby within such time shall not result in a termination of this Agreement or relieve either party hereto of any obligation hereunder.

Section 3. Representations and Warranties of Seller. Seller represents and warrants to Purchaser as follows:

3.1 Organization and Existence. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee.

3.2 Authority Relative To This Agreement. The execution and delivery of this Agreement and the performance and consummation of the transactions contemplated herein by Seller have been duly authorized by the Board of Directors and the Stockholders of Seller and does not contravene any provision of the Articles of Incorporation or by-laws of Seller or result in a breach of any of the terms or provisions of, or constitute a default under, or result in a violation of any agreement, order, judgment or decree to which Seller is a party or by which Seller or the Assets are bound.

3.3 Ownership of Assets. Except as set forth in Schedule 3.3 Seller has good and marketable title to all of the Assets and at Closing shall deliver to Purchaser good and marketable title to all Assets free and clear of all liens, claims, charges, pledges, security interests and encumbrances.

3.4 Absence of Liabilities. At the Closing, the Assets will not be subject to any liabilities or obligations of Seller. Seller shall at Closing deliver to Purchaser a list of Sellers creditors identifying each creditor and the amount due, which Seller represents will be

approximately [REDACTED] (not including obligations to shareholders of Seller) Seller shall deliver to Purchaser proof of payment of each such creditor as soon as possible following closing.

3.5 Tax Matters. All taxes relating to the Business due and payable by Seller on or before the date of this Agreement have been paid or are subject to extension and have been adequately reserved for and all tax returns and reports required to be filed by Seller with respect to such taxes have been filed with the appropriate taxing authorities, and all taxes have been paid where such failure to pay or file would have a materially adverse effect on the Assets and/or the Business.

3.6 Intellectual Property. All of the patents, inventions, trademarks, trade names, brand names or copyrights owned or used by or licensed to or by Seller and being transferred are all that are currently used in the operation of the Business. Seller has no knowledge that the operation of the Business infringes upon the patent, trademark or other proprietary rights of any other person or entity. For the purposes of Sections 3.6, 3.7, and 3.8 hereof, the "knowledge" of Seller means only the actual knowledge of any officer of Seller after due inquiry.

3.7 Licenses, Permits, etc. Except as set forth in Schedule 3.7 hereto, to the knowledge of Seller, Seller holds all licenses and permits necessary to own and operate the Business which the failure to hold would materially adversely affect the Business and Seller has not received written notice of any material violation of any such license or permit, which violation would materially adversely affect the value of the Business, and no proceeding is pending or, to the knowledge of Seller, threatened seeking the revocation or limitation of any such license or permit.

3.8 Litigation. There are no actions, suits, claims, proceedings or investigations pending, or, to the knowledge of Seller, threatened against Seller before any court, arbitrator or administrative or governmental body, the successful prosecution of which would adversely affect the value of the Business. Seller is not subject to any court or administrative order, injunction or similar decree, the enforcement of which would adversely affect the value of the Business.

3.9 Compliance With Laws. Seller has no knowledge that the ownership or operation of the Assets, as now owned and operated, violate, in any material respect, any federal, state or local law, ordinance, rule or regulation, (specifically including but not limited to any environmental law, ordinance, rule or regulation) the violation of which would materially adversely affect the value of the Business.

3.10 Inventory. The work in process, raw materials and finished goods (the "Inventory") of Seller being transferred to Purchaser are valued at cost (on a first-in first-out basis) or market, whichever is lower, except to the extent of the reserve for obsolescence. The reserve for obsolescence is adequate and Seller represents that the reserve has been calculated in accordance with past accounting practices of the Seller. Such inventory is in the physical possession or control of the Seller at its facilities, or at public warehouses, or are in transit from suppliers of the Seller. To the extent that such inventory is not sold in the ordinary course of business Purchaser shall be entitled to offset the carrying value of said unsold inventory from any Additional Payment that may become due to Seller under Section 1.3 of this Agreement and Purchaser shall deliver such inventory to Seller.

3.11 Accounts Receivable. The accounts receivable of Seller being transferred to

Purchaser are being transferred at full value except to the extent of the allowance for doubtful accounts. The allowance for doubtful accounts has been calculated in accordance with past accounting practices of Seller. To the extent that the accounts receivable as of the Closing Date remain uncollectible 120 days following the Closing Date in an amount in excess of the reserve for doubtful accounts, then and in such event, Purchaser shall have the right to offset such excess amount from any Additional Payment that may become due to Seller under Section 1.3 of this Agreement.

