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- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Effective Date
Month Day Year
- Change of Name
- Other termination of security interest

Conveying Party

Mark if additional names of conveying parties attached

Name Foothill Capital Corporation

Execution Date 04 03 98

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization California

Receiving Party

Mark if additional names of receiving parties attached

Name Mallory, Inc.

DBA/AKA/TA

Composed of Mr. Gasket, Inc.

Address (line 1) 10601 Memphis Avenue

Address (line 2) #12

Address (line 3) Cleveland Ohio 44144

City State/Country Zip Code

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation Association
- Other
- Citizenship/State of Incorporation/Organization Delaware

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Name

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Address (line 4)

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Name

Address (line 1)

Address (line 2)

Address (line 3)

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Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Kathie J. Kopczyk

Name of Person Signing

Kathie J. Kopczyk

Signature

April 6, 2001

Date Signed

ORIGINAL

1 GARY E. KLAUSNER (State Bar No. 69077)
2 JEFFREY A. RESLER (State Bar No. 152674)
3 TROOP MEISINGER STEUBER & PASICH, LLP
10940 Wilshire Boulevard, Suite 800
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4 Attorneys for Debtors In Possession

5 Debtors' Address

6 9390 Gateway Drive
7 Reno Nevada 89511

8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA

FILED
98 FEB 26 PM 4:02
CENTRAL DISTRICT OF CALIFORNIA

FILED

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11 In re)
12 SUPER SHOPS, INC., a California)
13 corporation, SUPER SHOPS, INC., an)
14 Arizona corporation, SUPER SHOPS, INC.,)
15 a Kansas corporation, SUPER SHOPS, INC.,)
16 a Michigan corporation, SUPER SHOPS,)
17 INC., a Nevada corporation, SUPER)
18 SHOPS, INC., a Texas corporation, and)
19 MALLORY, INC., a Nevada corporation,)

Case No. LA 97-46094-ER
Chapter 11
(Administratively Consolidated with Case Nos. LA 97-46127-ER, LA 97-46136-ER, LA 97-46153-ER, LA 97-46161-ER, LA 97-46164-ER, and LA 97-46144-ER)

20 Debtors.)
21)
22)
23)
24)
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26)
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[This Pleading Only Applies to the Mallory, Inc. Bankruptcy Case]

DEBTOR'S MOTION FOR ORDER AUTHORIZING (1) SALE OF SUBSTANTIALLY ALL OF ITS ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES OUTSIDE THE ORDINARY COURSE OF BUSINESS; AND (2) ASSUMPTION AND ASSIGNMENT OF LEASES; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF JOHN T. GRIGSBY, JR. IN SUPPORT THEREOF

[Tax ID Nos. 95-2778544, 93-0945433, 48-1077457, 38-2904415, 95-0957431, 74-2275623 and 88-0173471]

Date: March 19, 1998
Time: 2:30 p.m.
Place: Courtroom "1568"
Roybal Fed. Bldg.
255 East Temple Street
Los Angeles, CA 90012

426

1 TO THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY JUDGE,
2 THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, ALL SECURED
3 CREDITORS; ALL PARTIES TO THE AGREEMENTS LISTED ON EXHIBIT "2" OR
4 THEIR COUNSEL OF RECORD; THE OFFICE OF THE UNITED STATES TRUSTEE;
5 AND ALL PARTIES REQUESTING SPECIAL NOTICE:

6 Mallory, Inc., a Nevada corporation, debtor and debtor in possession in the above
7 captioned and jointly administered bankruptcy cases (the "Debtor"), hereby moves this Court for
8 an order (the "Motion") authorizing the Debtor to sell and assign substantially all of its assets (the
9 "Purchased Assets"), except cash, notes, accounts receivable, tax refunds, certain claims and
10 causes of action, and certain other real and personal property assets, free and clear of all liens,
11 restrictions, security interests, claims, charges, encumbrances and interests pursuant to sections
12 105, 363(b) and 363(f) of the United States Bankruptcy Code (the "Bankruptcy Code"), to either
13 Adrenaline Research, Inc. ("ARI") pursuant to the terms of that certain Asset Purchase
14 Agreement, dated as of February 5, 1998, as amended, a true and correct copy of which is
15 attached hereto as Exhibit "1" (the "Purchase Agreement"), or any other third party that
16 successfully overbids for the Purchased Assets (any such over bidder and ARI are referred to
17 herein as the "Buyer"), all subject to the provisions, terms and conditions stated below and in the
18 Purchase Agreement.

