

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	Asset Purchase Agreement
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CONVEYING PARTY DATA	
Name	Execution Date
AIRCRAFT MODULAR PRODUCTS, INC.	04/16/1998

RECEIVING PARTY DATA	
Name:	B/E AEROSPACE, INC.
Street Address:	1400 Corporate Center Way
City:	Wellington
State/Country:	FLORIDA
Postal Code:	33414

PROPERTY NUMBERS Total: 13	
Property Type	Number
Patent Number:	5161765
Patent Number:	5568960
Patent Number:	5624160
Patent Number:	5636901
Patent Number:	5651514
Patent Number:	5681091
Patent Number:	5795025
Patent Number:	5836547
Patent Number:	5868472
Patent Number:	5904407
Patent Number:	5921629
Patent Number:	5954401
Patent Number:	6113183

CORRESPONDENCE DATA

CH \$520.00 5161765

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ATTORNEY DOCKET NUMBER:	074019-0004
NAME OF SUBMITTER:	David A. Frey, Reg. No. 43,618

Total Attachments: 93

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EXECUTION COPY

ASSET PURCHASE AGREEMENT

Between

STANFORD AEROSPACE GROUP, INC.

and

BE AEROSPACE, INC.

Dated as of April 16, 1998

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- 1.01(e) LEASE OF REAL PROPERTY

ASSET PURCHASE AGREEMENT, dated as of April 16, 1998, between STANFORD AEROSPACE GROUP, INC., a Florida corporation ("SAG"), and BE AEROSPACE, INC., a Delaware corporation (the "Purchaser").

W I T N E S S E T H:

WHEREAS, RTE ACQUISITION CORPORATION, a Florida corporation (the "Company"), and its Subsidiaries (as defined below) are engaged in the business of designing, engineering, manufacturing, servicing and selling on a worldwide basis corporate and commercial aircraft seating products and custom aircraft interior products, including, without limitation, cabinetry, sidewalls, bulkheads, credenzas, closets, galley structures, lavatories, tables and spare parts, and such other business which prior to the date hereof has been conducted by the Company and its subsidiaries (the "Business"); and

WHEREAS, SAG desires to cause the Company and its Subsidiaries to sell to the Purchaser, and the Purchaser desires to purchase from the Company and its Subsidiaries, the Business, including, without limitation, all right, title and interest of the Company and its Subsidiaries in and to certain property and certain assets of the Business, and in connection therewith the Purchaser is willing to assume certain liabilities of the Company and its Subsidiaries relating thereto, all as more fully described herein and upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the Purchaser and SAG hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquisition Documents" has the meaning specified in Section 8.01.

"Action" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Agreement" or "this Agreement" means this Asset Purchase Agreement, dated as of April 16, 1998, between SAG and the Purchaser (including the Exhibits hereto and the Disclosure Schedule) and all amendments hereto made in accordance with the provisions of Section 10.09.

"Ancillary Agreements" means the Bill of Sale, the Lease, the Deeds and the Assumption Agreement.

"Assets" has the meaning specified in Section 2.01(a).

"Assumed Liabilities" has the meaning specified in Section 2.02(a).

"Assumed Taxes" has the meaning specified in Section 2.02(b)(i).

"Assumption Agreement" means the Assumption Agreement to be executed by the Purchaser, the Company and its Subsidiaries on the Closing Date in the form of Exhibit 1.01(a).

"Bill of Sale" means the Bill of Sale and Assignment to be executed by the Company and its Subsidiaries on the Closing Date in the form of Exhibit 1.01(b).

"Business" has the meaning specified in the recitals to this Agreement.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in The City of New York.

"Closing" has the meaning specified in Section 2.04.

"Closing Date" has the meaning specified in Section 2.04.

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

"Common Stock" means all the issued and outstanding shares of common stock, \$0.001 par value per share, of the Company.

"Company" has the meaning specified in the recitals to this Agreement.

"Control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the

direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Deeds" means the deeds to be executed by the Company and its Subsidiaries on the Closing Date in the forms of Exhibit 1.01(c) in order to convey to the Purchaser the parcels of Real Property which are not included in the Excluded Assets.

"Disclosure Schedule" means the Disclosure Schedule attached hereto, dated as of the date hereof, and forming a part of this Agreement, which sets forth the exceptions to the representations and warranties contained in Article III and certain other information called for by this Agreement.

"Effective Time" means the time of the consummation of the transactions contemplated by the Stock Purchase Agreement.

"Encumbrance" means any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, easement, adverse claim, preferential arrangement or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Environmental Claims" means any and all actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, notices of liability or potential liability, investigations, proceedings, consent orders or consent agreements relating in any way to any Environmental Law, any Environmental Permit or any Hazardous Materials.

"Environmental Laws" means any Law, as currently in effect, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the environment, health, safety or natural resources, including without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any applicable Environmental Law.

"Environmental Study" has the meaning specified in Section 5.06(a).

"ERISA" has the meaning specified in Section 3.25(a).

"Excluded Assets" has the meaning specified in Section 2.01(c).

"Financial Statements" has the meaning specified in Section 3.08(a).

"Governmental Authority" means any United States federal, state or local or any foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Materials" means (a) petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials and polychlorinated biphenyls as regulated under any applicable Environmental Law and (b) any other chemicals, materials or substances regulated as toxic or hazardous or as a pollutant, contaminant or waste under any applicable Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with U.S. GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to

pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (i) all Indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"Intellectual Property" means (a) inventions, whether or not patentable, whether or not reduced to practice, and whether or not yet made the subject of a pending patent application or applications, (b) national (including the United States) and multinational statutory invention registrations, patents, patent registrations and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations) and all improvements to the inventions disclosed in each such registration, patent or application, (c) trademarks, service marks, trade dress, logos, trade names and corporate names, whether or not registered, (d) copyrights (registered or otherwise) and registrations and applications for registration thereof, (e) computer software, including, without limitation, source code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto, data and documentation, (f) trade secrets and confidential, technical and business information (including ideas, formulas, compositions, inventions, and conceptions of inventions whether patentable or unpatentable and whether or not reduced to practice), (g) technology (including know-how and show-how), manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (h) copies and tangible embodiments of all the foregoing, in whatever form or medium, (i) all rights to obtain and rights to apply for patents, and to register trademarks and copyrights, and (j) all rights to sue or recover and retain damages and costs and attorneys' fees for present and past infringement of any of the foregoing.

"Inventories" means all merchandise, products, finished goods, raw materials, work-in-progress, packaging, supplies and other personal property related to the Business maintained, held or stored by or for the Company or any Subsidiary on the Closing Date and any prepaid deposits for any of the same.

"knowledge of the Company" or "the Company knowledge" means the actual knowledge of Roger Koch, Anthony Tripodo, George Moussa and Ray Skinner, in each case after reasonable inquiry or investigation.

"Koch Employment Agreement" means an employment agreement between Roger Koch and the Company substantially in the form of Exhibit 1.01(d).

"Law" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code or order.

"Lease" means the lease to be executed by the Purchaser and KP Property Management Corporation on the Closing Date in the form of Exhibit 1.01(e).

"Liabilities" means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including, without limitation, those arising under any Law (including, without limitation, any Environmental Law), Action or Governmental Order and those arising under any contract, agreement, arrangement, commitment or undertaking.

"Licensed Intellectual Property" means all Intellectual Property licensed or sublicensed to the Company or any Subsidiary from a third party.

"Loss" has the meaning specified in Section 8.02.

"Material Adverse Effect" means any circumstance, change in, or effect on the Business, the Company or any Subsidiary that, individually or in the aggregate with any other circumstances, changes in, or effects on, the Business, the Company or any Subsidiary: (a) is, or is reasonably likely to be, materially adverse to the business, operations, assets or Liabilities, customer or supplier relationships, results of operations or the condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (b) could materially adversely affect the ability of the Purchaser to operate or conduct the Business in the manner in which it is currently operated or conducted by the Company and the Subsidiaries; provided that any such circumstance, change or effect caused by a general change in Law or in the industry in which the Company or any Subsidiary engages shall not be considered a Material Adverse Effect.

"Material Contracts" has the meaning specified in Section 3.18(a).

"Owned Intellectual Property" means all Intellectual Property owned by the Company or any Subsidiary.

"Payroll Taxes" means all payroll, employment, social security, workers' compensation, unemployment and other similar Taxes relating to (i) each employee of the Company and its Subsidiaries as of the Closing Date that accepts employment with the Purchaser and (ii) each employee of the Company and its Subsidiaries as of the Closing Date that declines employment with the Purchaser, but, with respect to this clause (ii), only such Taxes that shall have been accrued or shall have arisen through the date that any such employee shall have declined employment with the Purchaser.

"Permits" means any health and safety and other permits, licenses, authorizations, certificates, exemptions and approvals of Governmental Authorities.

"Permitted Debt" means Indebtedness to finance the transactions contemplated by the Stock Purchase Agreement.

"Permitted Encumbrances" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Encumbrances imposed by law, such as material men's, mechanics', carriers', workmen's and repairmen's liens and other similar liens arising in the ordinary course of business securing obligations that (i) are not overdue for a period of more than 60 days and (ii) have been incurred in the ordinary course of the Business, consistent with past practice; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) minor survey exceptions, reciprocal easement agreements and other customary encumbrances on title to real property that (i) do not render title to the property encumbered thereby unmarketable and (ii) do not, individually or in the aggregate, materially adversely affect the value or use of such property for its current and anticipated purposes.

"Permitted Mergers" means (i) the merger of SAG with and into the Company, with the Company as the surviving corporation, (ii) the merger of the Company with and into RTE Holdings, Inc. ("Holdings"), with Holdings as the surviving corporation and (iii) the merger of Holdings with and into Aircraft Modular Products, Inc. ("AMP"), with AMP as the surviving corporation.

"Person" means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"Plans" has the meaning specified in Section 3.25(a).

"Purchase Price" has the meaning specified in Section 2.03.

"Purchase Price Bank Account" means a bank account in the United States to be designated by SAG in a written notice to the Purchaser at least five Business Days before the Closing.

"Purchaser" has the meaning specified in the introduction to this Agreement.

"Real Property" means the real property owned by the Company or any Subsidiary, together with all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Company or any Subsidiary attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing.

"Receivables" means any and all accounts receivable, notes and other amounts receivable by the Company or any Subsidiary from third parties, including, without limitation, customers, arising from the conduct of the Business or otherwise before the Closing Date, whether or not in the ordinary course, together with all unpaid financing charges accrued thereon.

"Reference Balance Sheet" means the unaudited consolidated balance sheet (including the related notes and schedules thereto) of the Company and the Subsidiaries, dated as of February 28, 1998, a copy of which is set forth in Section 3.08(a) of the Disclosure Schedule.

"Reference Balance Sheet Date" means February 28, 1998.

"Regulations" means the Treasury Regulations (including Temporary Regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal tax statutes.

"Release" means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing and the like into or upon any land or water or air or otherwise entering into the environment.

"Remedial Action" means all action to (i) clean up, remove, treat or handle in any other way Hazardous Materials in the Environment, (ii) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or the Environment, or (iii) perform remedial investigations, feasibility studies, corrective actions, closures and postremedial or postclosure studies, investigations, operations, maintenance and monitoring on, about or in any Real Property.

"Returns" means any report, return or other information filed or required to be supplied to a taxing authority in connection with Taxes.

"Stock Purchase Agreement" means the Stock Purchase Agreement, dated as of April 3, 1998, among SAG and the shareholders of the Company.

"Subsidiaries" means Aircraft Modular Products, Inc., KP Property Management Corporation, RTE Holdings, Inc., Aircraft Modular Products International, Inc., Prototype Express, Inc., and RTE Aviation Designs Studio, Inc.

"Tangible Personal Property" has the meaning specified in Section 3.21.

"Tax" or "Taxes" means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs duties, tariffs, and similar charges.

"Third Party Claims" has the meaning specified in Section 8.02(c).

"U.S. GAAP" means United States generally accepted accounting principles and practices as in effect from time to time and applied consistently throughout the periods involved.

"USTs" means underground storage tanks, as such term is defined in the Resource Conservation and Recovery Act, as amended, and the regulations promulgated thereunder.

"Vendors" means any and all vendors who are unaffiliated with the Company and who supply raw materials, components, spare parts, supplies, goods, merchandise or services to the Company or any Subsidiary.

ARTICLE II

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

SECTION 2.01. Assets to Be Sold; Excluded Assets. (a) On the terms and subject to the conditions of this Agreement, SAG shall cause the Company and its Subsidiaries to, on the Closing Date, sell, assign, transfer, convey and deliver to the Purchaser or cause to be sold, assigned, transferred, conveyed and delivered to the Purchaser, and the Purchaser shall purchase from the Company and its Subsidiaries, on the Closing Date, all the assets, properties, goodwill and business of every kind and description and wherever located, whether tangible or intangible, real, personal or mixed, directly or indirectly owned by the Company

and its Subsidiaries or to which any of them is directly or indirectly entitled and, in any case, belonging to or used or intended to be used in the Business, other than the Excluded Assets (the assets to be purchased by the Purchaser being referred to as the "Assets"), including, without limitation, the following:

- (i) the Business as a going concern;
- (ii) all the Real Property (except as described in Section 2.01(b)(iii));
- (iii) all furniture, fixtures, equipment, machinery and other tangible personal property used or held for use by the Company and its Subsidiaries at the locations at which the Business is conducted, or otherwise owned or held by the Company and its Subsidiaries at the Closing Date for use in the conduct of the Business and not otherwise included in clause (ii) above;
- (iv) all vehicles and rolling stock;
- (v) all cash, cash equivalents and bank accounts (other than the Purchase Price Bank Account and the amount specified in Section 2.01(b)(ii)) owned by the Company and its Subsidiaries at the Closing Date;
- (vi) all Inventories;
- (vii) all Receivables;
- (viii) except for the Excluded Assets, all books of account, general, financial, tax and personnel records, invoices, shipping records, supplier lists, correspondence and other documents, records and files and all computer software and programs and any rights thereto owned, associated with or employed by the Company and its Subsidiaries or used in, or relating to, the Business at the Closing Date;
- (ix) the goodwill of the Company and its Subsidiaries relating to the Business;
- (x) all the Company's and its Subsidiaries' right, title and interest in, to and under the Owned Intellectual Property and the Licensed Intellectual Property;
- (xi) except for the Excluded Assets, all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind (including rights to insurance proceeds and rights under and pursuant to all warranties, representations and guarantees made by suppliers of products, materials or equipment, or components thereof), pertaining to, arising out of, and enuring to the benefit of the Company and its Subsidiaries;

(xii) all sales and promotional literature, customer lists and other sales-related materials owned, used, associated with or employed by the Company and its Subsidiaries at the Closing Date;

(xiii) except for the Excluded Assets, all rights of the Company and its Subsidiaries under all contracts, licenses, sublicenses, agreements, leases, commitments, and sales and purchase orders, and under all commitments, bids and offers (to the extent such offers are transferable);

(xiv) all municipal, state and federal franchises, permits, licenses, agreements, waivers and authorizations held or used by the Company and its Subsidiaries in connection with, or required for, the Business, to the extent transferable; and

(xv) except for the Excluded Assets, all the Company's and its Subsidiaries' right, title and interest on the Closing Date in, to and under all other assets, rights and claims of every kind and nature used or intended to be used in the operation of, or residing with, the Business.