In such case, Purchaser shall promptly assign to Seller its interest in delinquent accounts receivable equal to the amount of such offset, and from and after such assignment such assigned accounts receivable shall be Seller's sole property and Seller may pursue collection thereof at its sole expense.

3.12 Brokers. Seller is not a party to or in any way obligated under any contract or other agreement, and there are no outstanding claims against it, for the payment of any broker's or finder's fee in connection with the origin, negotiation, execution or performance of this Agreement.

3.13 Representations. This Agreement and the information set forth in the Schedules attached hereto do not contain any untrue statement of a material fact. The information set forth in the Schedules attached hereto constitutes part of the respective representations or warranties to which it relates. Any disclosure made by Seller in any Schedule required by this Agreement shall be deemed disclosed with respect to all Schedules where such disclosure may be required.

Section 4. Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller as follows:

4.1 Organization and Existence. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority Relative to This Agreement. The execution and delivery of this Agreement and the performance and consummation of the transactions contemplated herein by Purchaser have been duly authorized by all necessary corporate action on the part of Purchaser and do not contravene any provision of the Certificate of Incorporation or by-laws of Purchaser or result in a breach of any of the terms or provisions of, any agreement, order, judgment or decree to which Purchaser is a party or by which Purchaser is bound.

4.3 Brokers. Seller and Purchaser each represent and warrant that it is not a party to or in any way obligated under any contract or other agreement, and there are not outstanding claims against it, for the payment of any broker's or finder's fee in connection with the origin, negotiation, execution or performance of this Agreement. Seller and Purchaser shall hold the other party hereto harmless from any cost, expense and damage, including attorney's fees, as the result or their breach of this representation and warranty.

4.4 Consents. The consummation of the transaction contemplated herein by Purchaser does not require the consent, approval or authorization of any third party which have not been obtained.

Section 5. Covenants of Seller. Seller covenants with Purchaser as follows:

5.1 Access. Prior to the Closing Date, Seller will provide to Purchaser and its counsel reasonable access (at Purchaser's sole cost, expense, risk and liability for any injuries or damage to persons or property, except any such injuries or damage which result from, or arise out of, Seller's negligence or wilful misconduct) to the Assets and records of Seller relating

to the Assets and the Business.

5.2 Conduct of Business Pending Closing. From and after June 30, 1994, except as consented to by Purchaser in writing:

- (a) Seller will maintain itself at all times as a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee;
- (b) Seller will not, and will not obligate itself to, sell or otherwise dispose of, except in the ordinary course of business, or pledge or otherwise encumber any of, the assets of the Business;
- (c) Seller will continue to carry all of its existing insurance relating to the Assets and the Business.
- (d) Seller will not incur any accounts payable except in the ordinary course of business and in no event shall the accounts payable exceed in the aggregate the balance of accounts payable as of June 30, 1994. Seller shall pay all debts, including accounts payable as the same become due, consistent with past practices. All cash on hand as of the Closing Date shall be applied by Seller in payment of the then outstanding liabilities and debts including accounts payable but excluding obligations of Seller to its shareholders. Seller represents that its liabilities and debts at closing will be approximately [REDACTED], including but not limited to the debt to trade creditors, the obligation payable to

[REDACTED] (incurred, in part, to satisfy Seller's obligation of [REDACTED] to [REDACTED]) and the obligation of [REDACTED] to [REDACTED]. To the extent that less than [REDACTED] is needed to satisfy all of Seller's debts at closing, that part of the purchase price represented by [REDACTED] [REDACTED] cash payment at closing as provided for in section 1.3 of this Agreement shall be reduced in a like amount.

5.3 Sales Tax. Seller agrees that it shall be solely responsible for the filing of any sales tax return and the payment of any sales or use tax on the sale of assets contemplated by this Agreement. Purchaser shall obtain a Tennessee sales tax certificate prior to Closing.

Section 6. Covenants of Purchaser. Purchaser covenants with Seller as follows:

6.1 Confidentiality of Information Furnished by Seller.

Purchaser and its subsidiaries and their representatives will treat all tangible and intangible information and data furnished to Purchaser or any of its subsidiaries relating to Seller, the Assets or the Business (the "Confidential Material") with care and discretion and will keep such information confidential.