19 ARI proposes to pay (the "Purchase Price") the following for the Purchased Assets:
20 (i) a \$4,500,000 cash payment at the closing of the sale, less certain adjustments to be made at the
21 Closing based primarily upon assumed liabilities and the value of the Debtor's inventory at the
22 Closing, and (ii) an annual payment equal to 7.5% of the amount by which ARI's annual post-
23 closing net sales of automotive parts and accessories exceeds \$10,000,000 for each year through
24 April 30, 2003, up to a maximum amount of \$2,500,000 in additional payments to the Debtor's
25 estate.

26 In connection with and as a part of the sale of the Purchased Assets (the "Sale"), the
27 Debtor also respectfully requests that this Court enter an order or orders authorizing the Debtor to
28 assume and assign to ARI the agreements listed on Exhibit "2" hereto to the extent that such
agreements constitute executory contracts or unexpired leases, and authorizing the Debtor to enter
into such other collateral agreements as is necessary to consummate the Sale.

1 This Motion is based upon the attached memorandum of points and authorities,
2 declarations and exhibits, the pleadings and papers on file in this case, and on such other and
3 further evidence, authorities and arguments of counsel as may be presented to the Court prior to or
4 at the hearing on this Motion.

5 WHEREFORE, the Debtor respectfully requests that this Court enter an order or
6 orders:

7 1. Approving the sale of the Purchased Assets to the Buyer pursuant to sections
8 105, 363(b) and 363(f) of the Bankruptcy Code free and clear of all liens, restrictions, security
9 interests, claims, charges, encumbrances and interests whatsoever;

10 2. Finding that the Buyer purchased the Purchased Assets in "good faith" as
11 defined in section 363(m) of the Bankruptcy Code;

12 3. Approving the assumption by the Debtor and the assignment to the Buyer of
13 the contracts and agreements set forth in Exhibit "2" hereto pursuant to section 365 of the
14 Bankruptcy Code, to the extent that the same constitute executory contracts or unexpired leases;

15 4. Authorizing the Debtor to cure on or prior to closing of the Sale all defaults,
16 if any, that must be cured as a condition of assumption under section 365(b) of the Bankruptcy
17 Code under any executory contracts or unexpired leases that are to be assumed and assigned to the
18 Buyer;

19 5. Providing that any executory contracts which the Debtor assumes and
20 assigns to the Buyer pursuant to the order shall, upon assignment, be deemed to be valid and
21 binding and in full force and effect and enforceable in accordance with their respective terms by
22 the parties thereto; and pursuant to section 365(k) of the Bankruptcy Code the Debtor and its estate
23 shall be relieved from any further liability with respect to each such executory contract and any
24 guaranty of any of the foregoing or similar undertaking after the assignment;

25 6. Providing that all liens, restrictions, security interests, claims, charges,
26 encumbrances and interests shall be transferred from and extinguished with respect to the
27 Purchased Assets and the same, if any, shall attach to the proceeds paid by the Buyer to the Debtor
28 with the same validity and priority as they had with respect to the Purchased Assets;

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1 7. Authorizing the Debtor to enter into the Purchase Agreement and any other
2 agreements or documents, required to consummate the Sale;

3 8. Providing that the officers and authorized employees of the Debtor are
4 authorized and empowered to execute and deliver any and all documents as may be necessary to
5 implement the sale of the Purchased Assets;


6 9. Providing that the provisions of the Order authorizing the sale of the
7 Purchased Assets free and clear of encumbrances shall be self-executing and neither the Debtor nor
8 the Buyer shall be required to execute or file releases, termination statements, assignments,
9 consents or other instruments in order to effectuate, consummate, and implement the foregoing
10 provisions hereof; provided, however, that such provision of the Order shall not excuse such
11 parties from performing any and all of their respective obligations regarding the Sale;

12 10. Providing that the notice given by Debtor in connection with the Sale and the
13 hearing thereon is adequate, sufficient, proper and complies with all applicable provisions of the
14 Bankruptcy Code and the Federal Rules of Bankruptcy Procedure; and

15 11. Granting such other and further relief as is just and proper.