(b) Purchaser's obligations hereunder shall be subject to SAG, the Company and the Subsidiaries having delivered the Assets, including the Business as a going concern, to the Purchaser without there having been, from the Effective Time to the Closing, any adverse effect on, or events relating to, the Assets or the Business which would, individually or in the aggregate, either (i) result in a decrease in the enterprise value of the Business, taken as a whole, of \$20,000,000 or more or (ii) result in a decrease in the book value of the Assets, taken as a whole, in excess of \$7,500,000 after taking into account the proceeds from any insurance policies. For purposes of the foregoing determination, any adverse effect or event which is caused by, is related to or results from the actions or directions of the Purchaser or any of its employees, officers, directors, representatives or Affiliates shall be excluded.

(c) The Assets shall exclude the following assets owned by the Company or any Subsidiary (the "Excluded Assets"):

(i) the Purchase Price Bank Account;

(ii) cash in the amount of \$1,500,000;

(iii) the Real Property located at 4000 NW 36th Avenue, Miami, Florida 33142, 4010 NW 36th Avenue, Miami, Florida 33142 and 4001 NW 37th Avenue, Miami, Florida 33142, respectively;

(iv) all of the outstanding capital stock of the Company and the Subsidiaries;

- (v) the organization documents, minute and stock record books and the corporate seal of the Company and its Subsidiaries;
- (vi) the real property located at 2137 Hibiscus Circle, North Miami, Florida and the 28 Foot Pro-Line boat with twin outboard gasoline engines;
- (vii) all rights of SAG, the Company and the Subsidiaries under this Agreement and the Ancillary Agreements;
- (viii) all warranties and rights to indemnification and similar rights in favor of SAG, the Company and its Subsidiaries under the Stock Purchase Agreement and all rights in favor of SAG under the Escrow Agreement (as defined in the Stock Purchase Agreement), including, without limitation, the right to receive and retain any and all amounts disbursed pursuant thereto;
- (ix) all rights to insurance, whether arising by contract, operation of law or otherwise, in favor of SAG, the Company or any Subsidiary to the extent related to any Loss for which indemnification is provided pursuant to Section 8.02(a); and
- (x) all assets acquired by the Company or any of its Subsidiaries after the Effective Time (A) that are unrelated to, and are not acquired by or with funds of, the Business and (B) the acquisition of which is funded by SAG or any of its Affiliates..

SECTION 2.02. Assumption and Exclusion of Liabilities. (a) On the terms and subject to the conditions of this Agreement, the Purchaser shall, on the Closing Date, assume and shall pay, perform and discharge when due all Liabilities of the Company and its Subsidiaries, whether accrued or arising before or after the Closing, except for the Excluded Liabilities (the "Assumed Liabilities").

(b) The Company and its Subsidiaries shall retain, and shall be responsible for paying, performing and discharging when due, and the Purchaser shall not assume or have any responsibility for, the following Liabilities (the "Excluded Liabilities"):

(i) all Taxes (other than (x) all Taxes contemplated by Section 2.07, (y) all Payroll Taxes and (z) all real and personal property and other similar Taxes, whether accrued or arising before or after the Closing, on the Real Property and personal property included in the Assets (the Taxes described in clauses (y) and (z) being the "Assumed Taxes"); for the avoidance of doubt, the parties hereto agree that all Liabilities of the Company and its Subsidiaries with respect to the Taxes described in clauses (x), (y) and (z) shall be Assumed Liabilities) (A) payable in connection with the transactions contemplated by this Agreement, (B) now or hereafter owed by the

Company or any Affiliate of the Company, and (C) which (x) are attributable to the Assets or the Business and (y) relate to any period, or any portion of any period, ending on or prior to the Closing Date;

(ii) all Liabilities relating primarily to or arising primarily out of the Excluded Assets; and

(iii) all indebtedness of the Company and its Subsidiaries for borrowed money under (A) the loan in the amount of \$996,100.36 from Jetborne International, (B) the loan in the amount of \$4,294,906.35 from Banco Exterior, and (C) the loan in the amount of \$850,796.97 from Gibraltar Bank (collectively, the "Loans").

SECTION 2.03. Purchase Price; Allocation of Purchase Price. (a) The purchase price for the Assets shall be 117,286,000 (the "Purchase Price"); provided, however, that (i) in the event the aggregate amount required to pay off the Loans as of the Effective Time shall be higher than the aggregate amounts of the Loans specified in Section 2.02(b)(iii), then the Purchase Price shall be increased by such excess amount and (ii) in the event the aggregate amount required to pay off the Loans as of the Effective Time shall be lower than the aggregate amounts of the Loans specified in Section 2.02(b)(iii), then the Purchase price shall be decreased by such lower amount.

(b) Within 60 days after Closing, the Purchaser and SAG shall agree to an allocation of the sum of the Purchase Price and the Assumed Liabilities among the Assets as of the Closing Date. For all Tax purposes, the Purchaser agrees, and SAG agrees to cause the Company, to report the transactions contemplated in this Agreement in a manner consistent with the terms of this Agreement, including the allocation under this Section 2.03(b), and that the Purchaser will not, and SAG will not and will cause the Company not to, take any position inconsistent therewith in any Tax return, in any refund claim, in any litigation, or otherwise.

SECTION 2.04. Closing. Upon the terms and subject to the conditions of this Agreement, the sale and purchase of the Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "Closing") to be held at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York at 10:00 A.M. New York time on the later to occur of (i) April 21, 1998 or (ii) the fifth Business Day following the later to occur of the (A) expiration or termination of all applicable waiting periods under the HSR Act and (B) satisfaction or waiver of all other conditions to the obligations of the parties set forth in Article VII, or at such other place or at such other time or on such other date as SAG and the Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

SECTION 2.05. Closing Deliveries by the Company and its Subsidiaries. At the Closing, SAG shall cause the Company and its Subsidiaries to deliver or cause to be delivered to the Purchaser:

- (a) the Bill of Sale, the Deeds and such other instruments, in form and substance reasonably satisfactory to the Purchaser, as may be reasonably requested by the Purchaser to transfer the Assets to the Purchaser or evidence such transfer on the public records;
- (b) an executed counterpart of the Assumption Agreement and the Lease;
- (c) a receipt for the Purchase Price;
- (d) a certificate of non-foreign status executed in accordance with the provisions of the Foreign Investments in Real Property Tax Act;
- (e) an assignment of the Koch Employment Agreement in the form attached to this Agreement; and
- (f) a certificate executed by a duly authorized officer of SAG certifying to the Purchaser that the representations and warranties of SAG contained in this Agreement shall have been true and correct when made and shall be true and correct in all material respects as of the Closing with the same force and effect as if made as of the Closing, other than such representations and warranties as are made as of another date, which shall be true and correct as of such other date, and that the covenants and agreements contained in this Agreement to be complied with by SAG on or before the Closing shall have been complied with in all material respects (in each case, subject to Section 5.05(ii)).

The Purchaser shall not be required to effect the Closing if the Bill of Sale, the Deeds, the Assumption Agreement, the Lease, the assignment of the Koch Employment Agreement and the certificate contemplated by clause (f) shall not be delivered to the Purchaser.

SECTION 2.06. Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver to the Company:

- (a) the Purchase Price by wire transfer in immediately available funds to the Purchase Price Bank Account;
 - (b) an executed counterpart of the Assumption Agreement and the Lease;
- and

(c) a certificate executed by a duly authorized officer of the Purchaser certifying to SAG that the representations and warranties of the Purchaser contained in this Agreement shall have been true and correct when made and shall be true and correct in all material respects as of the Closing with the same force and effect as if made as of the Closing, other than such representations and warranties as are made as of another date, which shall be true and correct as of such other date, and that the covenants and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects.

SAG shall not be required to effect the Closing if the Purchase Price, the Assumption Agreement, the Lease and the certificate contemplated by clause (c) shall not be delivered to SAG.

SECTION 2.07. Conveyance Taxes. The Purchaser shall be liable for and shall hold SAG, the Company and the Subsidiaries harmless against any real property transfer or gains, sales, use, transfer, value added, stock transfer, and stamp taxes, any transfer, recording, registration, and other fees, and any similar Taxes which become payable in connection with the transaction contemplated by this Agreement, and shall file such applications and documents as shall permit any such Tax to be assessed and paid on or prior to the Closing Date in accordance with any available pre-sale filing procedure. SAG shall execute and deliver all instruments and certificates necessary to enable the Purchaser to comply with the foregoing.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SAG

As an inducement to the Purchaser to enter into this Agreement, SAG hereby represents and warrants to the Purchaser (i) as of the Effective Time and as of the Closing with respect to all of the representations and warranties set forth in this Agreement (other than those contained in Sections 3.01, 3.06, 3.07 and 3.15), (ii) as of the date of this Agreement and as of the Closing with respect to the representations and warranties set forth in Sections 3.01, 3.06 and 3.07 and (iii) as of the time immediately preceding the Effective Time with respect to the representations and warranties set forth in Section 3.15 as follows:

SECTION 3.01. Organization, Authority and Qualification of SAG and the Company. SAG is duly organized, validly existing and in good standing under the laws of the State of Florida and has all necessary power and authority to enter into this Agreement to carry

out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by SAG, the performance by SAG of its obligations hereunder and the consummation by SAG of the transactions contemplated hereby have been duly authorized by all requisite action on the part of SAG. This Agreement has been, and upon execution each of the Ancillary Agreements shall have been, duly executed and delivered by SAG, the Company and the Subsidiaries, as the case may be, and (assuming due authorization, execution and delivery by the Purchaser) this Agreement constitutes, and upon their execution each of the Ancillary Agreements will constitute, a legal, valid and binding obligation of SAG, the Company and the Subsidiaries, as the case may be, enforceable against SAG, the Company and the Subsidiaries, as the case may be, in accordance with its terms.

SECTION 3.02. Organization, Authority and Qualification of the Company.

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as it has been and is currently conducted. The Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary and all such jurisdictions are set forth in Section 3.02 of the Disclosure Schedule. All corporate actions taken by the Company have been duly authorized, and the Company has not taken any action that in any respect conflicts with, constitutes a default under or results in a violation of any provision of its Certificate of Incorporation or By-laws.

SECTION 3.03. Capital Stock of the Company; Ownership of the Company.

Except for the Stock Purchase Agreement or as set forth in Section 3.03(a) of the Disclosure Schedule, there are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the capital stock of the Company or obligating SAG or the Company to issue or sell any shares of capital stock of, or any other interest in, the Company. There are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of Common Stock or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any other Person. Immediately upon consummation of the transactions contemplated by the Stock Purchase Agreement, SAG will own all the issued and outstanding capital stock of the Company.

SECTION 3.04. Subsidiaries. (a) Section 3.04(a) of the Disclosure Schedule sets forth a true and complete list of all Subsidiaries, listing for each Subsidiary its name, type of entity, the jurisdiction and date of its incorporation or organization, its authorized capital stock, partnership capital or equivalent, the number and type of its issued and outstanding shares of capital stock, partnership interests or similar ownership interests and the current ownership of such shares, partnership interests or similar ownership interests.

(b) Other than the Subsidiaries, there are no other corporations, partnerships, joint ventures, associations or other entities in which the Company owns, of record or beneficially, any direct or indirect equity or other interest or any right (contingent or otherwise) to acquire the same. Other than the Subsidiaries, the Company is not a member of (nor is any part of the Business conducted through) any partnership. Except as set forth in Section 3.04(b) of the Disclosure Schedule, the Company is not a participant in any joint venture or similar arrangement.

(c) Each Subsidiary (i) is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation, (ii) has all necessary power and authority to own, operate or lease the properties and assets owned, operated or leased by such Subsidiary and to carry on its business as it has been and is currently conducted by such Subsidiary and (iii) is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary, except for such qualifications the failure to obtain would not have a Material Adverse Effect.

(d) All the outstanding shares of capital stock of each Subsidiary are owned by the Company, whether directly or indirectly, free and clear of all Encumbrances.

(e) There are no options, warrants, convertible securities, or other rights, agreements, arrangements or commitments of any character relating to the capital stock of any Subsidiary or obligating the Company or any Subsidiary to issue or sell any shares of capital stock of, or any other interest in, any Subsidiary.

(f) All corporate actions taken by each Subsidiary have been duly authorized and no Subsidiary has taken any action that in any respect conflicts with, constitutes a default under or results in a violation of any provision of its charter or by-laws (or similar organizational documents).

(g) Except as set forth in Section 3.04(g) of the Disclosure Schedule, no Subsidiary is a member of (nor is any part of its business conducted through) any partnership nor is any Subsidiary a participant in any joint venture or similar arrangement.

(h) There are no agreements or understandings in effect with respect to the transfer of any shares of capital stock of or any other interests in any Subsidiary.

SECTION 3.05. Corporate Books and Records. The minute books of the Company and the Subsidiaries contain accurate records of all meetings and accurately reflect all other actions taken by the stockholders, Boards of Directors and all committees of the Boards of Directors of the Company and the Subsidiaries. Complete and accurate copies of all

such minute books and of the stock register of the Company and each Subsidiary have been provided by the Company to the Purchaser.

SECTION 3.06. No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Section 3.07 have been obtained and all filings and notifications listed in Section 3.07 of the Disclosure Schedule have been made, except as may result from any facts or circumstances relating solely to the Purchaser, the execution, delivery and performance of this Agreement by SAG do not and will not violate, conflict with or result in the breach of any provision of the charter or by-laws (or similar organizational documents) of SAG.

SECTION 3.07. Governmental Consents and Approvals. The execution, delivery and performance of this Agreement by SAG do not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority, except (a) for any such consents, approvals, authorizations or other orders of, actions by, filings with or notification to any Governmental Authority as may be required in order to effect a sale or transfer of the Assets and (b) the notification requirements of the HSR Act.

