

08-14-2002



RECORDATION NUMBER 102189939

INSTRUMENTS ONLY

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FINANCE SECTION

BOX ASSIGNMENT  
COMMISSIONER OF PATENTS AND TRADEMARKS  
WASHINGTON, D.C. 20231

1. Total number of pages including cover sheet, attachments and document: 13

2. Name of Conveying Party(ies) and Execution Date(s) of Document(s)  Check here if additional name(s) attached

Name(s): Eric B. Lane and AVOCET INSTRUMENTS, INC.  
Execution Date(s): May 29, 2001

8/12/02

3. Name and address of receiving party  Check here if additional name(s) & address(es) are attached

Name Circuit Research Labs, Inc.  
Address 1525 Alvarado Street  
City San Leandro State/Country California Zip 94577

4. Nature of Conveyance

Assignment  Merger  Security Agreement  Name Change  Other:

5. Total number of applications and patents involved: 1

6. Total Fee Enclosed (37 C.F.R. § 3.41): \$40.00

7.  Check here if any deficiency/overpayment is authorized to be charged to deposit account 02-4550

8. Enter either the Execution date (of the Declaration and Power of Attorney), Application Number, or the Patent Number. Do not enter more than one number for the same patent.

A.  This document is being filed with a new application. Execution date is: \_\_\_\_\_  
B.  Patent Application No.(s) or Patent No.(s): 09/127,428  
 Check here if additional numbers are attached

9. Correspondent's name, address, and telephone number

Stephen A. Wight  
Klarquist Sparkman, LLP  
One World Trade Center, Suite 1600  
121 S.W. Salmon Street  
Portland, Oregon 97204-2988  
Telephone: 503-226-7391

10.  Please return the attached postcard to confirm that these items have been received.

11. 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.*

Stephen A. Wight  
Name of Person Signing

Signature

August 7, 2002  
Date

08/13/2002 DBYRNE 00000058 09127428  
01 FC:581 40.00 OP

cc: Docketing

## ASSET PURCHASE AND SALE AGREEMENT

This Asset Purchase and Sale Agreement (the "**Agreement**") is dated as of this 24th day of May, 2001, and is by and among Circuit Research Labs, Inc., an Arizona corporation ("**Buyer**"), and Eric B. Lane ("**Lane**") and Avocet Instruments, Inc., a Nevada corporation ("**Avocet**") (Lane and Avocet will collectively be referred to as "**Sellers**").

### RECITALS:

A. Lane currently owns certain assets formerly owned and used by Avocet in the manufacture and marketing of products used in audio processing (the line of products formerly manufactured by Avocet will hereafter be referred to as the "**Products**").

B. The assets consist of demonstration inventory, equipment and B-stock inventory described on **Exhibit A** attached hereto, parts inventory described on **Exhibit B** attached hereto, all rights in and to patent application 09/127,428 (inventors Lane, Seitz and Sasaki) with the United States Patent and Trademark Office and to the inventions and processes described therein and the rights to exploit them, and designs, drawings, technical specifications, know-how, trademarks and trade names, including the mark and name AVOCET, and all other tangible and intangible assets required to manufacture the Products. All assets listed in this Section shall hereafter be referred to as the "**Assets**." The Assets do not include cash or accounts receivable.

C. Avocet is a dormant corporation without assets or liabilities, which transferred the Assets to Lane in a separate transaction unrelated to this Agreement. Avocet is a party to this Agreement to transfer to Buyer such title to any of the Assets as may remain in Avocet and to agree to the covenants of Sellers with respect to future conduct, to the extent they may be applicable.

D. Buyer is willing to purchase the Assets from Sellers on the terms and conditions of this Agreement. Buyer is unwilling to and does not assume any liabilities of Sellers except as specifically set forth in this Agreement.

### AGREEMENTS:

In consideration of the recitals and mutual agreements contained herein, the parties agree:

1. Purchase and Sale of the Assets. Subject to the terms and conditions specified in this Agreement, at the closing of the transactions contemplated by this Agreement ("**Closing**"), Sellers shall sell the Assets to Buyer and Buyer shall purchase the Assets from Sellers. The Assets shall not include accounts receivable, cash, or books and records. All of the Assets shall be transferred to Buyer free and clear of any and all claims, liens, encumbrances, pledges, security interests, co-ownership interests, options or agreements to purchase or sell, and free and clear of any liabilities and obligations of Sellers, known or unknown, fixed, contingent

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or otherwise. All obligations of Sellers set forth in this Agreement shall be the joint and several obligations of the Sellers.