Section 7. Conditions to Obligations of Purchaser. The obligations of Purchaser under this Agreement shall, at the option of Purchaser, be subject to the satisfaction of the following conditions:

7.1 Seller's Certificate. Purchaser shall have received a certificate of Seller dated the Closing Date reasonably satisfactory in form and substance to Purchaser and its counsel,

certifying to the effect that:

(a) The representations and warranties made by Seller herein (including information set forth in the Schedules hereto) are true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date except for changes contemplated by this Agreement or occurring since the date hereof in the ordinary course of business or which do not materially adversely affect the value of the Assets;

(b) Attached to such certificate are true and correct copies of all resolutions of Seller's Board of Directors and Stockholders with respect to the authorization of the transactions contemplated by this Agreement, all minutes of actions of the Board of Directors and Shareholders, Bylaws and Articles of Incorporation currently in effect;

(c) Seller has performed in all material respects its obligations and agreements and complied in all material respects with all covenants and conditions contained in this Agreement to be complied with by it on or prior to the Closing Date;

(d) Between the date hereof and the Closing Date there has been no material damage, loss or destruction of any of the Assets material to the continued operations of the Business (whether or

not covered by insurance) and

(e) All conditions set forth in Section 8 have been satisfied or specifically waived by Seller.

7.2 Closing Documents. The Bill of Sale and Assignment, and such other assignments, instruments and documents as shall be reasonably necessary to transfer Seller's title to the Assets to Purchaser on behalf of Seller and to carry out the sale of assets contemplated by this Agreement.

7.3 Ancillary Agreements.

(a) At or prior to Closing, Sellers shall have negotiated for and on behalf of Purchaser a Lease Agreement between Purchaser and [REDACTED] ("Lessor") relating to the "Leased Premises", upon terms, conditions and for such rent including the option to purchase as is presently provided for in a certain Lease Agreement between the Seller and Lessor dated February 5, 1993 and Seller shall be released from any liability with regard to such existing lease if the City is willing to release them. Upon execution of said replacement Lease, Seller shall have no further right, title or interest in or to said Leased Premises and any and all obligations of Seller to Lessor under said Lease shall terminate;

(b) At or prior to Closing, Seller shall have negotiated a mutually acceptable termination and full release of Seller as Employer releasing Seller from any liability with respect to such existing employment agreements, under the following agreements:

- (1) Employment Agreement between Seller, as Employer, and [REDACTED]
[REDACTED], as Employee, dated April 1, 1989;
- (2) Employment Agreement between Seller, as Employer and [REDACTED]
[REDACTED], as Employee, dated April 1, 1989; and
- (3) Employment Agreement between Seller, as Employer, and [REDACTED]
[REDACTED], as Employee, dated January 1, 1993;

At Closing Employment Contracts shall be executed by and between Purchaser and [REDACTED] which contracts shall contain terms substantially similar to those contained in the existing Employment Agreements which are being terminated and shall be for a term to be agreed upon which shall not be less than one year.

(c) At or prior to Closing, Seller shall have negotiated a mutually acceptable termination and full release of Seller from any liability with respect to the following agreement:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(d) A replacement lease shall have been arranged by Purchaser with [REDACTED] for the equipment listed and upon such terms, conditions and for such rent, including the option to purchase, as is presently provided for in a certain Lease between [REDACTED] and Seller as Lessee dated June 3, 1993.

Section 8. Conditions to Obligations of Seller. The obligations of Seller under this Agreement shall, at the option of Seller, be subject to the satisfaction of the following conditions:

8.1 Purchaser's Certificate. Seller shall have received a certificate of Purchaser dated the Closing Date satisfactory in form and substance to Seller and its counsel, certifying to the effect that:

- (a) The representations and warranties made by Purchaser herein are true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date, except for changes contemplated by this Agreement or occurring since the date hereof in the ordinary course of business;
- (b) Attached to such certificate are true and correct copies of all resolutions of Purchaser's Board of Directors with respect to the authorization of the transactions contemplated by this Agreement;
- (c) Purchaser has performed in all material respects its obligations and agreements and complied in all material respects with all

covenants and conditions contained in this Agreement to be
complied with by it on or prior to the Closing Date;

8.2 Closing Documents and Actions. Purchaser shall pay to Seller the Purchase Price and shall execute and deliver such other documents as shall be reasonably necessary to carry out the sale by Seller and the purchase by Purchaser of the Assets contemplated by this Agreement.