SECTION 3.08. Financial Information, Books and Records. (a) True and complete copies of (i) the audited consolidated balance sheet of the Company for each of the three fiscal years ended as of April 30, 1995, April 30, 1996, and April 30, 1997, and the related audited consolidated statements of income, retained earnings and cash flows of the Company, together with all related notes and schedules thereto, accompanied by the reports thereon of the Company's Accountants (collectively referred to herein as the "Financial Statements") and (ii) the unaudited consolidated balance sheet of the Company as of February 28, 1998, and the related consolidated statements of income and retained earnings of the Company (collectively referred to herein as the "Interim Financial Statements") have been delivered by the Company to the Purchaser. The Financial Statements, the Interim Financial Statements and the Reference Balance Sheet (i) were prepared in accordance with the books of account and other financial records of the Company and (ii) present fairly the consolidated financial condition and results of operations of the Company and the Subsidiaries as of the dates thereof or for the periods covered thereby. The Financial Statements have been prepared in accordance with U.S. GAAP applied on a basis consistent with the past practices of the Company and include all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the consolidated financial condition of the Company and the Subsidiaries and the results of the operations of the Company and the Subsidiaries as of the dates thereof or for the periods covered thereby.

(b) The books of account and other financial records of the Company and the Subsidiaries: (i) reflect all items of income and expense and all assets and Liabilities required

to be reflected therein in accordance with U.S. GAAP applied on a basis consistent with the past practices of the Company and the Subsidiaries, respectively and (ii) are in all material respects complete and correct, and do not contain or reflect any material inaccuracies or discrepancies.

SECTION 3.09. No Undisclosed Liabilities. There are no Liabilities of the Company or any Subsidiary, other than Liabilities (i) reflected or reserved against on the Reference Balance Sheet, (ii) disclosed in Section 3.09 of the Disclosure Schedule or (iii) incurred since the date of this Agreement in the ordinary course of the business, consistent with the past practice, of the Company and the Subsidiaries that do not and are not reasonably likely to have a Material Adverse Effect. Reserves are reflected on the Reference Balance Sheet against all Liabilities of the Company and the Subsidiaries in amounts that have been established on a basis consistent with the past practices of the Company and the Subsidiaries and in accordance with U.S. GAAP.

SECTION 3.10. Receivables. Except to the extent, if any, reserved for on the Reference Balance Sheet, all Receivables reflected on the Reference Balance Sheet arose from, and the Receivables existing on the Closing Date will have arisen from, the sale of Inventory or services to Persons not affiliated with the Company or any Subsidiary and in the ordinary course of the Business consistent with past practice and, except as reserved against on the Reference Balance Sheet, constitute or will constitute, as the case may be, only valid and, to the best knowledge of the Company, undisputed claims of the Company or a Subsidiary not subject to valid claims of set off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of the Business consistent with past practice.

SECTION 3.11. Inventories. (a) Subject to amounts reserved therefor on the Reference Balance Sheet, the values at which all Inventories are carried on the Reference Balance Sheet reflect the historical inventory valuation policy of the Company and the Subsidiaries of stating such Inventories at the lower of cost (determined on the first-in, first-out method) or market value and all Inventories are valued such that the Company and the Subsidiaries will earn their customary gross margins thereon. Except as set forth in Section 3.11 of the Disclosure Schedule, the Company or a Subsidiary, as the case may be, has good and marketable title to the Inventories free and clear of all Encumbrances. The Inventories do not consist of, in any material amount, items that are obsolete, damaged or slow-moving. The Inventories do not consist of any items held on consignment. Neither the Company nor any Subsidiary is under any obligation or liability with respect to accepting returns of items of Inventory or merchandise in the possession of their customers other than in the ordinary course of business consistent with past practice. No clearance or extraordinary sale of the Inventories has been conducted since the Reference Balance Sheet Date. Neither the Company nor any Subsidiary has acquired or committed to acquire or manufacture Inventory for sale which is not of a quality and quantity usable in the ordinary course of the Business within a reasonable

period of time and consistent with past practice, nor has the Company or any Subsidiary changed the price of any Inventory except for (i) price reductions to reflect any reduction in the cost thereof to the Company or such Subsidiary, (ii) reductions and increases responsive to normal competitive conditions and consistent with the Company's or such Subsidiary's past sales practices, (iii) increases to reflect any increase in the cost thereof to the Company or such Subsidiary and (iv) increases and reductions made with the written consent of the Purchaser.

(b) The Inventories are in good and merchantable condition in all material respects, are suitable and usable for the purposes for which they are intended and are in a condition such that they can be sold in the ordinary course of the Business consistent with past practice.

SECTION 3.12. Acquired Assets. Except as disclosed in Section 3.12 of the Disclosure Schedule, each asset of the Company and the Subsidiaries (including, without limitation, the benefit of any licenses, leases or other agreements or arrangements) acquired since the Reference Balance Sheet Date has been acquired for consideration not other than the fair market value of such asset at the date of such acquisition.

SECTION 3.13. Conduct in the Ordinary Course; Absence of Certain Changes, Events and Conditions. Since the Reference Balance Sheet Date, except as disclosed in Section 3.13 of the Disclosure Schedule, the business of the Company and the Subsidiaries has been conducted only in the ordinary course and consistent with past practice. As amplification and not limitation of the foregoing, except as disclosed in Section 3.13 of the Disclosure Schedule and also except as would not have a Material Adverse Effect, since the Reference Balance Sheet Date, neither the Company nor any Subsidiary has:

(i) permitted or allowed any of the assets or properties (whether tangible or intangible) of the Company or any Subsidiary to be subjected to any Encumbrance, other than Permitted Encumbrances and Encumbrances that will be released at or prior to the Closing;

(ii) except in the ordinary course of business consistent with past practice, discharged or otherwise obtained the release of any Encumbrance or paid or otherwise discharged any Liability, other than current liabilities reflected on the Reference Balance Sheet and current liabilities incurred in the ordinary course of business consistent with past practice since the Reference Balance Sheet Date;

(iii) made any loan to, guaranteed any Indebtedness of or otherwise incurred any Indebtedness on behalf of any Person other than loans to its employees made in the ordinary course of business, consistent with past practices, which do not exceed \$15,000 in the aggregate;

(iv) failed to pay any creditor any amount owed to such creditor when due, except for amounts being contested in good faith by the Company or any Subsidiary;

(v) redeemed any of the capital stock or declared, made or paid any dividends or distributions (whether in cash, securities or other property) to the holders of capital stock of the Company or any Subsidiary or otherwise, other than dividends, distributions and redemptions declared, made or paid by any Subsidiary solely to the Company;

(vi) made any material changes in the customary methods of operations of the Company or any Subsidiary, including, without limitation, practices and policies relating to manufacturing, purchasing, Inventories, marketing, selling and pricing;

(vii) other than the Permitted Mergers, merged with, entered into a consolidation with or acquired an interest of 5% or more in any Person or acquired a substantial portion of the assets or business of any Person or any division or line of business thereof, or otherwise acquired any material assets other than in the ordinary course of business consistent with past practice;

(viii) made any capital expenditure or commitment for any capital expenditure in excess of \$30,000 individually or \$300,000 in the aggregate;

(ix) sold, transferred, leased, subleased, licensed or otherwise disposed of any properties or assets, real, personal or mixed (including, without limitation, leasehold interests and intangible assets), other than the sale of Inventories in the ordinary course of business consistent with past practice;

(x) issued or sold any capital stock, notes, bonds or other securities, or any option, warrant or other right to acquire the same, of, or any other interest in, the Company or any Subsidiary;

(xi) entered into any agreement, arrangement or transaction with any of its directors, officers, employees or shareholders (or with any relative, beneficiary, spouse or Affiliate of such Person);

(xii) (A) granted any increase, or announced any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable by the Company or any Subsidiary to any of its employees, including, without limitation, any increase or change pursuant to any Plan other than in the ordinary course of the Business, consistent with past practice, or (B) established or increased or promised to increase any benefits under any Plan, in either case except as required by Law or any

collective bargaining agreement and involving ordinary increases consistent with the past practices of the Company or such Subsidiary;

(xiii) written down or written up (or failed to write down or write up in accordance with U.S. GAAP) the value of any Inventories or receivables or revalued any assets of the Company or any Subsidiary other than in the ordinary course of business and in accordance with U.S. GAAP;

(xiv) made any change in any method of accounting or accounting practice or policy used by the Company or any Subsidiary, other than such changes required by U.S. GAAP or disclosed in Section 3.13 of the Disclosure Schedule;

(xv) allowed any Permit or Environmental Permit that was issued or relates to the Company or any Subsidiary or otherwise relates to any Asset to lapse or terminate or failed to renew any such Permit or Environmental Permit or any insurance policy that is scheduled to terminate or expire within 45 calendar days of the Closing Date;

(xvi) incurred any Indebtedness, in excess of \$50,000 individually or \$250,000 in the aggregate, other than trade payables incurred in the ordinary course of the Business, consistent with past practice;

(xvii) amended, modified or consented to the termination of any Material Contract or the Company's or any Subsidiary's rights thereunder;

(xviii) other than as a result of the Permitted Mergers, amended or restated the Certificate of Incorporation or the By-laws (or other organizational documents) of the Company or any Subsidiary;

(xix) terminated, discontinued, closed or disposed of any plant, facility or other business operation, or laid off any employees (other than layoffs of less than 50 employees in any six-month period in the ordinary course of business consistent with past practice) or implemented any early retirement, separation or program providing early retirement window benefits within the meaning of Section 1.401(a)-4 of the Regulations or announced or planned any such action or program for the future;

(xx) disclosed any secret or confidential Intellectual Property (except by way of issuance of a patent) or permitted to lapse or go abandoned any Intellectual Property (or any registration or grant thereof or any application relating thereto) to which, or under which, the Company or any Subsidiary has any right, title, interest or license;

(xxi) suffered any casualty loss or damage with respect to any of the Assets which in the aggregate have a replacement cost of more than \$100,000, whether or not such loss or damage shall have been covered by insurance;

(xxii) suffered any Material Adverse Effect; or

(xxiii) agreed, whether in writing or otherwise, to take any of the actions specified in this Section 3.13 or granted any options to purchase, rights of first refusal, rights of first offer or any other similar rights or commitments with respect to any of the actions specified in this Section 3.13, except as expressly contemplated by this Agreement.

SECTION 3.14. Litigation. Except as set forth in Section 3.14 of the Disclosure Schedule (which, with respect to each Action disclosed therein, sets forth: the parties, nature of the proceeding, date and method commenced, amount of damages or other relief sought and, if applicable, paid or granted), there are no Actions by or against the Company or any Subsidiary (or by or against SAG or any Affiliate thereof and relating to the Business, the Company or any Subsidiary), or affecting any of the Assets, pending before any Governmental Authority (or, to the best knowledge of the Company, threatened to be brought by or before any Governmental Authority). None of the matters disclosed in Section 3.14 of the Disclosure Schedule has or has had a Material Adverse Effect or could affect the legality, validity or enforceability of this Agreement, the Representative Agreement or the Escrow Agreement or the consummation of the transactions contemplated hereby or thereby. Except as set forth in Section 3.14 of the Disclosure Schedule, none of the Company, the Subsidiaries nor any of the Assets nor SAG is subject to any Governmental Order (nor, to the best knowledge of SAG, are there any such Governmental Orders threatened to be imposed by any Governmental Authority) which has or has had a Material Adverse Effect.

SECTION 3.15. Certain Interests. (a) To the best knowledge of the Company, except as disclosed in Section 3.15(a) of the Disclosure Schedule, no officer or director of the Company or any Subsidiary and no relative or spouse (or relative of such spouse) who resides with, or is a dependent of, any such officer or director:

(i) has any direct or indirect financial interest in any competitor, supplier or customer of the Company or any Subsidiary, provided, however, that the ownership of securities representing no more than one percent of the outstanding voting power of any competitor, supplier or customer, and which are listed on any national securities exchange or traded actively in the national over-the-counter market, shall not be deemed to be a "financial interest" so long as the Person owning such securities has no other connection or relationship with such competitor, supplier or customer;

(ii) owns, directly or indirectly, in whole or in part, or has any other interest in any tangible or intangible property which the Company or any Subsidiary uses or has used in the conduct of the Business or otherwise; or

(iii) has outstanding any Indebtedness to the Company or any Subsidiary.

(b) To the best knowledge of the Company, except as disclosed in Section 3.15(b) of the Disclosure Schedule, no officer or director of the Company or any Subsidiary and no relative or spouse (or relative of such spouse) who resides with, or is a dependent of, any such officer or director has outstanding any Indebtedness to SAG.

(c) To the best knowledge of the Company, except as disclosed in Section 3.15(c) of the Disclosure Schedule, neither the Company nor any Subsidiary has any Liability or any other obligation of any nature whatsoever to any officer, director or shareholder of the Company or any Subsidiary or to any relative or spouse (or relative of such spouse) who resides with, or is a dependent of, any such officer, director or shareholder.

SECTION 3.16. Compliance with Laws. (a) Except as set forth in Section 3.16(a) of the Disclosure Schedule or as would not, individually or in the aggregate, have a Material Adverse Effect, the Company and the Subsidiaries have each conducted and continue to conduct the Business in accordance with all Laws and Governmental Orders applicable to the Company or any Subsidiary or any of the Assets or the Business, and none of the Company, any Subsidiary or any of the Assets is in violation of any such Law or Governmental Order.

(b) Section 3.16(b) of the Disclosure Schedule sets forth a brief description of each Governmental Order applicable to the Company or any Subsidiary or any of the Assets or the Business, and no such Governmental Order has or has had a Material Adverse Effect.

SECTION 3.17. Environmental and Other Permits and Licenses; Related Matters. (a) Except as disclosed in Section 3.17(a)(i) of the Disclosure Schedule:

(i) The Company and the Subsidiaries are in compliance with all applicable Environmental Laws and all Environmental Permits. All past non-compliance with Environmental Laws or Environmental Permits has been resolved without any pending, ongoing or future obligation, cost or liability.

(ii) There are no underground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any of the Real Property or, to the best knowledge

of the Company, on any property formerly owned, leased, used or occupied by the Company or the Subsidiaries.

(iii) The Company and the Subsidiaries have not, and, to the best knowledge of the Company, no other Person has, Released Hazardous Materials on any of the Real Property or during their ownership or occupancy of such property on any property formerly owned, leased, used or occupied by the Company or the Subsidiaries.

(iv) The Company and the Subsidiaries are not conducting, and have not undertaken or completed, any Remedial Action relating to any Release or threatened Release at the Real Property or at any other site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law or Environmental Permit.

(v) There is no asbestos or asbestos-containing material on any of the Real Property.

(vi) None of the Real Property is listed or proposed for listing on the National Priorities List or the Comprehensive Environmental Response, Compensation and Liability Information System under the federal Comprehensive Environmental Response, Compensation, and Liability Act or any analogous, federal, state or local list.

(vii) There are no Environmental Claims pending or threatened against the Company, the Subsidiaries, the Business or the Real Property, and, to the best knowledge of the Company, there are no circumstances that can reasonably be expected to form the basis of any such Environmental Claim, including, without limitation, with respect to any off-site disposal location presently or formerly used by the Company or the Subsidiaries or any of their predecessors or with respect to any previously owned or operated facilities.