2. Purchase Price. The Purchase Price shall be the sum of the following amounts, payable as set forth herein:

2.1 Initial Payments. Buyer shall pay Sellers \$25,000.00 payable without interest \$5,000.00 on the Closing Date, and \$5,000.00 on the same day of each month following for four months.

2.2 Deferred Payments. Buyer shall pay Sellers \$57,980.00 plus interest at the rate of five percent per annum on unpaid balances, payable in equal monthly installments of \$1,200.00, including interest, beginning on the day which is five months following the Closing Date, and on the same day of each month following for 54 months or until paid in full.

2.3 Royalty. Buyer shall pay Sellers on the 15<sup>th</sup> day of each month following the Closing Date a royalty payment of five percent of the net sales price (gross sales price actually collected less transaction privilege and similar taxes, freight, insurance and returns) collected for sales of the Products for the preceding calendar month. The royalty will continue for sales through the third anniversary date of the Closing Date, but shall only be paid when payment for the sales are received. Thereafter no royalty shall be payable.

2.4 Seller. Buyer shall pay the Purchase Price to Lane, and Avocet agrees that such payment shall constitute payment in full to Avocet to the extent any such payment may have been due to Avocet.

2.5 No Security. The portion of the Purchase Price payable after the Closing Date shall not be secured.

2.6 Allocation of Purchase Price. The Purchase Price shall be allocated to the Assets in accordance with the "Cost" values set forth in Exhibit A and the "Total" values set forth in Exhibit B. The remainder of the Purchase Price shall be allocated \$10,000.00 to the patent application and the invention represented thereby and the remainder to the other assets.

3. Closing Date. The Closing Date shall be May 31, 2001, or such other date as may be agreed to by the parties.

4. Representations and Warranties of Sellers. To induce Buyer to enter into this Agreement and to close the transactions contemplated herein, Sellers represent and warrant to Buyer as follows (unless otherwise stated in the following representations and warranties, all such representations and warranties are and shall be true and correct as of the date hereof and as of the Closing Date).

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4.1 Authority; Consents and Approvals; No Violation. Sellers have the full power and authority to execute and deliver this Agreement and to sell the Assets and Inventory pursuant to this Agreement, and to consummate the transactions contemplated hereunder. This Agreement has been validly executed and delivered by Sellers and constitutes the valid and binding obligation of Sellers. No permit, authorization, consent or approval of or declaration or filing with any public body, agency, court or authority is necessary for the lawful, proper and valid consummation by Sellers of the transactions contemplated hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereunder by Sellers do not and will not violate any statute, rule or regulation, any order or decree of any public body or authority, applicable to Sellers or their assets, or conflict with, result in a breach or constitute (with or without due notice or lapse of time) a default under any agreement, plan of reorganization or other instrument to which Sellers are a party or by which it is bound.

4.2 Ownership of Assets. Lane owns the Products as his sole and separate property and not as community property. Sellers have good and marketable title to all of the Assets, and all of the Assets are owned or held free and clear of all title defects or objections, mortgages, claims, liens, pledges, charges, security interests, co-ownership interests, options to purchase or other encumbrances of any kind or character, except liens for current taxes, assessments and governmental charges not yet due and payable. Sellers shall be responsible for paying as and when due all taxes on ownership or use of the Assets not due and payable as of the date of transfer of possession of the Assets to Buyer, but which were incurred or accrued prior to or through that date. Seller will cause the existing Financing Statement on products originally sold to Seller by Denon Electronics to be released prior to the closing date, to the extent such Financing Statement relates to the Assets.

4.3 Financial Statements. Sellers have previously furnished or will furnish to Buyer true and complete copies of the financial statements, if any, and tax returns of Avocet for the fiscal years 1998, 1999 and 2000, prior to the termination of business by Avocet (the financial statements referred to in this Section 4.3 being hereafter sometimes collectively called the "**Sellers Financial Statements**"). The balance sheets included in the Sellers Financial Statements (including the related notes, where applicable) fairly present in all material respects the financial position of Sellers as of each date thereof, and the other related statements included therein fairly present the results of Sellers' operations and the changes in financial position for the periods or as of the dates therein set forth. The accounting principles used in each of the Sellers Financial Statements do not materially deviate from generally accepted accounting principles and have been consistently applied during the periods involved (except as may be noted therein).