16
17 DATED: February 26, 1998

TROOP MEISINGER STEUBER & PASICH, LLP

18
19 By: 
20 Gary E. Klausner
21 Attorney For the Debtor

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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

Mallory, Inc., debtor and debtor in possession in the above captioned jointly administered bankruptcy cases (the "Debtor" or "Mallory"), seeks authority from this Court to sell substantially all of its assets (the "Purchased Assets"), excluding cash, notes, accounts receivable, tax refunds, certain claims and causes of action and certain real and personal property, to either Adrenaline Research, Inc. ("ARI"), or any other third party that successfully overbids for the Purchased Assets (ARI and any such over bidder are referred to herein as the "Buyer"), free and clear of all liens, security interests, claims, encumbrances and interests.

ARI proposes to pay a purchase price comprised of a cash payment at the closing plus a percentage of ARI's annual net sales over time (the "Purchase Price"). Payment shall be made in the form of (i) a \$4,500,000 cash payment at the closing of the Sale, less certain adjustments to be made at the Closing based primarily upon assumed liabilities and the value of the Debtor's inventory at the Closing, and (ii) an annual payment equal to 7.5% of the amount by which ARI's annual post-closing net sales of automotive parts and accessories exceeds \$10,000,000 for each year through April 30, 2003, up to an additional aggregate maximum amount of \$2,500,000.

The terms and conditions of the Sale are set forth below. The Debtor further seeks this Court's authority to enter into all agreements which are required for the implementation of the sale of the Purchased Assets, including the assumption and assignment of certain executory contracts and unexpired leases. As will be demonstrated, the terms of Sale are fair and reasonable, and approval of the Sale is in the best interest of the bankruptcy estate.

The Debtor and its professionals have concluded that the best way to maximize the value of the Purchased Assets, and thereby ensure the greatest return for the estate and its creditors, is to sell the Purchased Assets as rapidly as possible and pursuant to the terms of the

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1 Purchase Agreement. The offer from ARI is in the opinion of the Debtor the best offer the Debtor
2 has received to date for the Purchased Assets. In light of the ongoing liquidation sale of the
3 Debtor's parent and affiliated subsidiaries, completion of the Sale takes on added urgency.

4 The Purchase Agreement is the result of a series of extensive negotiations by and
5 among the principals and advisors of the Debtor and ARI and provides a purchase price that the
6 Debtor believes is fair consideration for the Purchased Assets. Based on the interest that the
7 Debtor has received from third parties with respect to acquiring the Purchased Assets, the Debtor
8 also believes that there is a potential for overbids at the sale hearing.

9
10
11 **II.**
12 **STATEMENT OF FACTS**
13

14 **A. The Debtor's Business.**

15 Mallory is a wholly-owned subsidiary of Super Shops, Inc., a California corporation
16 ("Shops(CA)"). In addition to owning Mallory, Shops(CA) also owns five other wholly-owned
17 subsidiaries (collectively with Shops(CA), the "Super Shops Entities"). Prior to bankruptcy
18 Mallory and the Super Shops Entities were operated as an integrated group and shared for the most
19 part common management, as well as central accounting, administrative and operational functions.
20 This relationship has been continued through the pendency of these bankruptcy cases.

21 Mallory is in the business of manufacturing specialized high performance
22 automobile parts, such as ignition systems and valve train components. Mallory's headquarters
23 and manufacturing plant is located in Carson City, Nevada. At present Mallory employs
24 approximately 175 individuals.

25 Prior to bankruptcy, Mallory sold its product to a wide range of buyers, however,
26 Shops (CA) for itself and the other Super Shops Entities purchased a significant portion of
27 Mallory's production. For the year preceding the bankruptcy filing, Mallory had sales of
28 approximately \$23,000,000.

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1 The Super Shops Entities sold to the general public, from retail stores located
2 throughout the country, new and replacement automotive parts, many of which were specialized
3 high-performance parts. In addition to selling high performance Dunlop and BF Goodrich tires,
4 the stores also sold specialized parts produced by manufacturers such as Edelbrock, Holley and
5 Mr. Gasket.