(viii) The Company and the Subsidiaries can maintain present production levels in compliance with applicable Environmental Laws without modifying any Environmental Permits or obtaining any additional Environmental Permits.

(b) The Company and the Subsidiaries have provided Purchaser with copies of any environmental assessment or audit reports or other similar studies or analyses relating to the Business, the Real Property, the Company or the Subsidiaries.

(c) Except as disclosed in Section 3.17(d) of the Disclosure Schedule, there are not now and never have been any USTs located on any Real Property or, to the best knowledge of the Company, on any property adjoining any Real Property.

(d) For purposes of SAG's indemnification of the Purchaser pursuant to Section 8.02(a), the representations and warranties in this Section 3.17 shall be deemed to have been made without giving effect to (i) any limitations or qualifications as to the "knowledge" or "best knowledge" of the Company, or words of similar import, and (ii) any exception for items disclosed in Section 3.17 of the Disclosure Schedule or otherwise.

SECTION 3.18. Material Contracts. (a) Section 3.18(a) of the Disclosure Schedule lists each of the following contracts and agreements (including, without limitation, oral and informal arrangements) of the Company and the Subsidiaries (such contracts and agreements, together with all contracts, agreements, leases and subleases concerning the management or operation of the Real Property (including, without limitation, brokerage contracts) listed or otherwise disclosed in Section 3.20(a) of the Disclosure Schedule to which the Company or any Subsidiary is a party and all agreements relating to Intellectual Property set forth in Section 3.19(a) of the Disclosure Schedule, being "Material Contracts"):

(i) each contract and agreement for the purchase of Inventory, spare parts, other materials or personal property with any supplier or for the furnishing of services to the Company, any Subsidiary or otherwise related to the Business under the terms of which the Company or any Subsidiary: (A) is likely to pay or otherwise give consideration of more than \$50,000 in the aggregate during the calendar year ended December 31, 1998, (B) is likely to pay or otherwise give consideration of more than \$50,000 in the aggregate over the remaining term of such contract or (C) cannot be canceled by the Company or such Subsidiary without penalty or further payment and without more than 30 days' notice;

(ii) each contract and agreement for the sale of Inventory or other personal property or for the furnishing of services by the Company or any Subsidiary which: (A) is likely to involve consideration of more than \$250,000 in the aggregate during the calendar year ended December 31, 1998 and (B) is likely to involve consideration of more than \$250,000 in the aggregate over the remaining term of the contract;

(iii) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising contracts and agreements to which the Company or any Subsidiary is a party;

(iv) all management contracts and contracts with independent contractors or consultants (or similar arrangements) to which the Company or any Subsidiary is a

party and which are not cancellable without penalty or further payment and without more than 30 days' notice;

(v) all contracts and agreements relating to Indebtedness of the Company or any Subsidiary;

(vi) all contracts and agreements with any Governmental Authority to which the Company or any Subsidiary is a party;

(vii) all contracts and agreements that limit or purport to limit the ability of the Company or any Subsidiary to compete in any line of business or with any Person or in any geographic area or during any period of time;

(viii) all contracts and agreements providing for benefits under any Plan; and

(ix) other than the Stock Purchase Agreement (and the agreements entered into in connection therewith), all other contracts and agreements, whether or not made in the ordinary course of business, which the Company would be required to disclose in a registration statement on form S-1 under the Securities Act of 1933, as amended (and the rules and regulations promulgated thereunder), or if the Company filed reports with the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (and the rules and regulations promulgated thereunder).

For purposes of this Section 3.18 and Sections 3.19 and 3.20, the term "lease" shall include any and all leases, subleases, sale/leaseback agreements or similar arrangements.

(b) Except as disclosed in Section 3.18(b) of the Disclosure Schedule, each Material Contract is valid and binding on the respective parties thereto and is in full force and effect. Except as disclosed in Section 3.18(b) of the Disclosure Schedule, all Material Contracts are freely assignable without the consent of the other party thereto.

(c) Neither the Company nor any Subsidiary is in breach of, or default under, any Material Contract. Except as disclosed in Section 3.18(c) of the Disclosure Schedule, to the best of the Company's knowledge, no other party to any Material Contract is in breach thereof or default thereunder.

SECTION 3.19. Intellectual Property. (a) Section 3.19(a)(i) of the Disclosure Schedule sets forth a true and complete list and a brief description, including a complete identification of each patent and patent application and each registration or application for registration thereof, of all Owned Intellectual Property and Section 3.19(a)(ii) of the Disclosure Schedule sets forth a true and complete list and a brief description, including a description of

any license or sublicense thereof, of all Licensed Intellectual Property. Except as otherwise described in Section 3.19(a)(i) of the Disclosure Schedule, in each case where a registration or patent or application for registration or patent listed in Section 3.19(a)(i) of the Disclosure Schedule is held by assignment, the assignment has been duly recorded with the State or national Trademark Office from which the original registration issued or before which the application for registration is pending. Except as disclosed in Section 3.19(a)(iii) of the Disclosure Schedule, the rights of the Company or any Subsidiary, as the case may be, in or to such Intellectual Property do not conflict with or infringe on the rights of any other Person, and neither SAG or the Company, nor any Subsidiary, has received any written claim or written notice from any Person, to such effect.

(b) Except as disclosed in Section 3.19(b) of the Disclosure Schedule:

(i) all the Owned Intellectual Property is owned by either the Company or a Subsidiary, as the case may be, free and clear of any Encumbrance and (ii) no Actions have been made or asserted or are pending (nor, to the best knowledge of the Company, has any such Action been threatened) against the Company or any Subsidiary either (A) based upon or challenging or seeking to deny or restrict the use by the Company or any Subsidiary of any of the Owned Intellectual Property or (B) alleging that any services provided, or products manufactured or sold by the Company or any Subsidiary are being provided, manufactured or sold in violation of any patents or trademarks, or any other rights of any Person. To the best knowledge of the Company, no Person is using any patents, copyrights, trademarks, service marks, trade names, trade secrets or similar property that are confusingly similar to the Owned Intellectual Property or that infringe upon the Owned Intellectual Property or upon the rights of the Company or any Subsidiary therein. Except as disclosed in Section 3.19(b) of the Disclosure Schedule, neither SAG or the Company, nor any Subsidiary, has granted any license or other right to any other Person with respect to the Owned Intellectual Property.

(c) SAG has, or has caused to be, delivered to the Purchaser correct and complete copies of all the licenses and sublicenses for Licensed Intellectual Property listed in Section 3.19(a)(ii) of the Disclosure Schedule and any and all ancillary documents pertaining thereto (including, but not limited to, all amendments, consents and evidence of commencement dates and expiration dates). With respect to each of such licenses and sublicenses:

(i) such license or sublicense, together with all ancillary documents delivered pursuant to the first sentence of this Section 3.19(d), is valid and binding and in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license or sublicense;

(ii) except as otherwise disclosed in Section 3.19(a)(ii) of the Disclosure Schedule, neither SAG or the Company, nor any Subsidiary, has granted to any other Person any rights, adverse or otherwise, under such license or sublicense;

(iii) no Actions have been made or asserted or are pending (nor, to the best knowledge of the Company, has any such Action been threatened) against the Company or any Subsidiary either (A) based upon or challenging or seeking to deny or restrict the use by the Company or any Subsidiary of any of the Licensed Intellectual Property or (B) alleging that any Licensed Intellectual Property is being licensed, sublicensed or used in violation of any patents or trademarks, or any other rights of any Person; and

(iv) to the best knowledge of the Company, no Person is using any patents, copyrights, trademarks, service marks, trade names, trade secrets or similar property that are confusingly similar to the Licensed Intellectual Property or that infringe upon the Licensed Intellectual Property or upon the rights of the Company or any Subsidiary therein.

(d) The Intellectual Property described in Sections 3.19(a)(i) and (ii) of the Disclosure Schedule constitutes all the Intellectual Property material to the Company and the Subsidiaries, taken as a whole, or necessary in the conduct of the Business.

SECTION 3.20. Real Property. (a) Section 3.20(a) of the Disclosure Schedule lists: (i) the street address of each parcel of Real Property, (ii) the date on which each parcel of Real Property was acquired, (iii) the current owner of each such parcel of Real Property, (iv) information relating to the recordation of the deed pursuant to which each such parcel of Real Property was acquired and (v) the current use of each such parcel of Real Property. Each current owner of each parcel of Real Property owns fee simple title to such parcel of Real Property free and clear of all Encumbrances other than Permitted Encumbrances.

(b) Neither the Company nor any Subsidiary leases any parcel of real property or any office space, warehouse space or other space from any unaffiliated third party.

(c) Except as described in Section 3.20(c) or 3.15(c) of the Disclosure Schedule, there is no material violation of any Law (including, without limitation, any building, planning or zoning law) relating to any of the Real Property. The Company has made available to the Purchaser true and complete copies of each deed for each parcel of Real Property and all the title insurance policies, title reports, surveys, mortgages, easements, certificates of occupancy, environmental reports and audits, appraisals, Permits, other title documents and other documents relating to or otherwise affecting the Real Property. Either the Company or a Subsidiary, as the case may be, is in peaceful and undisturbed possession of each parcel of Real Property and there are no contractual or legal restrictions that preclude or

restrict the ability to use the premises for the purposes for which they are currently being used. All existing water, sewer, steam, gas, electricity, telephone and other utilities required for the construction, use, occupancy, operation and maintenance of the Real Property are adequate for the conduct of the business of the Company and the Subsidiaries as it has been and currently is conducted. There are no material latent defects or material adverse physical conditions affecting the Real Property or any of the facilities, buildings, structures, erections, improvements, fixtures, fixed assets and personalty of a permanent nature annexed, affixed or attached to, located on or forming part of the Real Property. Each parcel of Real Property has direct access from a public road, and such access is sufficient for the Company and its subsidiaries, as the case may be, to use such Real Property for its current use. Except as set forth in Section 3.20(c) of the Disclosure Schedule, neither the Company nor any Subsidiary has leased or subleased any parcel or any portion of any parcel of Real Property to any other Person.

(d) There are no condemnation proceedings or eminent domain proceedings of any kind pending or, to the best knowledge of the Company, threatened against the Real Property.

(e) Except as set forth in Section 3.20(e) of the Disclosure Schedule, all the Real Property is occupied under a valid and current certificate of occupancy or similar permit, the transactions contemplated by this Agreement will not require the issuance of any new or amended certificate of occupancy and, to the best knowledge of the Company, there are no facts that would prevent the Real Property from being occupied by the Company or any Subsidiary, as the case may be, after the Closing in the same manner as occupied by the Company or such Subsidiary immediately prior to the Closing.

(f) All improvements on the Real Property constructed by or on behalf of the Company or any Subsidiary or, to the best knowledge of the Company, constructed by or on behalf of any other Person were constructed in material compliance with all applicable Laws (including, but not limited to, any building, planning or zoning Laws) affecting such Real Property.

(g) Except as set forth in Section 3.20(g) of the Disclosure Schedule, no improvements on the Real Property and none of the current uses and conditions thereof violate any applicable deed restrictions or other applicable covenants, restrictions, agreements, existing site plan approvals, zoning or subdivision regulations or urban redevelopment plans as modified by any duly issued variances, and no permits, licenses or certificates pertaining to the ownership or operation of all improvements on the Real Property, other than those which are transferable with the Real Property, are required by any Governmental Authority having jurisdiction over the Real Property.

(h) All improvements on any Real Property are wholly within the lot limits of such Real Property and do not encroach on any adjoining premises, and there are no encroachments on any Real Property by any improvements located on any adjoining premises.

(i) Except as otherwise set forth in Section 3.20(i) of the Disclosure Schedule, there have been no improvements of a value in excess of \$250,000 in the aggregate made to or construction on any Real Property within the applicable period for the filing of mechanics' liens that have not been fully paid and for which lien waivers have not been obtained.

SECTION 3.21. Tangible Personal Property. Section 3.21 of the Disclosure Schedule sets forth a list of each distinct group of machinery, equipment, tools, supplies, furniture, fixtures, personalty, vehicles, rolling stock and other tangible personal property (the "Tangible Personal Property") used in the Business or owned or leased by the Company or any Subsidiary the absence of which would, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.22. Assets. (a) Either the Company or a Subsidiary, as the case may be, has good and marketable title to, or, in the case of leased or subleased Assets, valid and subsisting leasehold interests in, all the Assets, free and clear of all Encumbrances, except (i) as disclosed in Section 3.19, 3.20(a) or 3.22(a) of the Disclosure Schedule and (ii) Permitted Encumbrances.

(b) The Assets and the Excluded Assets constitute all the properties, assets and rights forming a part of, used, held or intended to be used in, and all such properties, assets and rights as are necessary in the conduct of, the Business. At all times since the Reference Balance Sheet Date, the Company has caused the Assets to be maintained in accordance with good business practice, and all the Assets are in good operating condition and repair and are suitable for the purposes for which they are used and intended, ordinary wear and tear excepted.

(c) Following the consummation of the transactions contemplated by this Agreement, except as set forth in Section 3.22(c) of the Disclosure Schedule, the Purchaser will own, pursuant to good and marketable title, or lease, under valid and subsisting leases, or otherwise retain an interest in the Assets without incurring any penalty or other adverse consequence, including, without limitation, any increase in rentals, royalties, or licenses or other fees imposed as a result of, or arising from, the consummation of the transactions contemplated by this Agreement.

SECTION 3.23. Customers. Listed in Section 3.23 of the Disclosure Schedule are the names and addresses of the ten most significant customers (by revenue) of the Company

for the twelve-month period ended February 28, 1998 and the amount for which each such customer was invoiced during such period. Except as disclosed in Section 3.23 of the Disclosure Schedule, to the best knowledge of the Company, neither SAG or the Company, nor any Subsidiary, has received any notice or has any reason to believe that any significant customer of the Company has ceased, or will cease, to use the products, equipment, goods or services of the Company or any Subsidiary, or has substantially reduced, or will substantially reduce, the use of such products, equipment, goods or services at any time.

SECTION 3.24. Suppliers. Except as disclosed in Section 3.24 of the Disclosure Schedule, neither SAG or the Company, nor any Subsidiary, has received any notice or has any reason to believe that any significant supplier to the Company or any Subsidiary will not sell raw materials, supplies, merchandise and other goods to the Company or any Subsidiary at any time after the Closing Date on terms and conditions substantially similar to those used in its current sales to the Company and the Subsidiaries, subject only to general and customary price increases.