4.4 Absence of Undisclosed Liabilities. The Sellers have no liability of any nature, fixed or contingent, which could lead to a claim against the ownership of the Assets in the hands of Buyer.

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4.5 Assets. Except as set forth on Exhibits A and B, all of the tangible Assets are in good working condition and repair. The Assets include all Assets used by Sellers in the Business, except for miscellaneous office equipment and office computers.

4.6 Employee Matters. Avocet has no employees and has and will have no liabilities arising from claims by former employees of Avocet. Buyer is not obligated to hire any employee of Sellers and no representation to the contrary has been made by Sellers.

4.7 Environmental Matters. Sellers are and have been in compliance with all laws pertaining to existence, handling, use, generation, treatment, storage, reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials as such laws apply to the Products and the Assets except where such noncompliance would not have a material adverse effect. To Sellers' knowledge, Sellers have filed all reports relating to Hazardous Materials relating to the Products or the Assets required to be filed by Sellers pursuant to any applicable law. For purposes of this Agreement, "**Hazardous Materials**" means any substance (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; (ii) which is or has been identified as a potential hazardous waste, or hazardous substance, under any applicable law, or (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, reactive, or otherwise hazardous and has been specifically identified as regulated by any governmental entity.

4.8 Infringement. Sellers have not infringed, and is not infringing on any trade name, trademark, service mark, patent, copyright or other proprietary right belonging to any other person, firm or corporation. Use by Buyer of trade names, trademarks, patents, copyrights and other proprietary rights contained within the Assets shall not create any infringement of any right of any other person.

4.9 Broker. No agent, broker or other person acting pursuant to authority of Seller is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement.

4.10 No Untrue Statement. No representation or warranty by Sellers in this Agreement or any instrument, certificate, exhibit, schedule or list attached hereto or furnished or to be furnished to Buyer pursuant to the terms of this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they are made, not misleading. In the event any such representation or warranty is discovered at any time, before or after the Closing, to contain any material misstatement or omission, Sellers shall advise Buyer in writing immediately of such misstatement or omission. Unless Buyer is advised of such misstatement or omission in writing prior to Closing, Sellers shall not be relieved of any liability which may arise under this Agreement for breach of any representation or warranty. Sellers acknowledges that Buyer is entering into this Agreement in reliance upon their representations,

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warranties and covenants made in this Agreement. All representations, warranties and covenants of the Sellers contained herein shall survive the Closing and the sale of the Assets to Buyer.

5. Representations and Warranties of Buyer. To induce Sellers to enter into this Agreement and to close the transactions contemplated herein, Buyer represents and warrants to, and covenants with, Sellers as follows (unless otherwise stated in the following representations and warranties, all such representations and warranties are and shall be true and correct as of the date hereof and as of the Closing Date).

5.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona and has and will have on the Closing Date all requisite power and authority to own, lease and operate its properties and to carry on its business and will be duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary, or if not so duly qualified, its failure to be so qualified will not have a material adverse effect on its business, operations or financial condition.

5.2 Authority; Consents and Approvals; No Violation. Buyer has and will have on the Closing Date the full power and authority to execute and deliver this Agreement and to perform its obligations and consummate the transactions contemplated hereunder. This Agreement has been duly and validly executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer except to the extent that the binding nature thereof may be subject to the limitations which might result from bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights now or thereafter in effect, and except for the limitations on the remedy of specific performance and other forms of equitable relief. No permit, authorization, consent or approval of or declaration or filing with any public body, agency, court or authority is necessary for the lawful, proper and valid consummation by Buyer of the transactions contemplated hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder do not and will not violate any statute, rule or regulation, any order or decree of any public body or authority by which Buyer is or on the Closing Date will be bound or conflict with, result in a breach of or constitute (with or without due notice or lapse of time) a default under any license, franchise, permit, indenture, agreement or other instrument to which Buyer is or will be a party, or by which they or any of their properties is or will be bound.

5.3 Financial Information. Buyer has previously furnished or will furnish prior to Closing to Sellers true and complete copies of its annual reports on Form 10-K, including financial statements, for the years 1998, 1999 and 2000, and such other financial information concerning the creditworthiness of Buyer as Sellers may have reasonably requested (the financial statements referred to in this Section 5.3 being hereafter sometimes collectively called the "**Buyer Financial Statements**"). The financial information included in the Buyer Financial Statements (including the related notes, where applicable) fairly present in all material respects the financial position of Guarantor as of each date thereof. The accounting principles used in each of the Buyer Financial Statements do not materially deviate from generally accepted accounting

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principles and have been consistently applied during the periods involved (except as may be noted therein).