6 Pre-petition and post-petition working capital and financing has been provided to the
7 Debtor and the Super Shops Entities by a revolving credit facility with Foothill Capital Corporation
8 ("Foothill").

9 Due to operational and financial problems that were affecting the business
10 operations of the Super Shops Entities, the Super Shops Entities filed for bankruptcy protection on
11 September 19, 1997. These problems also affected Mallory's business operations and, because
12 Mallory was dependent upon Shops(CA) for its day to day working capital and shared with the
13 Super Shops Entities some of the same secured creditors, including Foothill, Mallory also
14 commenced a bankruptcy case on September 19, 1997.

15 The Super Shops Entities and the Debtor are operating their respective businesses
16 and managing their respective assets as Debtors in Possession pursuant to sections 1107 and 1108
17 of the Bankruptcy Code. The bankruptcy case of the Debtor and the bankruptcy cases of the Super
18 Shops Entities are being jointly administered.

19 **B. Events During The Case.**

20 **1. Postpetition Financing and Authority to Use Cash Collateral**

21 Immediately after the Petition Date, the Super Shops Entities and the Debtor
22 obtained Court approval to enter into postpetition financing agreements with Foothill and for the
23 use of the alleged collateral and cash collateral of Michelin North America and certain suppliers of
24 inventory which were sufficient to allow the Super Shops Entities and the Debtor to carry out their
25 business operations. On September 25, 1997, the Court approved an interim financing order
26 allowing postpetition financing by Foothill. At a final hearing conducted on October 21, 1997,
27 the Court approved a final postpetition financing agreement with Foothill.
28

1 **2. Hiring of John Grigsby.**

2 Prior to the bankruptcy filings, the Super Shops Entities and the Debtor employed
3 John Grigsby, a nationally known and respected turnaround consultant who has particular expertise
4 with businesses involved in the automotive industry, to advise them on strategies for reorganizing
5 their respective business.

6 Mr. Grigsby, working in conjunction with senior management, examined the Super
7 Shops Entities and the Debtor's business operations and the potential alternatives for emerging
8 from Chapter 11. With respect to the Super Shops Entities, Mr. Grigsby moved aggressively to
9 cut costs and closed in excess of forty under performing stores. After concluding that an operating
10 plan was not feasible, attempts were made to sell the Super Shops Entities business as a going
11 concern. However, a potential sale fell through and no other active bidders emerged.
12 Accordingly, at a hearing held on January 26, 1998, the Court approved a liquidation sale. The
13 assets of the Super Shops Entities are presently being liquidated with the assistance of a
14 professional liquidator pursuant to a "Going Out Of Business Sale". The liquidation sale should be
15 completed by the end of March, 1998.

16 With respect to the Debtor, after exploring various options, including refinancing or
17 restructuring its financial affairs and business operations, an operating plan of reorganization and
18 the sale of its business and assets piecemeal or as a going concern, Mr. Grigsby determined that it
19 would be in the best interests of the Debtor's creditors and its estate, that the Debtor sell its
20 business as a going concern as soon as possible to the highest bidder.

21 **3. Marketing Efforts.**

22 The Debtor's business and assets have been aggressively marketed by the Debtor's
23 personnel, by Mr. Grigsby and by members of the Unsecured Creditors Committee. They have
24 personally contacted potential buyers who they determined might be interested in purchasing the
25 Debtor's business and assets. In addition, other parties directly contacted the Debtor about
26 acquiring the assets when they learned of their availability. Over forty prospective purchasers have
27 received information about the Debtor. Of these entities, approximately fifteen conducted due
28 diligence at the Debtor's headquarters, and five parties, including ARI, made offers for the assets.

1 On or about December 15, 1997, ARI approached Mr. Grigsby about purchasing the
2 Debtor's business and assets. After a series of extensive negotiations, and substantial due diligence
3 by ARI, the parties agreed to the terms embodied in the Purchase Agreement. The offer of ARI is
4 to date, in the opinion, of the Debtor the best offer for the Purchased Assets. The Debtor believes
5 that there will be overbids at the Sale Hearing based upon the interest received from other parties.