Section 9. Survival of Representation and Warranties; Indemnification.

9.1 Survival of Representations and Warranties. All representations and warranties made hereunder or pursuant hereto or in connection with the transactions contemplated herein shall survive the Closing and remain effective for a period of 18 months from the Closing Date.

9.2 Indemnification by Seller. After the Closing Date, Seller shall indemnify and hold harmless Purchaser and its successors and assigns, against and in respect of any loss, liability or expense (including, without limitation, reasonable attorneys' fees and expenses) resulting from (a) any breach of any representation, warranty, covenant or agreement of Seller hereunder, (b) any third party claim with respect to liabilities or obligations of Seller relating to the conduct prior to the Closing Date; and (c) any claim with respect to any liability or obligation of Seller for any contract, lease or other obligation to which Seller was a party, including but not limited to: (i) any loan agreements with shareholders, banks or other lending institutions; (ii) any leases, including but not limited to, the Lease with [REDACTED] and the lease with the [REDACTED]; (iii) employment agreements, including but not limited to, the employment agreements with [REDACTED]

[REDACTED]; (iv) other agreements, including but not limited to the Agreement with [REDACTED]

Seller shall be liable to Purchaser under Section 9.2(a) this Agreement only to the extent that such losses, liabilities or expenses are asserted within 18 months following the Closing Date and under Section 9.2(b) and (c) only to the extent asserted within the applicable statute of limitation for asserting such claims except that in case of representations of warranties of Seller contained in Section 3 (excluding Section 3.4 thereof) if Purchaser is otherwise entitled to be indemnified hereunder, it will nevertheless not have the right to be so indemnified unless and until the aggregate amount of all losses exceeds [REDACTED], but if such losses do exceed [REDACTED] Purchaser will be entitled to be indemnified against the entire amount of the loss. Notwithstanding the foregoing, in the event the purchase price of the Business is less than [REDACTED] because Seller's liabilities and debts at the time of the closing (exclusive of obligations of Seller to its shareholders) are less than [REDACTED] Purchaser's right to setoff its losses against amounts payable to Seller hereunder by reason of Seller's indemnity shall be reduced by the amount of the said reduction in the purchase price. This provision shall apply before application of the aforementioned [REDACTED] threshold. Purchaser shall give written notice to Seller within 30 days from discovery by Purchaser of any matter which may give rise to a claim for indemnification under this Agreement. Failure to give such notice shall relieve Seller from any liability under this Agreement with respect to such matter. Seller may, at its own expense, participate in, direct or take over any legal proceeding and the negotiation and settlement of any claim or demand for which it may have an obligation to indemnify Purchaser pursuant to this Section 9.2. Purchaser shall have the absolute right, in its sole discretion and without the consent of Seller, to settle any and all such legal proceedings, claims or demand, provided, however, if Purchaser makes any settlement with respect to such legal proceedings, claims or

demands without the prior written consent of Seller, Seller shall be discharged from any liability with respect to such legal proceedings, claims or demands.

9.3 Indemnification by Purchaser. After the Closing Date, Purchaser shall indemnify and hold harmless Seller against and in respect of any loss, damage, liability or expense (including, without limitation, reasonable attorneys' fees and expenses) resulting from: (a) any breach of any representation or warranty of Purchaser hereunder, (b) any obligation, agreement or commitment of Purchaser hereunder; and (c) any liability or obligation relating to the conduct of the Business after the Closing Date.

Purchaser shall be liable to Seller under Section 9.3(a) only to the extent losses, liabilities or expenses relating to Section 9.3(a) hereof and are asserted within 18 months following the Closing Date, except that any claim for indemnification relating to Purchaser's obligation to make Additional Payments or if Applicable Minimum additional payments may be made at any time within six (6) years of the closing date. Seller shall give written notice to Purchaser within 30 days from discovery by Seller of any matter which may give rise to a claim for indemnification under this Agreement. Failure to give such notice shall relieve Purchaser of any liability under this Agreement with respect to such matter. Purchaser may, at its own expense, participate in, direct or take over any legal proceeding and the negotiation and settlement of any claim or demand for which it may have an obligation to indemnify Seller pursuant to this Section 9.3. Seller shall have the absolute right, in its sole discretion and without the consent of Purchaser, to settle any and all such legal proceedings, claims, or demands; provided, however, if Seller makes any settlement with respect to such legal proceedings, claims or demands without the prior written consent of Purchaser, Purchaser shall be discharged from any liability with respect

to such legal proceedings, claims or demands.