5.4 Changes Since Buyer Financial Statements. Since the dates of the Buyer Financial Statements, there has not been any material adverse change in the financial condition of Buyer.

5.5 Broker. No agent, broker or other person acting pursuant to authority of Buyer is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement.

6. Conduct of the Parties Prior to and after Closing.

6.1 Good Faith Obligations. Buyer and Sellers each agree to proceed diligently and in good faith to consummate the transactions contemplated by this Agreement, and otherwise to cause the Closing to occur, and they will use all reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable to consummate the transactions contemplated by this Agreement; provided, however, that neither Sellers nor Buyer shall be obligated to waive any conditions to their obligation to close set forth in this Agreement.

6.2 Closing. At the Closing, each party shall deliver to the other party the cash and documents as set forth in this Agreement. Sellers shall deliver to Buyer a Bill of Sale and Assignment for the Assets in the form attached as **Exhibit C**. Sellers will deliver to Buyer physical possession of the Assets, in their present location in Portland, Oregon. Sellers will pay all storage and insurance charges on the Assets through the Closing Date; Buyer will pay all storage and insurance charges on the Assets after the Closing Date and Buyer shall pay all shipping charges to have the Assets shipped to Buyer's location.

6.3 Casualty. In the event of destruction of the Assets or any portion of them prior to the Closing Date, Buyer may terminate this Agreement without penalty, or may elect to purchase the remainder of the Assets for the full Purchase Price, or such reduced Purchase Price as may be agreed on between the parties.

6.4 Assistance of Lane. Lane agrees to assist Buyer in the business of manufacturing the Products following the Closing Date. Lane agrees to spend not more than two working days at Buyer's location in San Leandro, California or Tempe, Arizona to provide consultation on such matters without fee except for reimbursement of travel, lodging and meals, incurred with Buyer's prior authorization. Thereafter, Lane will provide incidental telephone consultation from time to time without charge, and will be available for substantive consultation with Buyer for a fee to be established from time to time between the parties.

6.5 Reports. During the time that royalties are payable to Sellers, Buyer will provide monthly reports with the royalty payments, setting forth the net sales of

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Products, shipping dates, identity of customers and end users, and such other information as Sellers may reasonably request. All such information shall be considered confidential and trade secrets, and may not be disseminated or used by Sellers except in enforcement of this Agreement. Seller may at any reasonable time and upon reasonable notice, at Seller's sole expense, audit the business records of Buyer relating to the sale of the Products, to determine the accuracy of the royalty payments made to Seller. If the audit shall reveal that Buyer's payments to Seller have been more than fifteen percent below the actual amount which should have been paid, Buyer will pay for the cost of the audit.

6.6 Warranties to Customers. Buyer agrees to honor the warranties issued by Avocet to end users of the Products sold prior to the Closing Date, and further agrees to perform all warranty work on the Products sold prior to the Closing Date by Sellers. If the cost to Buyer of performing the warranty work exceeds \$10,000.00 in any year (measured from the Closing Date to the date one year later, and annually thereafter), Buyer may deduct the costs over \$10,000.00 from deferred payments and royalties to be made to Sellers. Buyer may not recover any deferred payments or royalties already paid to Sellers. Buyer shall assume no other liability or obligation of Sellers whatever.

6.7 Shipping and Storage. The Assets have been shipped by Seller to a storage facility. Buyer will pay the costs of that shipping plus the accumulated storage costs prior to Buyer's receipt of the Assets, such shipping and storage costs not to exceed \$500.00, as well as all costs of shipping the Assets to Buyer's facilities after the closing date.

7. Conditions Precedent of Sellers to Close. The obligations of Sellers to close and consummate the transactions contemplated hereunder shall be subject to the fulfillment at or prior to the Closing of each of the following conditions:

7.1 Accuracy of Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the Closing, with the same force and effect as though made at and as of the Closing, except for changes expressly contemplated or permitted by this Agreement.

7.2 Compliance with Obligations. Buyer shall have performed and complied in all material respects with all the covenants, agreements, obligations and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing and Sellers shall have received all of the instruments and other documents required to be executed or delivered by Buyer to Sellers at or prior to the Closing.