6 The Debtor believes that maximum value for the Purchased Assets will be
7 obtainable only through a rapid consummation of the sale as a going concern. Such a sale will also
8 have the added benefit of significantly reducing the Debtor's interest and financing costs to its
9 secured lenders, professional fees that are being incurred and the operating costs associated with
10 running the Debtor's day-to-day business operations.

11 **4. Termination of Financing/Limited Financing from Foothill to Effectuate the**
12 **Sale.**

13 The Super Shops Entities' and the Debtor's have defaulted under their post-petition
14 financing arrangement with Foothill and based upon such default, Foothill's post-petition financing
15 of the Debtor's operations pursuant to the entered financing order ceased as of January 10, 1998.
16 Foothill agreed in connection with the liquidation of the Super Shops Entities to provide limited
17 financing to cover only those costs and expenses which were necessary in connection with the
18 Going Out of Business Sale.

19 Foothill has also agreed to finance the Debtor's operations for a limited time solely
20 in connection with consummating the sale of the Debtor's assets. A motion seeking Court approval
21 of this financing is scheduled to be heard on March 12, 1998.

22 **5. Sale Of The Purchased Assets.**

23 As stated above, ARI approached the Mr. Grigsby about purchasing the Debtor's
24 business and assets in mid December 1997, and, after extensive due diligence and negotiations,
25 the parties executed in early February, 1998 the Purchase Agreement. A true and correct copy of
26 the Purchase Agreement is attached hereto as Exhibit "1".

27 ARI has agreed to purchase substantially all of the Debtor's assets, primarily all of
28 the assets necessary to operate the Debtor's business. ARI will not be purchasing the Debtor's

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1 cash, notes, accounts receivable, tax refunds, certain claims and causes of action related to the
2 bankruptcy case and the bankruptcy case of the owner of Shops(CA) and certain real and personal
3 property which is described in the Purchase Agreement. The sale will be free and clear of all
4 liens, security interests, claims, encumbrances and interests. In addition, the Debtor will also
5 assume and assign to ARI certain contracts and the Debtor's real property lease for the location of
6 the Debtor's headquarters and manufacturing facility in Carson City, Nevada.

7 ARI will pay a purchase price comprised of a cash payment at the closing plus a
8 percentage of ARI's net sales over time (the "Purchase Price"). Payment shall be made in the
9 form of (i) a \$4,500,000 cash payment at the closing of the Sale, less certain adjustments to be
10 made at the Closing based primarily upon assumed liabilities and the value of the Debtor's
11 inventory at the Closing, and (ii) an annual payment equal to 7.5% of the amount by which ARI's
12 annual post-closing net sales of automotive parts and accessories exceeds \$10,000,000, such annual
13 payments to be made until the earlier of April 30, 2003 or at such time as the aggregate amount of
14 such payments made to the Debtor totals \$2,500,000.

15 Both ARI and the Debtor require a closing no later than April 3, 1998. The
16 conditions to the obligation of ARI to close the Sale are set forth in Article 8 of the Agreement and
17 Closing will be contingent upon, among other things:

- 18 a. Satisfactory conclusion of ARI's due diligence (which may include a review
19 of all the Debtor's financial and operating records, relevant leases and
20 contracts, assets, and other inspections) by March 6, 1998.
- 21 b. The assumption and assignment of the real property lease for the Debtor's
22 headquarters and manufacturing facility in Carson City, Nevada.
- 23 c. The entry of a final non-appealable order of this Court approving the sale
24 free and clear of claims, liens and encumbrances by March 27, 1998.

25 The Debtor will assume and thereafter assign to the Buyer the unexpired non-
26 residential real property lease, personal property leases and outstanding executory contracts set
27 forth in Exhibit "2". If a complete list is not available as of the filing of this Motion, a supplement
28 will be filed with the Court and served prior to the time of the hearing.

1 **6. Existing Liens on the Purchased Assets.** (a) Pursuant to pre-petition loan
2 agreement with U.S. Bancorp Leasing and Financial ("Bancorp"), dated December 7, 1995, the
3 Debtor borrowed approximately \$2,800,000 from Bancorp. To secure its obligations under the
4 note, the Debtor granted Bancorp a security interest in certain of the Debtor's equipment, furniture
5 and fixtures. As of the date hereof, Bancorp is owed approximately \$1,775,000.00 by the Debtor.