Section 10. Third Party Contact.

Seller nor any of its affiliates, nor any of their officers, directors, employees, representatives or agents will, directly or indirectly (i) initiate, solicit, encourage, consider, agree to or take any other action to facilitate any inquiries, proposals or offers by, (ii) enter into or continue any discussions or negotiations with, or (iii) disclose any information (Seller represents that no proprietary, non-public information has been disclosed to date except pursuant to confidentiality agreements), or afford any access to its properties, books and records to, any third party (other than properties, books and records to, any third party (other than Purchaser and its representatives) with respect to any transaction inconsistent with the intent of this agreement.

Section 11. Termination.

11.1 Termination. This Agreement may be terminated by:

- (i) the mutual consent of Seller and Purchaser;
- (ii) Purchaser, if all the conditions set forth in Section 7 hereof have not been satisfied or waived at or before the Closing;
- (iii) Seller, if all the conditions set forth in Section 8 hereof have not been satisfied or waived at or before the Closing.

If this Agreement is terminated pursuant to this Section, all obligations of the parties under or pursuant to this Agreement shall terminate without liability of any party to the other.

Section 12. Miscellaneous.

12.1 Transfer Taxes. All applicable sales, use, transfer and other similar taxes relating

to the transactions contemplated hereby shall be paid to the appropriate payee by the Seller.

12.2 Bulk Sales Act. Seller shall indemnify and save and hold Purchaser harmless from any liabilities arising from the failure of Seller to comply with any bulk sales law applicable to the transactions contemplated by this Agreement.

12.3 Expenses. Whether or not the transactions contemplated hereby shall be consummated, each of the parties will pay all costs and expenses of its performance of, and compliance with, this Agreement.

12.4 Notices. All notices, requests and other communications hereunder shall be in writing and (i) personally delivered, (ii) mailed, registered or certified mail, postage prepaid, (iii) sent by telegram or telex (and confirmed by registered or certified mail), or (iv) sent by express mail or delivery, postage or charges prepaid, to the following addresses:

(i) if to Seller, to:

Precision Porous Pipe, Inc.
Route 2 Box 116C
McKenzie, TN 38201
Attn: Mr. Bill Rathke

with a copy to:

Jerome J. Crawford, CPA
435 E. Cedar Street
P.O. Box 457
McKenzie, TN 38201

(ii) if to Purchaser, to:

Plastic Specialties and Technologies, Inc.
119 Cherry Hill Road
Parsippany, NJ 07054
Attn: Fred W. Broling

with a copy to:

Connell, Foley & Geiser
85 Livingston Avenue
Roseland, NJ 07068
Attn: Kenneth F. Kunzman, Esq.

or at such other address as shall be given in accordance with the terms hereof by any part identified above to each of the other parties. Notice shall be deemed given when delivered in person or received by telegram or telex, or if mailed, on the second business day next following the date on which it was deposited in the mails, or it sent by express mail or delivery, on the next business day following the date on which it was sent.

12.5 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be assigned by either party hereto without the written consent of the other party except that Seller may assign its rights under this Agreement to its shareholders or to a liquidating trust provided such assignees acknowledge in writing Purchaser's right of setoff hereunder against amounts payable to such assignee as the result of such assignment.

12.6 Captions. The captions in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.7 Amendment. This Agreement may be amended only by an instrument in writing executed on behalf of each party hereto.

12.8 Entire Agreement. This Agreement, the exhibits and schedules hereto and the documents specifically provided herein to be delivered hereunder constitute the entire agreement, understanding, representations and warranties of the parties hereto. This Agreement supersedes

any and all prior agreements between the parties with respect to the subject matter hereof.

12.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

12.10 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, this Agreement has been duly executed by the undersigned as of the date first above written.

PRECISION POROUS PIPE, INC.

BY: 

Name: William L. Rathke

Title: President

PLASTIC SPECIALTIES AND
TECHNOLOGIES, INC.

BY: 

Name: F.W. Brociwicz

Title: PRESIDENT

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