7.3 Absence of Actions or Proceedings. There shall be no actual or threatened action or proceeding by or before any court, governmental body or arbitration tribunal which shall seek to restrain, prohibit or invalidate any of the transactions contemplated hereunder which in the judgment of Sellers made in good faith and based upon advice of its counsel, makes it inadvisable to proceed with the transactions contemplated by this Agreement.



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7.4 Consents and Approvals; Items Satisfactory to Other Parties. All consents or approvals of any third party which in the reasonable judgment of Sellers are necessary to consummate the transactions contemplated hereunder, or to proceed with the Closing, shall have been received and be reasonably satisfactory to Sellers.

7.5 Certificate. Sellers shall have received a certificate from Buyer as to the continued accuracy in all material respects as of Closing of all representations and warranties of Buyer and also Buyer's compliance in all material respects with all covenants and other obligations of Buyer under this Agreement.

8. Conditions Precedent of Buyer to Close. The obligations of Buyer to close and consummate the transactions contemplated hereunder shall be subject to the fulfillment at or prior to the Closing of each of the following conditions:

8.1 Accuracy of Representations and Warranties. All representations and warranties of Sellers contained herein shall be true and correct in all material respects as of the Closing, with the same force and effect as though made at and as of the Closing, except for changes expressly contemplated or permitted by this Agreement.

8.2 Compliance with Obligations. Sellers shall have performed and complied in all material respects with all of the covenants, agreements, obligations and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing, and Buyer shall have received all of the agreements, instruments and other documents required to be executed or delivered to it prior to the Closing.

8.3 Absence of Actions or Proceedings. There shall be no actual or threatened action or proceeding by or before any court, governmental body or arbitration tribunal which shall seek to restrain, prohibit or invalidate any of the transactions contemplated hereunder which in the judgment of Buyer made in good faith and based upon advice of its counsel, makes it inadvisable to proceed with the transactions contemplated by this Agreement.

8.4 Certificate. Buyer shall have received a certificate from Sellers as to the continued accuracy in all material respects as of Closing of all representations and warranties of Sellers and also Sellers' compliance in all material respects with all covenants and other obligations of Sellers under this Agreement.

8.5 Consents and Approvals; Items Satisfactory to Other Parties. All consents or approvals of any third party which in the reasonable judgment of Buyer are necessary to consummate the transactions contemplated hereunder, or to proceed with the Closing, shall have been received and be reasonably satisfactory to Buyer.

9. Remedies. In addition to all remedies granted to the parties elsewhere in this Agreement, the parties shall have the following additional rights and remedies.

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9.1 Indemnification.

9.1.1 Indemnity by Sellers. Sellers shall indemnify, defend and hold harmless Buyer, its employees and agents, against and in respect of any and all liabilities including interest, penalties and reasonable attorneys' fees, that Buyer shall incur or suffer, which arise or result from, or relate to (i) any breach by Sellers of any of their representations or warranties contained in the Agreement, or the failure of Sellers to perform any covenant or agreement contained in the Agreement, or in any exhibit or other instrument furnished or to be furnished by Sellers under the Agreement, and (ii) any and all claims of whatever nature, asserted (with or without the commencement of legal action) against Buyer with respect to the manufacture and sale of the Products prior to the Closing Date, except for warranty claims specifically assumed by Buyer.

9.1.2 Indemnity by Buyer. Buyer shall indemnify, defend and hold harmless Sellers, their employees and agents, against and in respect of any and all Liabilities, including interest, penalties and reasonable attorneys' fees, that Sellers, their employees or agents shall incur or suffer, which arise or result from, or relate to (i) any breach by Buyer of any of its representations and warranties contained in the Agreement or in any schedule, certificate, exhibit or other instrument furnished or to be furnished by them under the Agreement or the failure of the Buyer to perform any covenant or agreement contained in the Agreement, or (ii) any and all claims, of whatever nature, asserted (with or without the commencement of legal action) against Sellers, their employees or agents, with respect to the operations of the business of Buyer on or after the Closing Date.

9.2 Cancellation. If any of the conditions precedent set forth in Sections 7 and 8 of this Agreement are not satisfied or waived by the party for whose benefit the conditions were imposed, that party may cancel this Agreement by notice to the other party. Upon such cancellation, the obligations to purchase and sell the Assets

10. Other Provisions.

10.1 Survival of Representations and Warranties. The representations and warranties contained in this Agreement shall survive the Closing.