6 (b) In connection with the Debtor's pre-petition pre-petition financing
7 arrangement with Foothill, evidenced by a certain Loan and Security Agreement dated as of
8 January 15, 1997 (the "Pre-Petition Credit Facility"), Foothill was granted a first priority blanket
9 lien on and security interest in all of the Debtor's assets, except those subject to a superior lien of
10 other parties, such as Bancorp, against which Foothill took a second priority lien. The lien and
11 security interest secured the repayment of the Debtor's indebtedness under the Pre-Petition Credit
12 Facility. The Super Shops Entities were joint obligers under the Pre-Petition Credit Facility with
13 the Debtor. On the date of filing, Foothill was owed approximately \$12.5 million. The Court
14 approved post-petition financing arrangement with Foothill granted to Foothill replacement liens on
15 all of the assets and property of the Debtor to secure the Super Shops Entities and the Debtor's
16 obligations under the financing arrangement. As of the date hereof, Foothill is owed
17 approximately \$6,000,000.

18 (c) In connection with certain indebtedness owed to Michelin North America by
19 the Super Shops Entities, the Debtor executed a guaranty in favor of Michelin which guaranteed
20 the repayment of that indebtedness and secured such guaranty with a lien on the assets of the
21 Debtor, subordinated to the liens in favor of Bancorp and Foothill. As of the date hereof, Michelin
22 is owed in excess of \$20,000,000.

23 The proceeds from the Sale will be used to satisfy the Debtor's obligation to
24 Bancorp and the remainder applied against the outstanding indebtedness owed to Foothill.

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C. Bidding Procedures - Overbid Protection.

As part of ARI's offer to purchase the Debtor's assets, ARI required that the Court approve certain buyer and overbid protections. At a hearing held on February 18, 1998, the Court approved the following buyer protections and bidding procedures to be used at the hearing on this Motion:

- (1) Termination Fee for ARI: \$200,000
- (2) Initial Overbid: \$300,000 over existing bid of ARI
- (3) Subsequent Overbids: To be determined by the Court at the Sale Hearing
- (4) Matching Rights: ARI has the right to match any higher offer for the assets
- (5) No later than 5:00 p.m. (California time) on Thursday, March 12, 1998, each potential over bidder must deliver to the Debtor, along with its bid, a refundable cash deposit of \$100,000 and satisfactory evidence of the over bidder's financial ability to finance the transaction and consummate the proposed sale in the time frame contemplated by the Purchase Agreement;
- (6) Each prospective bidder must have completed its due diligence prior to the Sale Hearing and be immediately ready to close the transaction, if it is the successful bidder.
- (7) On or prior to March 16, 1998, the Debtor shall file with the Court and serve, by telecopier or overnight mail, on all parties who were present at the hearing on the Bid Procedure Motion, a summary of the terms of each of the bids received by the Debtor and a statement by the Debtor, and the reasons for such statement, as to which bid the Debtor believes to be the best bid for the Purchased Assets

III.

ARGUMENT

A. The Sale of The Purchased Assets To ARI Should Be Approved Because The Terms Of Sale Are Fair And Reasonable And The Sale Is Best Means of Maximizing the Value of the Estate.

Section 363(b)(1) of the Bankruptcy Code provides as follows:

"(b)(1) The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate."

The Sale contemplates the sale of substantially all of the assets of the Debtor's bankruptcy estate. While certain courts have discouraged the "practice" of selling substantially all

1 of a debtor's assets outside of a plan of reorganization, no such prohibition exists in the Ninth
2 Circuit. The Bankruptcy Court in the case of In re Wilde Horse Enterprises, Inc., 136 B.R. 830
3 (Bankr. C.D. Cal. 1991) held that a debtor may sell substantially all of its assets under section
4 363(b) so long as the applicable elements governing the sale under that section were satisfied.
5 Wilde Horse, 136 B.R. at 841. In determining whether any sale of assets out of the ordinary
6 course of business, including a sale of substantially all of the Debtor's assets, should be approved,
7 bankruptcy courts usually consider the following factors:

- 8 1. Whether a sufficient business reason exists for the sale;
- 9 2. Whether the proposed sale is in the best interest of the estate, which in turn

10 consists of the following factors:

- 11 i) That terms of the sale are fair and reasonable;
- 12 ii) That the proposed sale has been adequately marketed;
- 13 iii) That the proposed sale terms have been properly negotiated and
14 proposed in good faith; and
- 15 iv) That the purchaser is involved in an "arms-length" transaction with
16 the seller; and
- 17 3. Was notice of the sale sufficient.