SECTION 3.25. Employee Benefit Matters. (a) Plans and Material Documents. Section 3.25(a) of the Disclosure Schedule lists (i) all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, and all employment, termination, severance or other contracts or agreements, whether legally enforceable or not, to which the Company or any Subsidiary is a party, with respect to which the Company or any Subsidiary has any obligation or which are maintained, contributed to or sponsored by the Company or any Subsidiary for the benefit of any current or former employee, officer or director of the Company or any Subsidiary, (ii) each employee benefit plan for which the Company or any Subsidiary could incur liability under Section 4069 of ERISA in the event such plan has been or were to be terminated, (iii) any plan in respect of which the Company or any Subsidiary could incur liability under Section 4212(c) of ERISA and (iv) any contracts, arrangements or understandings between SAG, the Company or any of their Affiliates and any employee of the Company or of any Subsidiary, including, without limitation, any contracts, arrangements or understandings relating to the sale of the Company (collectively, the "Plans"). Each Plan is in writing and the Company has furnished the Purchaser with a complete and accurate copy of each Plan and a complete and accurate copy of each material document prepared in connection with each such Plan including, without limitation, (i) a copy of each trust or other funding arrangement, (ii) each summary plan description and summary of material modifications, (iii) the most recently filed Internal Revenue Service ("IRS") Form 5500, (iv) the most recently received IRS determination letter for each such Plan, and (v) the most recently prepared actuarial report and financial statement in connection with each such Plan. Neither the Company nor any Subsidiary has any express or implied commitment, whether legally

enforceable or not, (i) to create, incur liability with respect to or cause to exist any other employee benefit plan, program or arrangement, (ii) to enter into any contract or agreement to provide compensation or benefits to any individual or (iii) to modify, change or terminate any Plan, other than with respect to a modification, change or termination required by ERISA or the Code.

(b) Absence of Certain Types of Plans. None of the Plans is subject to title IV of ERISA, nor has the Company or any Subsidiary ever maintained or contributed to a plan subject to Title IV of ERISA. None of the Plans provides for the payment of separation, severance, termination or similar-type benefits to any Person or obligates the Company or any Subsidiary to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement or as a result of a "change in control", within the meaning of such term under Section 280G of the Code. None of the Plans provides for or promises retiree medical, disability or life insurance benefits to any current or former employee, officer or director of the Company or any Subsidiary. Each of the Plans is subject only to the laws of the United States or a political subdivision thereof.

(c) Compliance with Applicable Law. Each Plan is now and always has been operated in all respects in accordance with the requirements of all applicable Law, including, without limitation, ERISA and the Code, and all persons who participate in the operation of such Plans and all Plan "fiduciaries" (within the meaning of Section 3(21) of ERISA) have always acted in accordance with the provisions of all applicable Law, including, without limitation, ERISA and the Code. The Company and each Subsidiary has performed all obligations required to be performed by it under, is not in any respect in default under or in violation of, and has no knowledge of any default or violation by any party to, any Plan. No legal action, suit or claim is pending or, to the Company's best knowledge, threatened with respect to any Plan (other than claims for benefits in the ordinary course) and, to the Company's best knowledge, no fact or event exists that could give rise to any such action, suit or claim.

(d) Qualification of Certain Plans. Each Plan which is intended to be qualified under Section 401(a) of the Code or Section 401(k) of the Code has received a favorable determination letter from the IRS that it is so qualified and each trust established in connection with any Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code has received a determination letter from the IRS that it is so exempt, and no fact or event has occurred since the date of such determination letter from the IRS to adversely affect the qualified status of any such Plan or the exempt status of any such trust.

(e) Absence of Certain Liabilities. There has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with

respect to any Plan. Neither the Company nor any Subsidiary has incurred any liability for any penalty or tax arising under Section 4971, 4972, 4980, 4980B or 6652 of the Code or any liability under Section 502 of ERISA, and no fact or event exists which could give rise to any such liability.

(f) Plan Contributions and Funding. All contributions, premiums or payments required to be made with respect to any Plan have been made on or before their due dates. All such contributions have been fully deducted for income tax purposes and no such deduction has been challenged or disallowed by any government entity and no fact or event exists which could give rise to any such challenge or disallowance.

(g) Americans with Disabilities Act. Except as set forth in Section 3.25(g) of the Disclosure Schedule, the Company and each Subsidiary are in compliance with the requirements of the Americans with Disabilities Act.

SECTION 3.26. Labor Matters. Except as set forth in Section 3.26 of the Disclosure Schedule, (a) neither the Company nor any Subsidiary is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Company or any Subsidiary and currently there are no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit which could affect the Company or any Subsidiary; (b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the best knowledge of the Company after due inquiry, threatened between the Company or any Subsidiary and any of their respective employees, and neither the Company nor any Subsidiary has experienced any such controversy, strike, slowdown or work stoppage within the past three years; (c) to the best knowledge of the Company, the Company and each Subsidiary is currently in compliance with all applicable Laws relating to the employment of labor, including those related to wages, hours, collective bargaining and the payment and withholding of taxes and other sums as required by the appropriate Governmental Authority and has withheld and paid to the appropriate Governmental Authority or is holding for payment not yet due to such Governmental Authority all amounts required to be withheld from employees of the Company or any Subsidiary and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing; (d) the Company and each Subsidiary has paid in full to all their respective employees or adequately accrued for in accordance with U.S. GAAP all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees; (e) there is no claim with respect to payment of wages, salary or overtime pay that has been asserted or is now pending or threatened before any Governmental Authority with respect to any Persons currently or formerly employed by the Company or any Subsidiary; (f) neither the Company nor any Subsidiary is a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority relating to employees or employment practices; (g) there is no charge or proceeding with respect to a violation of any occupational

safety or health standards that has been asserted or is now pending or threatened with respect to the Company or any Subsidiary; and (h) there is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted or is now pending or threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Authority in any jurisdiction in which the Company or any Subsidiary has employed or currently employs any Person.

SECTION 3.27. Key Employees. (a) Section 3.27(a) of the Disclosure Schedule lists the name, place of employment, the current annual salary rates, bonuses, deferred or contingent compensation, pension, accrued vacation, "golden parachute" and other like benefits paid or payable (in cash or otherwise) in 1995, 1996 and 1997, the date of employment and a description of position and job function of each current salaried employee, officer, director, consultant or agent of the Company or any Subsidiary whose annual compensation exceeded (or, in 1998, is expected to exceed) \$75,000.

(b) Section 3.27(b) of the Disclosure Schedule lists all directors, officers, management employees, and technical and professional employees of the Company and each Subsidiary who are under written obligation to the Company or such Subsidiary to maintain in confidence all confidential or proprietary information acquired by them in the course of their employment.

SECTION 3.28. Taxes. (a) Except for liens for current Taxes not yet due and payable, there are no Tax liens on any assets of the Company or any Subsidiary.

(b) Except (i) with respect to the Excluded Assets and (ii) as disclosed with reasonable specificity in Section 3.28 of the Disclosure Schedule, there are no proposed reassessments of any property owned by the Company or any Subsidiary or other proposals that could increase the amount of any Tax to which the Company or any Subsidiary would be subject.

(c) (i) All returns and reports in respect of Assumed Taxes required to be filed with respect to the Company and each Subsidiary have been timely filed; (ii) all Assumed Taxes required to be shown on such returns and reports or otherwise due have been timely paid; (iii) all such returns and reports (insofar as they relate to the activities of the Company or any Subsidiary) are true, correct and complete in all material respects; (iv) no adjustment relating to such returns has been proposed formally or informally by any Tax authority (insofar as either relates to the activities of the Company or any Subsidiary or could result in liability of the Company or any Subsidiary on the basis of joint and/or several liability) and, to the best knowledge of the Company, no basis exists for any such adjustment; and (v) there are no

pending or, to the best knowledge of the Company, threatened actions or proceedings for the assessment or collection of Assumed Taxes against the Company or any Subsidiary.

(d) Except as disclosed with reasonable specificity in Section 3.28 of the Disclosure Schedule there are no outstanding waivers or agreements extending the statute of limitations for any period with respect to any Assumed Tax to which the Company or any Subsidiary may be subject;

SECTION 3.29. Insurance. (a) Section 3.29(a) of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, workers' compensation, and bond and surety arrangements) under which the Company or any Subsidiary has been an insured, a named insured or otherwise the principal beneficiary of coverage at any time within the past three years:

(i) the name of the insurer and the names of the principal insured and each named insured; and

(ii) the policy number and the period of coverage.

(b) Section 3.29(b) of the Disclosure Schedule sets forth all risks against which the Company or any Subsidiary is self-insured or which are covered under any risk retention program in which the Company or any Subsidiary participates.

SECTION 3.30. Accounts; Lockboxes; Safe Deposit Boxes; Powers of Attorney. Section 3.30 of the Disclosure Schedule is a true and complete list of (a) the names of each bank, savings and loan association, securities or commodities broker or other financial institution in which the Company or any Subsidiary has an account, including cash contribution accounts, and the names of all persons authorized to draw thereon or have access thereto, (b) the location of all lockboxes and safe deposit boxes of the Company and each Subsidiary and the names of all Persons authorized to draw thereon or have access thereto and (c) the names of all Persons, if any, holding powers of attorney relating to the Company, any Subsidiary or the Business, or from the Company or any Subsidiary. At the time of the Closing, other than the Purchase Price Bank Account without the prior written consent of the Purchaser, neither the Company nor any Subsidiary shall have any such account, lockbox or safe deposit box other than those listed in Section 3.30 of the Disclosure Schedule, nor shall any additional Person have been authorized, from the date of this Agreement, to draw thereon or have access thereto or to hold any such power of attorney relating to the Company, any Subsidiary or the Business or from the Company or any Subsidiary. Except as disclosed in Section 3.30 of the Disclosure Schedule, SAG has not commingled monies or accounts of the

Company or any Subsidiary with other monies or accounts of SAG or relating to its other businesses nor has SAG transferred monies or accounts of the Company or any Subsidiary other than to an account of the Company or such Subsidiary. At the time of the Closing, all monies and accounts of the Company and each Subsidiary shall be held by, and be accessible only to, the Company or such Subsidiary.

SECTION 3.31. Full Disclosure. (a) To the knowledge of the Company, there are no facts pertaining to the Company, any Subsidiary or the Business which could have a Material Adverse Effect and which have not been disclosed in this Agreement, the Disclosure Schedule or the Financial Statements or otherwise disclosed to the Purchaser by SAG in writing.

(b) No representation or warranty of SAG in this Article III, nor any statement or certificate furnished or to be furnished to the Purchaser pursuant to this Agreement, or in connection with the transactions contemplated by 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 not misleading.

SECTION 3.32. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of SAG.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

As an inducement to SAG to enter into this Agreement, the Purchaser hereby represents and warrants to SAG as follows:

SECTION 4.01. Organization and Authority of the Purchaser. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to enter into this Agreement and the Ancillary Agreements, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements by the Purchaser, the performance by the Purchaser of its obligations hereunder and thereunder and the consummation by the Purchaser of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Purchaser. This Agreement has been, and upon their execution the Ancillary Agreements will be, duly executed and delivered by the Purchaser, and (assuming due authorization, execution and delivery by SAG, the Company or

a Subsidiary, as the case may be,) this Agreement constitutes, and upon its execution the Escrow Agreement will constitute, a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

SECTION 4.02. No Conflict. Assuming compliance with the notification requirements of the HSR Act and the making and obtaining of all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 4.03, except as may result from any facts or circumstances relating solely to SAG or the Company, the execution, delivery and performance of this Agreement and the Escrow Agreement by the Purchaser do not and will not (a) violate, conflict with or result in the breach of any provision of the Certificate of Incorporation or By-laws of the Purchaser, (b) conflict with or violate any Law or Governmental Order applicable to the Purchaser or (c) conflict with, or result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation, or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Purchaser pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which the Purchaser is a party or by which any of such assets or properties are bound or affected which would have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement or by the Ancillary Agreements.

SECTION 4.03. Governmental Consents and Approvals. The execution, delivery and performance of this Agreement and the Ancillary Agreements by the Purchaser do not and will not require any consent, approval, authorization or other order of, action by, filing with, or notification to, any Governmental Authority, except (a) as described in a writing given to SAG by the Purchaser on the date of this Agreement and (b) the notification requirements of the HSR Act.

SECTION 4.04. Litigation. Except as disclosed in a writing given to SAG by the Purchaser on the date of this Agreement, no claim, action, proceeding or investigation is pending or, to the best knowledge of the Purchaser after due inquiry, threatened, which seeks to delay or prevent the consummation of, or which would be reasonably likely to materially adversely affect the Purchaser's ability to consummate, the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 4.05. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser.

ARTICLE V**ADDITIONAL AGREEMENTS**

SECTION 5.01. Conduct of Business Prior to the Closing. (a) SAG covenants and agrees that, except as described in Section 5.01(a) of the Disclosure Schedule, between the date hereof and the Effective Time, SAG shall not instruct, and between the Effective Time and the Closing, SAG shall use all reasonable efforts not to permit, the Company or any Subsidiary to conduct its business other than in the ordinary course and consistent with the Company's and such Subsidiary's prior practice. Without limiting the generality of the foregoing, except as described in Section 5.01(a) of the Disclosure Schedule, SAG shall not instruct or permit, as the case may be, the Company and each Subsidiary not to (i) continue its advertising and promotional activities, and pricing and purchasing policies, in accordance with past practice; (ii) not shorten or lengthen the customary payment cycles for any of its payables or receivables; (iii) use its best efforts to (A) preserve intact their business organizations and the business organization of the Business, (B) keep available to the Purchaser the services of the employees of the Company and each Subsidiary, (C) continue in full force and effect without material modification all existing policies or binders of insurance currently maintained in respect of the Company, each Subsidiary and the Business and (D) preserve its current relationships with its customers, suppliers and other persons with which it has significant business relationships; and (iv) not engage in any practice, take any action, fail to take any action or enter into any transaction which could cause any representation or warranty of SAG to be untrue or result in a breach of any covenant made by SAG in this Agreement.

(b) Except as described in Section 5.01(b) of the Disclosure Schedule, the SAG covenants and agrees that, between the date hereof and the Effective Time, SAG shall not instruct, and between the Effective Time and the Closing, SAG shall use all reasonable efforts not to permit the Company or any Subsidiary to do any of the things enumerated in the second sentence of Section 3.13 (including, without limitation, clauses (i) through (xxiii) thereof).

(c) Notwithstanding anything to the contrary contained in Section 5.01, SAG, the Company and the Subsidiaries shall be permitted to, and shall be permitted to cause each of their respective subsidiaries and Affiliates to take such actions necessary to enable them to, (i) incur and guarantee the Permitted Debt, (ii) perform its obligations under the Stock Purchase Agreement and (iii) consummate the Permitted Mergers.