10.2 Expenses. Each party shall bear its own costs and expenses, including attorneys' and accountants' fees, in connection with the negotiation, due diligence investigation, documentation and consummation of the sale and purchase of the Assets and the other transactions contemplated by this Agreement.

10.3 Additional Acts. In addition to the obligations required to be performed by the parties hereto under the other provisions of this Agreement, the parties agree to perform, without further consideration, such other acts and to execute, acknowledge and deliver such other instruments and documents, subsequent to the Closing, as may be reasonably required to carry out the provisions and purposes of this Agreement.

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10.4 Extension; Waiver. The parties hereto may extend the time for, or waive the performance of, any of the obligations of any parties hereto, waive any inaccuracies in the representations or warranties of any parties hereto, or waive compliance by any parties hereto with any of the covenants or conditions contained in this Agreement. However, any such extension or waiver shall be in writing and signed by all of the parties hereto. No such waiver shall operate or be construed as a waiver of any subsequent act or omission of any party hereto.

10.5 Notices. Any notice to a party pursuant to this Agreement shall be given by one of the following means: (a) certified or registered United States mail, postage prepaid, (b) private courier or express service requesting evidence of receipt as a part of its service, or (c) by telecopy, with a copy also to be given by first class United States mail, postage prepaid, or by any means permitted under subparagraphs (a) or (b) of this section. Notices shall be given to the parties at the following addresses:

(a) If to Buyer:  
Circuit Research Labs, Inc.  
2522 West Geneva Drive  
Tempe, Arizona 85282  
Telecopy: 602.438.8227

(b) If to Sellers  
Eric B. Lane  
12213 Hillslope Street  
Studio City, California 91604.

10.6 Binding Effect. Upon execution hereof by all parties hereto, this Agreement shall inure to the benefit of, be binding on and be enforceable against the parties and their respective heirs, legal representatives, successors and assigns.

10.7 Entire Agreement. This Agreement (including the exhibits and schedules hereto) and the instruments and documents delivered pursuant hereto, and the other agreements contemplated or required hereby, constitute the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any prior agreements and understandings relating to the subject matter hereof. This Agreement may be modified or amended only by a written instrument executed by all parties hereto. Notwithstanding the foregoing, in the event the Closing does not occur, any prior agreement with respect to confidentiality of information furnished by any party shall continue to be binding on all parties thereto.

10.8 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

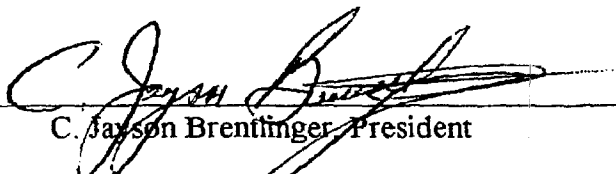
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the paragraphs and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

10.11 Arizona Law Applies. This Agreement shall be construed according to the laws of the State of Arizona, the location of the business that is the subject of this Agreement.

DATED as of this 11th day of May, 2001.

CIRCUIT RESEARCH LABS, INC., an Arizona corporation

By   
C. Jayson Brentlinger, President

AVOCET INSTRUMENTS, INC., an Oregon corporation

By \_\_\_\_\_  
Eric B. Lane, President

\_\_\_\_\_  
Eric B. Lane

Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

10.10. Construction and Interpretation. This Agreement is the result of negotiations between the parties and their legal counsel, and the terms and provisions hereof shall be interpreted and construed in accordance with their usual and customary meanings. The parties each waive the application of any rule of law which otherwise would be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions should be interpreted or construed against the party who, or whose attorney, prepared the executed agreement or any earlier draft of same. The headings of the paragraphs and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

10.11. Arizona Law Applies. This Agreement shall be construed according to the laws of the State of Arizona, the location of the business that is the subject of this Agreement.

DATED as of this 24th day of May, 2001.

CIRCUIT RESEARCH LABS, INC., an Arizona corporation


By

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_


C. Jayson Brentlinger, President

AVOCET INSTRUMENTS, INC., a Nevada corporation

By

 5-29-01  
\_\_\_\_\_  
\_\_\_\_\_

Eric B. Lane, President

 5-29-01  
\_\_\_\_\_  
\_\_\_\_\_

Eric B. Lane