18 See generally In re Wilde Horse Enterprises, Inc., 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991)
19 ("In approving any sale outside the ordinary course of business, the court must not only articulate a
20 sufficient business reason for the sale, it must further find it is in the best interest of the estate,
21 i.e., it is fair and reasonable, that it has been given adequate marketing, that it has been negotiated
22 and proposed in good faith, that the purchaser is proceeding in good faith, and that it is an 'arms-
23 length' transaction"); Matter of Phoenix Steel Corp., 82 B.R. 334, 335-356 (Bankr. D. Del. 1987)
24 (In determining whether a proposed sale of equipment was proper under section 363, court
25 considered whether the terms of proposed sale were fair and equitable, whether there was a good
26 business reason for completing the sale and whether the transaction was proposed in good faith); In
27 re Alves, 52 B.R. 353 (Bankr. D.R.I. 1985) (factors concerning whether sale of property under
28 Section 363 should be approved concerned integrity of sale and the best interest of bankruptcy

1 estate); In re American Development Corp., 95 B.R. 735 (Bankr. C.D. Cal. 1989) (the following
2 factors are relevant concerning whether a section 363(b) transaction should be authorized: (1) has
3 the debtor satisfied the business judgment test by demonstrating good and sound business reasons
4 for the proposed transaction; (2) is the proposed transaction in the best interests of creditors; (3) is
5 the proposed transaction premature; (4) does the debtor have other options available to reorganize;
6 (5) will a proposed transaction facilitate a plan of reorganization); In re Channel One
7 Communications, Inc., 117 B.R. 493 (E.D. Mo. 1990) (sale of substantially all of the debtor's
8 assets may be appropriate upon (1) the showing of sound business purpose; (2) accurate and
9 reasonable advance notice of the proposed sale; (3) fair and reasonable price; and (4) no unfair
10 benefit to insiders to the prospective purchasers or to any creditor or class of creditors).

11 In the present case, the Debtor has clearly satisfied all of the applicable elements
12 discussed above concerning the proposed sale of the Purchased Assets:

13 1. Sound Business Reason: Application of the debtor-in-possession's sound
14 business judgment in the use, sale, or lease of property of the estate is subject to great judicial
15 deference. Matter of WPRV-TV, Inc., 143 B.R. 315 (D. P.R. 1991), aff'd in part, rev'd in part,
16 983 F.2d 336 (1st Cir. 1993); In re Thrifty Liquors, Inc., 26 B.R. 26 (Bankr. D. Mass. 1982).
17 The application of the business judgment test affords the debtor-in-possession discretion in
18 balancing the costs and benefits of administering or disposing of estate assets according to the
19 needs of the estate. See In re Canyon Partnership, 55 B.R. 520 (Bankr. S.D. Cal. 1985).

20 The Debtor and its professionals determined, after examining all of the available
21 options, that a sale of the Debtor's assets as a going concern is the best means of achieving
22 maximum value for the assets and the estate. The Sale comes only after numerous months of
23 searching for and then negotiating with ARI, as well as with other parties, concerning a potential
24 purchase transaction. As the Debtor's parent and affiliated subsidiaries are presently being
25 liquidated and Foothill is only willing to finance the Debtor for a short period of time in
26 connection with the Sale, it is imperative that the Sale be completed as soon as possible. The
27 longer the Debtor delays in selling its assets, the greater the harm to the Debtor's business and the
28 greater the chance the assets will decrease in value, thereby depriving the estate of needed cash to

1 pay creditors. A sale of Mallory will also eliminate a significant portion of the outstanding secured
2 debt and halt the continuing accumulation of interest and financing costs associated with that debt,
3 as well as the cost of the day-to-day operations of Mallory's business. Thus, a strong business
4 reason exists for the Sale.