SECTION 5.02. Access to Information. (a) From the Effective Time until the Closing, upon reasonable notice, SAG shall cause the Company and the Subsidiaries and each of the Company's and the Subsidiaries' officers, directors, employees, agents, representatives, accountants and counsel to: (i) afford, in coordination with Roger Koch, the officers, employees and authorized agents, accountants, counsel, financing sources and representatives

of the Purchaser reasonable access, during normal business hours and without material disruption to the Business, to the offices, properties, plants, other facilities, books and records of the Company and each Subsidiary and to those officers, directors, employees, agents, accountants and counsel of the Company and of each Subsidiary who have any knowledge relating to the Company, any Subsidiary or the Business and (ii) furnish to the officers, employees and authorized agents, accountants, counsel, financing sources and representatives of the Purchaser such additional financial and operating data and other information regarding the assets, properties and goodwill of the Company, the Subsidiaries and the Business (or legible copies thereof) as the Purchaser may from time to time reasonably request.

(b) In order to facilitate the resolution of any claims made against or incurred by SAG, the Company or any Subsidiary or any of their respective Affiliates prior to the Closing, for a period of seven years after the Closing, the Purchaser shall (i) retain the books and records of the Company and the Subsidiaries delivered to the Purchaser relating to periods prior to the Closing in a manner reasonably consistent with the prior practice of the Company and the Subsidiaries and (ii) upon reasonable notice, afford the officers, employees and authorized agents and representatives of SAG reasonable access (including the right to make, at SAG's expense, photocopies), during normal business hours, to such books and records.

(c) In order to facilitate the resolution of any claims made by or against or incurred by the Purchaser after the Closing or for any other reasonable purpose, for a period of seven years following the Closing, SAG shall (i) retain the books and records of the Company and the Subsidiaries and their operations for periods prior to the Closing and which shall not otherwise have been delivered to the Purchaser and (ii) upon reasonable notice, afford the officers, employees and authorized agents and representatives of the Purchaser reasonable access (including the right to make photocopies, at the expense of the Purchaser), during normal business hours, to such books and records.

SECTION 5.03. Confidentiality. SAG agrees to, and shall cause its agents, representatives, Affiliates, employees, officers and directors to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) all information relating to trade secrets, processes, patent and trademark applications, product development, price, customer and supplier lists, pricing and marketing plans, policies and strategies, details of client and consultant contracts, operations methods, product development techniques, business acquisition plans, new personnel acquisition plans and all other confidential information with respect to the Business, the Company and each Subsidiary, (ii) in the event that SAG or any such agent, representative, Affiliate, employee, officer or director becomes legally compelled to disclose any such information, provide the Purchaser with prompt written notice of such requirement so that the Purchaser may seek a protective order or other remedy or waive compliance with this Section 5.03, (iii) in the event that such protective order or other remedy

is not obtained, or the Purchaser waives compliance with this Section 5.03, furnish only that portion of such confidential information which is legally required to be provided and exercise its best efforts to obtain assurances that confidential treatment will be accorded such information, (iv) promptly furnish (prior to, at, or as soon as practicable following, the Closing) to the Purchaser any and all copies (in whatever form or medium) of all such confidential information then in the possession of SAG or any of its agents, representatives, Affiliates, employees, officers and directors and, except as otherwise required by Section 5.02(c), destroy any and all additional copies then in the possession of SAG or any of its agents, representatives, Affiliates, employees, officers and directors of such information and of any analyses, compilations, studies or other documents prepared, in whole or in part, on the basis thereof; provided, however, that this sentence shall not apply to any information that, at the time of disclosure, is available publicly and was not disclosed in breach of this Agreement by SAG, its agents, representatives, Affiliates, employees, officers or directors; provided further that, with respect to Intellectual Property, specific information shall not be deemed to be within the foregoing exception merely because it is embraced in general disclosures in the public domain. In addition, with respect to Intellectual Property, any combination of features shall not be deemed to be within the foregoing exception merely because the individual features are in the public domain unless the combination itself and its principle of operation are in the public domain. SAG agrees and acknowledges that remedies at law for any breach of its obligations under this Section 5.03 are inadequate and that in addition thereto the Purchaser shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any such breach.

SECTION 5.04. Regulatory and Other Authorizations; Notices and Consents.

(a) SAG and the Purchaser shall each use all reasonable efforts to obtain (or cause the Company and the Subsidiaries to obtain) all authorizations, consents, orders and approvals of all Governmental Authorities and officials that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and the Ancillary Agreements and will cooperate fully with each other in promptly seeking to obtain all such authorizations, consents, orders and approvals. Each party hereto agrees to supply as promptly as practicable to the appropriate Governmental Authorities any information and documentary material that may be requested pursuant to the HSR Act in addition to any filing which may have been made by either party pursuant to the HSR Act.

(b) From the Effective Time to the Closing, SAG shall or shall cause the Company and the Subsidiaries to give promptly such notices to third parties and use all reasonable efforts to obtain such third party consents and estoppel certificates as the Purchaser may in its reasonable discretion deem necessary or desirable in connection with the transactions contemplated by this Agreement.

(c) From the Effective Time to the Closing, the Purchaser shall cooperate and use all reasonable efforts to assist SAG in giving such notices and obtaining such consents and estoppel certificates; provided, however, that the Purchaser shall have no obligation to give any guarantee or other consideration of any nature in connection with any such notice, consent or estoppel certificate or to consent to any change in the terms of any agreement or arrangement which the Purchaser in its sole and absolute discretion may deem adverse to the interests of the Purchaser, the Company, any Subsidiary or the Business; provided further that if the Purchaser shall fail to give a guarantee in order to obtain a consent that is material and required to consummate the transactions contemplated hereby (and the Purchaser shall not have waived the obtaining of such consent), then SAG may terminate this Agreement in accordance with the provisions of Article IX.

(d) SAG and the Purchaser agree that, in the event any consent, approval or authorization necessary or desirable to preserve for the Business or the Purchaser any right or benefit under any lease, license, contract, commitment or other agreement or arrangement to which SAG, the Company or any Subsidiary is a party is not obtained prior to the Closing, SAG will, and will cause the Company to, subsequent to the Closing, cooperate with the Purchaser in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable and that until such time as any such consent, approval or authorization is obtained, this Agreement shall not constitute an assignment, transfer or sublease thereof. Until such time as such consent, approval or authorization can be obtained, SAG shall, and will cause the Company to, use all reasonable efforts to provide the Purchaser with the rights and benefits of the affected lease, license, contract, commitment or other agreement or arrangement for the term of such lease, license, contract or other agreement or arrangement, and the Purchaser shall assume the obligations and burdens thereunder.

SECTION 5.05. Notice of Developments. Prior to the Closing, SAG shall promptly notify the Purchaser in writing of (i) all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could result in any breach of a representation or warranty or covenant of SAG in this Agreement or which could have the effect of making any representation or warranty of SAG in this Agreement untrue or incorrect in any respect; (ii) all other material developments affecting the assets, Liabilities, business, financial condition, operations, results of operations, customer or supplier relations, employee relations, projections or prospects of the Company, any Subsidiary or the Business; provided, however, that in the event SAG shall disclose in writing to the Purchaser any such events, circumstances, facts, occurrences or developments prior to the Effective Time, then, if the Purchaser shall effect the Closing despite such disclosure, the Purchaser shall be deemed to have waived its right to indemnification under Section 8.02(a) for any such events, circumstances, facts, occurrences or developments so disclosed to the Purchaser, and (iii) of any notices it receives pursuant to the Stock Purchase Agreement.

SECTION 5.06. Environmental Study and Remedial Action. (a) SAG agrees that the Purchaser may perform or have performed on behalf of the Purchaser an environmental audit survey of the Real Property (the "Environmental Study"), including without limitation, scheduling site visits as necessary to complete the Environmental Study prior to the Closing. Such Environmental Study shall be disclosed to SAG promptly upon receipt.

(b) The Purchaser shall be responsible for all costs, charges and expenses of any nature whatsoever associated with the Environmental Study.

SECTION 5.07. No Solicitation or Negotiation. SAG agrees that between the date of this Agreement and the earlier of (i) the Closing and (ii) the termination of this Agreement, neither SAG or the Company, nor the Subsidiaries or any of their respective Affiliates, officers, directors, representatives or agents will (a) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (i) relating to any acquisition or purchase of all or any portion of the capital stock of the Company or any Subsidiary or assets of the Company or any Subsidiary (other than Inventory to be sold in the ordinary course of business consistent with past practice), (ii) to enter into any business combination with the Company or any Subsidiary or (iii) to enter into any other extraordinary business transaction involving or otherwise relating to the Company or any Subsidiary, or (b) participate in any discussions, conversations, negotiations and other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. SAG immediately shall cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing. SAG shall notify the Purchaser promptly if any such proposal or offer, or any inquiry or other contact with any Person with respect thereto, is made or shall have been received after February 18, 1998, and shall, in any such notice to the Purchaser, indicate in reasonable detail the identity of the Person making such proposal, offer, inquiry or contact and the terms and conditions of such proposal, offer, inquiry or other contact. SAG agrees not to, and to cause the Company and each Subsidiary not to, without the prior written consent of the Purchaser, release any Person from, or waive any provision of, any confidentiality or standstill agreement to which SAG, the Company or any Subsidiary is a party.

SECTION 5.08. Use of Intellectual Property. (a) SAG acknowledges that from and after the Closing, the names "RTE", "Aircraft Modular Products", "AMP" and all similar or related names, marks and logos (all of such names, marks and logos being the "RTE Names") shall be owned by the Purchaser or a Subsidiary, that none of the Company or any of its Affiliates, nor SAG, shall have any rights in the RTE Names, and that none of the Company or any of its Affiliates, nor SAG, will contest the ownership or validity of any rights of the Purchaser in or to the RTE Names. Promptly after the closing, SAG shall cause the

corporate names of the company and the Subsidiaries to be changed so as to eliminate the RTE Names from such corporate names.

(b) Except as set forth in Section 5.08(b) of the Disclosure Schedule, from and after the Closing, neither the Company or any of its affiliates, nor SAG, shall use any of the Owned Intellectual Property or any of the Licensed Intellectual Property.

SECTION 5.09. Release of Personal Guarantee. The parties hereto shall use all reasonable efforts to cause Roger Koch and/or Anthony J. Tripodo to be released from any personal guarantee of Roger Koch and/or Anthony J. Tripodo of any obligations of the Company prior to the Closing. If despite such efforts, the parties shall be unable to obtain the release of the personal guarantee of Roger Koch and/or Anthony J. Tripodo from any of the capital leases listed on Disclosure Schedule 3.18(a), then under no circumstance may Parties extend, modify, enlarge, renew, increase or in any way add to the obligation that Roger Koch and/or Anthony J. Tripodo might have under such personal guarantee at the Closing. This covenant shall survive the Closing until each such capital lease shall expire or terminate.

SECTION 5.10. Excluded Liabilities. SAG will cause the Company and its Subsidiaries to pay and discharge the Excluded Liabilities as and when the same become due and payable.

SECTION 5.11. Bulk Sales Law. The Purchaser hereby waives compliance by the Company and its Subsidiaries with the requirements and provisions of any "bulk-transfer" laws of any jurisdiction that may otherwise be applicable with respect to the transactions contemplated by this Agreement.

SECTION 5.12. Further Action. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable Law, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

SECTION 5.13. Notice. SAG shall provide written notice to the Purchaser of the closing of the transactions contemplated in the Stock Purchase Agreement at least one day prior to the date thereof.

SECTION 5.14. Representations and Warrants. The parties hereto agree that no representation, warranty or covenant made by SAG or the Purchaser in any Acquisition Document shall be deemed to have been breached or otherwise violated for any purpose with respect to this Agreement or any of the Acquisition Documents as a result of the consummation of the transactions contemplated by the Stock Purchase Agreement, the consummation of the

Permitted Mergers and/or the incurrence of the Permitted Debt and that the consummation of the transactions contemplated by the Stock Purchase Agreement, the consummation of the Permitted Mergers and/or the incurrence of the Permitted Debt shall be deemed to be an exception to each such representation, warranty or covenant. In addition, the parties agree that notwithstanding anything in this Agreement to the contrary, SAG shall not be deemed to have made any representations or warranties with respect to any of the Excluded Assets in any Acquisition Document, unless such Excluded Asset shall subsequently be acquired by the Purchaser or any of its Affiliates, in which case the representations and warranties of SAG shall apply to such acquired Excluded Asset.

SECTION 5.15. Purchaser Action. The Purchaser agrees not to take (or omit to take) any action which would, by itself, primarily result in SAG being in breach of any of its obligations, covenants or agreements pursuant to the Stock Purchase Agreement, it being expressly understood and agreed that the termination of this Agreement by the Purchaser pursuant to Section 9.01(d) shall not result in a violation of this Section 5.15. In no event shall any action (or inaction) taken (or not taken) by SAG, the Company or any Subsidiary at the direction or request of, or with the consent of, the Purchaser or any of its officers, directors, employees, representatives or Affiliates be deemed to be a breach or violation of any representation, warranty, covenant or agreement of SAG, the Company or any Subsidiary for any purpose hereunder.

SECTION 5.16 Maintain Corporate Existence. Except for the Permitted Mergers, SAG (or any successor thereto) shall, for a period of not less than two years after Closing, maintain its corporate existence and, except for a conveyance, sale or transfer in accordance with the Lease, continue to own (whether directly or indirectly) the properties under the Lease.

SECTION 5.17 Certain Assets. Notwithstanding anything in this Agreement to the contrary, at such time as any Excluded Asset shall be acquired by the Purchaser or any of its Affiliates, all of the Liabilities relating to or arising out of any such Excluded Assets shall no longer be deemed to be Excluded Liabilities and shall instead be deemed to be Assumed Liabilities for all purposes hereunder.

ARTICLE VI

AFFECTED EMPLOYEES

SECTION 6.01. Offer of Employment. The Purchaser shall offer to employ (effective as of the Closing) all of the employees of the Company and its Subsidiaries (the "Affected Employees"). Consistent with the foregoing, the parties hereto shall mutually agree between the date of this Agreement and the Closing Date on appropriate mechanisms for the orderly transition from the Company to the Purchaser of Affected Employees who accept employment with the Purchaser.

SECTION 6.02. Employee Benefits. The Purchaser shall provide to each Affected Employee who accepts the Purchaser's offer, a compensation and benefits package which is generally comparable in the aggregate to the compensation and benefits package provided such Affected Employee immediately prior to the Closing Date, which compensation and benefits package shall not be changed in any manner that would cause such package to not be generally comparable at any time prior to January 1, 1999, other than in the ordinary course of the Purchaser's Business. The Purchaser shall assume sponsorship of each Plan and all liabilities in connection therewith (whether accrued or incurred prior to, on or after the Closing Date).

SECTION 6.03. WARN. The Purchaser shall not, at any time prior to 60 days after the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the Workers Adjustment and Retraining Notification Act of 1988 ("WARN"), affecting in whole or in part any site of employment where current employees of the Company or its Subsidiaries shall be employed as of the Closing Date without first notifying SAG in advance and without complying with the obligations, if any, arising under WARN.

ARTICLE VII

CONDITIONS TO CLOSING

SECTION 7.01. Conditions to Obligations of SAG. The obligations of SAG to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

- (a) HSR Act. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Assets contemplated hereby shall have expired or shall have been terminated;
- (b) No Injunction. No Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement; and
- (c) Closing of Stock Purchase Agreement. The transactions contemplated by the Stock Purchase Agreement shall have been consummated.

SECTION 7.02. Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

- (a) HSR Act. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Assets contemplated hereby shall have expired or shall have been terminated;

(b) No Injunction. No Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;

(c) Closing of Stock Purchase Agreement. The transactions contemplated by the Stock Purchase Agreement shall have been consummated.

ARTICLE VIII

INDEMNIFICATION

SECTION 8.01. Survival of Representations and Warranties. The representations and warranties of SAG contained in this Agreement, and all covenants (except Sections 5.02(b), 5.02(c), 5.03, 5.08, 5.09, 5.10, 5.11, 5.12, 5.14, Article VI, this Article VIII and Article X, which shall survive the Closing for the periods specified therein or, if no period is so specified, indefinitely) and statements contained in this Agreement, the Exhibits to this Agreement, the Disclosure Schedule, the Ancillary Agreements, and any certificate or document of conveyance delivered pursuant to this Agreement or in connection with the transactions contemplated by this Agreement (collectively, the "Acquisition Documents"), shall survive the Closing until April 30, 1999; provided, however, that insofar as any claim is made by the Purchaser for the breach of any representation or warranty of SAG contained herein relating to environmental matters, such representations and warranties shall, for purposes of such claims by the Purchaser, survive the Closing Date for the seven years and six months after the Closing Date. Subject to the provisions of Section 5.05, neither the period of survival nor the liability of SAG with respect to SAG's representations and warranties shall be reduced by any investigation made at any time by or on behalf of the Purchaser. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties by the Purchaser to SAG's Representative, then the relevant representations and warranties shall survive as to such claim, until such claim has been finally resolved.

SECTION 8.02. Indemnification. (a) Subject to the periods specified in Section 8.01 with respect to clauses (i) and (ii) below and the limitations specified in Section 8.03, SAG shall, and shall cause the Company and its Subsidiaries to, indemnify and hold harmless the Purchaser and its Affiliates, officers, directors, employees, agents, successors and assigns (the "Purchaser Parties") from and against any and all Liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, any Action brought or otherwise initiated by any of them) (hereinafter a "Loss"), arising out of or resulting from:

(i) the breach of any representation or warranty made by SAG contained in the Acquisition Documents (subject to Section 5.05(ii));

(ii) the breach of any covenant or agreement by SAG contained in the Acquisition Documents (subject to Section 5.05(ii));

(iii) the Excluded Liabilities; or

(iv) Liabilities for Taxes payable in connection the transactions contemplated by this Agreement (other than Taxes contemplated by Section 2.07).

(b) Subject to the periods specified in Section 8.01, SAG, the Company and the Subsidiaries and their respective Affiliates, officers, directors, employees, agents, successors and assigns shall be indemnified and held harmless by the Purchaser for any and all Losses arising out of or resulting from:

(i) the breach of any representation or warranty made by the Purchaser contained in the Acquisition Documents;

(ii) the breach of any covenant or agreement by the Purchaser contained in the Acquisition Documents;

(iii) the Assumed Liabilities and the Assumed Taxes;

(iv) liabilities for Taxes contemplated by Section 2.07; or

(v) the failure of the Purchaser to obtain the release of any guarantee made by Roger Koch or Anthony J. Tripodo under any capital leases listed on Section 3.18(a) of the Disclosure Schedule.

(c) An indemnified party shall give the indemnifying party notice of any matter which an indemnified party has determined has given or could give rise to a right of indemnification under this Agreement, within 45 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of the indemnifying party under this Article IX with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: if an indemnified party shall receive notice of any Third Party Claim, the indemnified party shall give the indemnifying party notice of such Third Party Claim within 15 Business Days of the receipt by the indemnified party of such notice; provided, however, that the failure to provide such notice shall not release the indemnifying party from any of its obligations under this Article IX except to the extent the indemnifying party is materially prejudiced by such failure and shall not relieve the indemnifying party from any other obligation or Liability that it may have to any indemnified party otherwise than under this Article IX. If the indemnifying party

acknowledges in writing the obligation of the indemnifying party to indemnify the indemnified party hereunder against any Losses that may result from such Third Party Claim, then the indemnifying party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the indemnified party within 10 days of the receipt of such notice from the indemnified party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the reasonable judgment of the indemnified for the same counsel to represent both the indemnified party and the indemnifying party, then the indemnified party shall be entitled to retain its own counsel, in each jurisdiction for which the indemnified party determines counsel is required, at the expense of the indemnifying party. In the event the indemnifying party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the indemnified party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all witnesses, pertinent records, materials and information in the indemnified party's possession or under the indemnified party's control relating thereto as is reasonably required by the indemnifying party. Similarly, in the event the indemnified party is, directly or indirectly, conducting the defense against any such Third Party Claim, the indemnifying party shall cooperate with the indemnified party in such defense and make available to the indemnified party, at the indemnifying party's expense, all such witnesses, records, materials and information in the indemnifying party's possession or under the indemnifying party's control relating thereto as is reasonably required by the indemnified party. No such Third Party Claim may be settled by the indemnifying party without the prior written consent of the indemnified party nor by the indemnified party without the prior consent of the indemnifying party, in each case such consent not to be unreasonably withheld.

SECTION 8.03. Limits on Indemnification. Notwithstanding anything to the contrary contained in this Agreement, no indemnification obligation of SAG, the Company or any Subsidiary to indemnify the Purchaser Parties pursuant to Section 8.02(a)(i) and 8.02(a)(ii) shall apply until the Purchaser shall have incurred a minimum aggregate threshold amount of \$500,000 in Losses arising out of the causes enumerated in Section 8.02(a)(i) and 8.02(a)(ii). Once such minimum aggregate threshold amount shall have been reached, SAG shall be liable for the aggregate amount of all such Losses in excess of \$250,000; provided that the maximum amount of Losses for which SAG shall be liable shall be \$50,000,000. In addition, SAG shall not be obligated to indemnify the Purchaser Parties for any breach of the representations and warranties set forth in Section 3.28 to the extent of current Assumed Taxes specifically provided for or reserved on the Closing Financial Statements of the Company prepared in accordance with the Stock Purchase Agreement, and any such Losses that result from or are related to any such breach shall not be included in determining whether the \$500,000 threshold amount set forth above shall have been reached. To the extent any Loss or Claim giving rise for indemnification hereunder would be tax deductible to the indemnified party, then and in that event, the amount of the tax benefit obtained from such deduction shall reduce the amount of any required indemnification payment hereunder from the indemnifying party. The tax rate used in determining the amount of such tax deduction shall be 15%.

ARTICLE IX**TERMINATION AND WAIVER**

SECTION 9.01. Termination. This Agreement may be terminated at any time prior to:

(a) the Closing by either SAG or the Purchaser if the Effective Time shall not have occurred by May 15, 1998; provided, however, that the right to terminate this Agreement under this Section 9.01(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Effective Time to occur on or prior to such date; or

(b) the Effective Time by either the Purchaser or SAG (i) in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable or (ii) in the event the Stock Purchase Agreement shall have been terminated; or

(c) the Closing by the mutual written consent of SAG and the Purchaser; or

(d) the Effective Time by either the Purchaser or SAG if the Purchaser shall notify SAG prior to the Effective Time that the conditions to the Stock Purchase Agreement have not been satisfied and complied with.

SECTION 9.02. Effect of Termination. In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and there shall be no Liability on the part of either party hereto except (a) as set forth in Sections 5.03 and 10.01 and (b) that nothing herein shall relieve either party from Liability for any breach of this Agreement.

SECTION 9.03. Waiver. Either the Purchaser or SAG may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

ARTICLE X

GENERAL PROVISIONS

SECTION 10.01. Expenses. Except as contemplated by this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

SECTION 10.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

(a) if to SAG:

Stanford Aerospace Group, Inc.
206 Danbury Road
Wilton, CT 06899
Telecopy: (203) 834-6360
Attention: Vice President

with a copy to:

Latham & Watkins
885 Third Avenue
Suite 1000
New York, NY 10022
Telecopy: (212) 751-4864
Attention: Richard Trobman, Esq.

(b) if to the Purchaser:

BE Aerospace, Inc.
1400 Corporate Center Way
Wellington, FL 33414
Telecopy: (561) 791-3966
Attention: Thomas McCaffrey

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Telecopy: (212) 848-7179
Attention: Alfred A. Ross, Jr., Esq.

SECTION 10.03. Public Announcements. Except as may be required by Law, no party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party, and the parties shall cooperate as to the timing and contents of any such press release or public announcement.

SECTION 10.04. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 10.06. Entire Agreement. This Agreement, the Ancillary Agreements and the letter, dated as of the date hereof, from EQ Corporation to the Purchaser constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between SAG and the Purchaser with respect to the subject matter hereof and thereof.

SECTION 10.07. Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of SAG and the Purchaser (which consent may be granted or withheld in the sole discretion of SAG or the Purchaser). Notwithstanding the preceding sentence, the Purchaser may assign all or any portion of its rights pursuant to this Agreement, in whole or in part, (a) to any Affiliate or Subsidiary of the Purchaser, or (b) to any lender as collateral security, provided that the Purchaser shall not be released from its obligations hereunder in the event of any such assignment. No further

assignment shall be permitted without the consent contemplated by the first sentence of this paragraph. Notwithstanding anything in this Section 10.07 to the contrary, this Section 10.07 shall not preclude and the Purchaser's consent shall not be required for (a) the Permitted Mergers and the transfer of SAG's, the Company's and Holdings', as the case may be, rights and liabilities hereunder caused thereby; provided that SAG shall not be released from its obligations hereunder in such event or (b) the assignment of SAG's rights hereunder to any lender of Permitted Debt as collateral security for such Permitted Debt and the Purchaser agrees to execute any customary agreements or instruments to effect such assignment that SAG or such lender shall reasonably request.

SECTION 10.08. No Third Party Beneficiaries. Except for the provisions of Article VIII relating to Indemnified Parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 10.09. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, SAG and the Purchaser or (b) by a waiver in accordance with Section 9.03.

SECTION 10.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida, applicable to contracts executed in and to be performed entirely within that state.

SECTION 10.11. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 10.12. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

SECTION 10.13. Arbitration. (a) Any controversy, claim or dispute arising out of or relating to this Agreement or the breach, termination, enforceability or validity hereof, including without limitation the determination of the scope or applicability of the agreement to arbitrate set forth in this Section 10.13, shall be determined exclusively by binding arbitration in the City of Miami, before three arbitrators. The arbitration shall be governed by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and its Supplementary Procedures for Large, Complex Disputes, provided that Persons eligible to be selected as arbitrators shall be limited to attorneys-at-law each of whom (i) is on the AAA's Large, Complex Case panel or a Center for Public Resources

("CPR") Panel of Distinguished Neutrals, or has professional credentials comparable to those of the attorneys listed on such AAA and CPR Panels, and (ii) has actively practiced law (in private or corporate practice or as a member of the judiciary) for at least 15 years in Miami—Dade County concentrating in either general commercial litigation or general corporate and commercial matters.

(b) No provision of, nor the exercise of any rights under, this Section 10.13 shall limit the right of any party to request and obtain from a court of competent jurisdiction in the City of Miami (which shall have exclusive jurisdiction for purposes of this Section 10.13(b)) before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including, but not limited to, injunctive or mandatory relief or the appointment of a receiver. The institution and maintenance of an action or judicial proceeding for, or pursuit of, provisional or ancillary remedies shall not constitute a waiver of the right of any party, even if it is the plaintiff, to submit the dispute to arbitration if such party would otherwise have such right. Each of the parties hereby submits unconditionally to the exclusive jurisdiction of the state and federal courts located in Miami —Dade County for purposes of this provision, waives objection to the venue of any proceeding in any such court or that any such court provides an inconvenient forum and consents to the service of process upon it in connection with any proceeding instituted under this Section 10.13(b) in the same manner as provided for the giving of notice hereunder.

(c) Judgment upon the award rendered may be entered in any court having jurisdiction. The parties hereby expressly consent to the nonexclusive jurisdiction of the state and federal courts situated in Miami —Dade County for this purpose and waive objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

(d) Each of the parties shall, subject to the award of the arbitrators, pay an equal share of the arbitrators' fees. The arbitrators shall have the power to award recovery of all costs (including attorneys' fees, administrative fees, arbitrators' fees and court costs) to the prevailing party.

SECTION 10.14. Tax Cooperation. The parties hereto and their respective Affiliates shall cooperate in the preparation of all Returns relating in whole or in part to taxable periods ending on or before or including the Closing Date ("Straddle Periods") that are required to be filed after such date. Such cooperation shall include, but not be limited to, furnishing prior years' Returns or return preparation packages illustrating previous reporting practices or containing historical information relevant to the preparation of such Returns, providing reasonable access to employees with knowledge of such Returns during regular business hours and furnishing such other information within such party's possession requested by the party filing such Returns as is relevant to their preparation. Additionally, the Purchaser agrees to prepare the initial draft of any such Straddle Period Return relating to the Business.

55

IN WITNESS WHEREOF, SAG and the Purchaser have caused their respective officers thereunto duly authorized to execute this Agreement as of the date first written above.

BE AEROSPACE, INC.

By: *Thomas M. Caffrey*
Name:
Title: *Corp. Sv. VP & CFO*

STANFORD AEROSPACE GROUP, INC.

By: _____
Name:
Title:

NYDOCS01/270014 3

212 848 8944 10 106122#000000014 P.06

APR 16 '98 11:37 FR S&S 6TH FL

IN WITNESS WHEREOF, SAG and the Purchaser have caused their respective officers thereunto duly authorized to execute this Agreement as of the date first written above.

BE AEROSPACE, INC.

By: _____
Name:
Title:

STANFORD AEROSPACE GROUP, INC.

By: Roland Hennessey
Name: Roland Hennessey
Title: Vice President

ASSET PURCHASE AGREEMENT

BETWEEN

STANFORD AEROSPACE GROUP, INC.

AND

BE AEROSPACE, INC.

DISCLOSURE SCHEDULE 3.19(a)(i)

PATENT LIST

1. See letter dated March 3, 1998 from Jennie S. Malloy, Esq. of Malloy and Malloy listing all granted and pending U.S. Patents, attached hereto.
2. See letter dated March 3, 1998 from Jennie S. Malloy, Esq. listing U.S. Trademark application for "Privacy Suite 16-G" filed by Aircraft Modular Products on August 22, 1997 with the US PTO, attached hereto.
3. Trademark applications for the following names have been filed with the U.S. Department of Commerce Patent and Trademark Office on the dates indicated below. All applications are pending at this time and have been previously furnished:
 - a. Aircraft Modular Products January 13, 1997
 - b. Electro Seat April 8, 1997
Electra Seat
 - c. Execulectric April 8, 1997
Execelectric

ASSET PURCHASE AGREEMENT
BETWEEN
STANFORD AEROSPACE GROUP, INC.
AND
BE AEROSPACE, INC.
DISCLOSURE SCHEDULE 3.19(a) (ii)
LICENSED INTELLECTUAL PROPERTIES

The Company and its Subsidiaries are licensees of Licensed Intellectual Property sold at retail for use on its computers. See List Attached.

License from INBS Software Products, Inc. to Aircraft Modular Products, Inc. See Disclosure Schedule 3.18(a).

AIRCRAFT MODULAR PRODUCTS COMPUTER SOFTWARE

Software Name	Description	Department
OPEN SYSTEM	Job Cost, Payroll, General Ledger, Account Receivable, Account Payable, Resource Manager	Accounting
NOVELL NETWARE 4.1	Network Software	ALL
NOVELL NETWARE 3.12	Network Software	ALL
MICROSOFT WINDOWS 3.1		ALL
MICROSOFT WINDOWS 95	Operating System	Production
CANOFIE	Archive Systems	
SMARTCAM	Programming Software (CNC Milling Machine)	CNC
FOLDERS	Monitoring Software (CNC Machines)	CNC
PRO-ENGINEERING	Design software	Engineering
MSC/NASTRAN	Structural Analysis and Optimization Software	Engineering
MSC/PARTRAN	Modeling, Analysis and Result Evaluation Software	Engineering
CADKEY 3.1	Design Software	Engineering
CADKEY 7.0	Design Software	Production Ctrl
CADKEY 97	Design Software	CNC
VISION TECHNICAL 4.1	Flow Chart Software	Production Ctrl
VISION TECHNICAL 4.1	Flow Chart Software	Production Ctrl
ALIAS	Wave Front Surface & Finishing Software	Engineering
ENVOY/ABRA	Employees Record Keeping	Personnel
DESCRIPTION NOW!	Job Description	Personnel
ADOBE PHOTO SHOP		Photo Studio
PAGE MAKER LAYOUT		Photo Studio
INBS MATERIAL SPECIFICATIONS	Procurement and Management System Software	Purchasing
METRONICS QUADRA-CHECK	Integration Software (ACUGAGE Measuring Machine)	Quality Control
MICROSOFT OFFICE	Word, Excel	All
CAMLINK	Program Transfer	CNC
SOLARIS 2.5		Information System
SMP-81 16.0	Programming Software (TRUMPF-120)	Sheet Metal

ASSET PURCHASE AGREEMENT

BETWEEN

STANFORD AEROSPACE GROUP, INC.

AND

BE AEROSPACE, INC.

DISCLOSURE SCHEDULE 3.19(a) (iii)

NO CONFLICT

- (i) The Patent and Trademark Office has initially refused registration of the AMP: Aircraft Modular Products logo on the basis that it closely resembles U.S. Registration No. 1491162 for the Mark "A.M.P." owned by Service Products Group of Bucyrus d/b/a Wyandot Seating Corporation Ohio for seat cushions in International Class 20, U.S. Class 32, as to be likely to cause confusion, to cause mistake as to deceive.
- (ii) Aircraft Modular Products was notified by letter dated July 19, 1996 from Stanly R. Johnson of the Whitaker Corporation that they are affiliated with AMP Incorporated and that they own and license all trademarks and service marks of that company. Aircraft Modular Products responded to its request to provide information on how the Company used "AMP" and no further inquiry notices or claims has been received from Whitaker Corporation in this matter.

Gulfstream Aerospace Corporation (GAC) Agreements as further described in Disclosure Schedule 3.18(a) provide for royalty payments to GAC under certain conditions.

ASSET PURCHASE AGREEMENT
BETWEEN
STANFORD AEROSPACE GROUP, INC.
AND
BE AEROSPACE, INC.
DISCLOSURE SCHEDULE 3.19(b)
FREE AND CLEAR/NO VIOLATION

- (ii) The Patent and Trademark Office has initially refused registration of the AMP: Aircraft Modular Products logo on the basis that it closely resembles U.S. Registration No. 1491162 for the Mark "A.M.P." owned by Service Products Group of Bucyrus d/b/a Wyandot Seating Corporation Ohio for seat cushions in International Class 20, U.S. Class 32, as to be likely to cause confusion, to cause mistake as to deceive.

- (ii) Aircraft Modular Products was notified by letter dated July 19, 1996 from Stanly R. Johnson of the Whitaker Corporation that they are affiliated with AMP Incorporated and that they own and license all trademarks and service marks of that company. Aircraft Modular Products responded to its request to provide information on how the Company used "AMP" and no further inquiry notices or claims has been received from Whitaker Corporation in this matter.



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

April 17, 1998

CAPITAL CONNECTION, INC.

TALLAHASSEE, FL 32302

Re: Document Number P97000012093

The Articles of Merger were filed April 17, 1998, for AIRCRAFT MODULAR PRODUCTS, INC., the surviving Florida corporation.

The certification you requested is enclosed.

Should you have any further questions concerning this matter, please feel free to call (850) 487-6050, the Amendment Filing Section.

Annette Hogan
Corporate Specialist
Division of Corporations

Letter Number: 598A00020895

Division of Corporations - P.O. Box 6327 - Tallahassee, Florida 32314

PATENT
REEL: 017073 FRAME: 0646

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Merger, filed on April 17, 1998, for AIRCRAFT MODULAR PRODUCTS, INC., the surviving Florida corporation, as shown by the records of this office.

The document number of this corporation is P97000012093.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Seventeenth day of April, 1998



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

STATE OF FLORIDA
ARTICLES OF MERGER
OF
RTE HOLDINGS INC.
A FLORIDA CORPORATION
INTO
AIRCRAFT MODULAR PRODUCTS, INC.
A FLORIDA CORPORATION

FILED
98 APR 17 PM 4: 32
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Section 607.1105 of the Florida Business Corporation Act, the undersigned corporations adopt the following articles of merger:

ARTICLE I

PARTIES. RTE Holdings, Inc., a Florida corporation and the sole shareholder of the outstanding capital stock of Aircraft Modular Products, Inc., and Aircraft Modular Products, Inc., a Florida corporation, have agreed to a merger (the "Plan of Merger") whereby RTE Holdings, Inc. will merge with and into Aircraft Modular Products, Inc. and the shareholders of RTE Holdings, Inc. will receive pro rata all of the outstanding shares of Aircraft Modular Products, Inc. Aircraft Modular Products, Inc. is the surviving corporation and RTE Holdings, Inc. is the disappearing corporation as it will merge into Aircraft Modular Products, Inc.

ARTICLE II

ADOPTION. A. The Plan of Merger was approved by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of RTE Holdings, Inc. on April 16, 1998.

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PATENT
REEL: 017073 FRAME: 0648

B. The Plan of Merger was adopted by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of Aircraft Modular Products, Inc. on April 16, 1998.

ARTICLE III


EFFECTIVE DATE. The merger will become effective on the date of filing of these Articles of Merger with the Secretary of State of the State of Florida.

ARTICLE IV


PLAN OF MERGER. The Plan of Merger provides for an exchange of shares in the corporations party to the merger effected in the following manner: All of the shares of RTE Holdings, Inc. will be surrendered to Aircraft Modular Products, Inc. and all shares so acquired shall be extinguished by virtue of the merger. The articles of incorporation of Aircraft Modular Products, Inc., as the surviving corporation, will not differ (except for amendments enumerated in Section 607.1002 of the Florida Business Corporation Act) from its articles before the merger. Thereupon, all of the outstanding shares of Aircraft Modular Products, Inc. will be issued to the former holders of all of the outstanding shares of RTE Holdings, Inc.

DATED: this 16 day of April, 1998.

RTE HOLDINGS, INC.

By: 
Name: Scott Dunn
Title: Vice President

AIRCRAFT MODULAR PRODUCTS, INC.

By: 
Name: Scott Dunn
Title: Vice President



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

April 17, 1998

CAPITAL CONNECTION, INC.

TALLAHASSEE, FL 32302

Re: Document Number S07136

The Articles of Merger were filed April 17, 1998, for RTE ACQUISITION CORPORATION, the surviving Florida corporation.

The certification you requested is enclosed.

Should you have any further questions concerning this matter, please feel free to call (850) 487-6050, the Amendment Filing Section.

Annette Hogan
Corporate Specialist
Division of Corporations

Letter Number: 398A00020893

Division of Corporations - P.O. Box 6327 - Tallahassee, Florida 32314

PATENT
REEL: 017073 FRAME: 0651

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Merger, filed on April 17, 1998, for RTE ACQUISITION CORPORATION, the surviving Florida corporation, as shown by the records of this office.

The document number of this corporation is S07136.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Seventeenth day of April, 1998



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

STATE OF FLORIDA
ARTICLES OF MERGER

OF

STANFORD AEROSPACE GROUP, INC.
A FLORIDA CORPORATION

INTO

RTE ACQUISITION CORPORATION
A FLORIDA CORPORATION

Pursuant to Section 607.1105 of the Florida Business Corporation Act, the undersigned corporations adopt the following articles of merger:

ARTICLE I

PARTIES. Stanford Aerospace Group, Inc., a Florida corporation and the sole shareholder of the outstanding capital stock of RTE Acquisition Corporation, and RTE Acquisition Corporation, a Florida corporation, have agreed to a merger (the "Plan of Merger") whereby Stanford Aerospace Group, Inc. will merge with and into RTE Acquisition Corporation and the shareholders of Stanford Aerospace Group, Inc. will receive pro rata all of the outstanding shares of RTE Acquisition Corporation. RTE Acquisition Corporation is the surviving corporation and Stanford Aerospace Group, Inc. is the disappearing corporation as it will merge into RTE Acquisition Corporation.

FILED
98 APR 17 PM 4:25
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE II

ADOPTION. A. The Plan of Merger was approved by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of Stanford Aerospace Group, Inc. on April 16, 1998.

B. The Plan of Merger was adopted by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of RTE Acquisition Corporation on April 16, 1998.

ARTICLE III

EFFECTIVE DATE. The merger will become effective on the date of filing of these Articles of Merger with the Secretary of State of the State of Florida.

ARTICLE IV

PLAN OF MERGER. The Plan of Merger provides for an exchange of shares in the corporations party to the merger effected in the following manner: All of the shares of Stanford Aerospace Group, Inc. will be surrendered to RTE Acquisition Corporation and all shares so acquired shall be extinguished by virtue of the merger. The articles of incorporation of RTE Acquisition Corporation, as the surviving corporation, will not differ (except for amendments enumerated in Section 607.1002 of the Florida Business Corporation Act) from its articles before the merger. Thereupon, all of the outstanding shares of RTE Acquisition Corporation will be issued to the former holders of all of the outstanding shares of Standard Aerospace Group, Inc.

DATED: this 16 day of April, 1998.

STANFORD AEROSPACE GROUP, INC.

By: _____

Name: Scott Dunn

Title: Vice President

RTE ACQUISITION CORPORATION

By: _____

Name: Scott Dunn

Title: Vice President

PATENT

REEL: 017073 FRAME: 0655



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

April 17, 1998

CAPITAL CONNECTION, INC
TALLAHASSEE, FL 32302

Re: Document Number P97000012104

The Articles of Merger were filed April 17, 1998, for RTE HOLDINGS, INC., the surviving Florida corporation.

The certification you requested is enclosed.

Should you have any further questions concerning this matter, please feel free to call (850) 487-6050, the Amendment Filing Section.

Annette Hogan
Corporate Specialist
Division of Corporations

Letter Number: 398A00020894

Division of Corporations - P.O. Box 6327 - Tallahassee, Florida 32314

PATENT
REEL: 017073 FRAME: 0656

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Merger, filed on April 17, 1998, for RTE HOLDINGS, INC., the surviving Florida corporation, as shown by the records of this office.

The document number of this corporation is P97000012104.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Seventeenth day of April, 1998



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

STATE OF FLORIDA
ARTICLES OF MERGER
OF

RTE ACQUISITION CORPORATION
A FLORIDA CORPORATION

INTO

RTE HOLDINGS, INC.
A FLORIDA CORPORATION

FILED
98 APR 17 PM 4: 29
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Section 607.1105 of the Florida Business Corporation Act, the undersigned corporations adopt the following articles of merger:

ARTICLE I

PARTIES. RTE Acquisition Corporation, a Florida corporation and the sole shareholder of the outstanding capital stock of RTE Holdings, Inc., and RTE Holdings, Inc., a Florida corporation, have agreed to a merger (the "Plan of Merger") whereby RTE Acquisition Corporation will merge with and into RTE Holdings, Inc. and the shareholders of RTE Acquisition Corporation will receive pro rata all of the outstanding shares of RTE Holdings, Inc. RTE Holdings, Inc. is the surviving corporation and RTE Acquisition Corporation is the disappearing corporation as it will merge into RTE Holdings, Inc.

ARTICLE II

ADOPTION. A. The Plan of Merger was approved by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of RTE Acquisition Corporation on April 16, 1998.

B. The Plan of Merger was adopted by the board of directors and, pursuant to Section 607.0704 of the Florida Business Corporation Act, by the shareholders of RTE Holdings, Inc. on April 16, 1998.

ARTICLE III

EFFECTIVE DATE. The merger will become effective on the date of filing of these Articles of Merger with the Secretary of State of the State of Florida.

ARTICLE IV

PLAN OF MERGER. The Plan of Merger provides for an exchange of shares in the corporations party to the merger effected in the following manner: All of the shares of RTE Acquisition Corporation will be surrendered to RTE Holdings, Inc. and all shares so acquired shall be extinguished by virtue of the merger. The articles of incorporation of RTE Holdings, Inc., as the surviving corporation, will not differ (except for amendments enumerated in Section 607.1002 of the Florida Business Corporation Act) from its articles before the merger. Thereupon, all of the outstanding shares of RTE Holdings, Inc. will be issued to the former holders of all of the outstanding shares of RTE Acquisition Corporation.

DATED: this 16 day of April, 1998.

RTE ACQUISITION CORPORATION

By: 

Name: Scott Dunn

Title: Vice President

RTE HOLDINGS, INC.

By: 

Name: Scott Dunn

Title: Vice President