5 2. The Consideration For The Sale Is Adequate: The Debtor has for a
6 significant period of time been actively seeking prospective purchasers of the Debtor's assets.
7 Approximately forty entities have expressed an interest in purchasing the assets and of that number
8 approximately fifteen have concluded some sort of due diligence. In addition to ARI, four other
9 parties communicated offers to the Debtor for the assets. Based on these efforts, the Debtor, and
10 in particular Mr. Grigsby, have an understanding of market value of the Debtor's assets. The
11 Purchase Price is consistent with Mr. Grigsby's belief as to value of the Purchased Assets.

12 However, the best indicator of adequate consideration is the market place. The
13 offer by ARI was determined for various reasons to be the best offer available to the Debtor among
14 the firm and not so firm offers submitted. If the Debtor and Mr. Grigsby are wrong as to the value
15 of the Purchased Assets, then the procedures in place, *i.e.* a Sale Hearing where prospective
16 bidders will be able to overbid ARI's Purchase Price, will ensure that the best price is obtained for
17 the Purchased Assets. Up until the time of the Sale Hearing, the Debtor and its personnel intend to
18 continue to respond to inquires and assist parties in obtaining the information and doing the due
19 diligence they need to be in a position to bid for the assets at the Sale Hearing.

20 3. The Purchased Assets Have Been Adequately Marketed: As stated above,
21 the Debtor's business and assets have been aggressively marketed by the Debtor's personnel, by
22 Mr. Grigsby and by members of the Unsecured Creditors Committee. They have personally
23 contacted potential buyers who they determined might be interested in purchasing the Debtor's
24 business and assets. In addition, other parties directly contacted the Debtor about acquiring the
25 assets when they learned of their availability. Over forty prospective purchasers have received
26 information about the Debtor. Of these entities, approximately fifteen conducted due diligence at
27 the Debtor's headquarters, and five parties, including ARI, made offers for the assets. The Debtor
28

1 believes that any entity that might have had an interest in purchasing the Debtor's business and
2 assets is aware of the fact that they are for sale and have had an opportunity to seek to purchase
3 them if they were interested. Thus the Purchased Assets have been adequately marketed.

4 4. The Terms of the Sale have been Negotiated at Arm's Length and in Good

5 Faith: The Purchase Agreement is the product of extensive negotiations
6 between the principals and advisors of the Debtor on the one hand and ARI on the other hand.
7 These negotiations took place over a period of approximately two months and involved each party
8 giving on certain points. ARI is a distinct and separate entity from the Debtor, does not have any
9 ownership interest in the Debtor or any of the Super Shops Entities, and has no connection to, or
10 affiliation, with the Debtor or its business other than making the offer to purchase
11 the Assets.

12 5. Notice of the Sale is Sufficient: The Debtor will give notice of the hearing

13 on the Sale to all creditors and other interested parties in this case. In addition, a copy of this
14 Motion will be served on the Office of the United States Trustee, all secured creditors, the
15 Unsecured Creditor Committees, all parties requesting special notice and the prospective over
16 bidders.

17 For each of the reasons above, the Debtor has shown that a sufficient business
18 reason exists for the Sale and that the Sale is in the best interests of the estate. As a result of its
19 extensive marketing efforts and arms-length negotiations, the Debtor has obtained a fair and
20 reasonable price for the Purchased Assets. Accordingly, the Court should approve the Sale of the
21 Purchased Assets.

22
23 B. The Debtor Should Be Authorized To Assume And Assign Certain
24 Contracts And Leases In Connection With The Sale, To The Extent That
25 The Same Constitute Executory Contracts And Unexpired Leases,
26 Pursuant To Bankruptcy Code Section 365.

27 Subject to exceptions not relevant in this case, section 365(a) of the Bankruptcy
28 Code provides that the Debtor may assume or reject an executory contract or unexpired lease.

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1 In connection with the sale, the Debtor seeks authority to assume and assign to the
2 ARI certain contracts and leases, which are identified in Exhibit "2" hereto, to the extent that the
3 same constitute executory contracts or unexpired leases.

4 While the Bankruptcy Code does not set forth guidelines for courts to apply in
5 determining whether to authorize a debtor in possession to assume or reject an executory contract
6 or unexpired lease, the courts have overwhelmingly applied a "business judgment" test when
7 reviewing such a decision. See, e.g., Group of Institutional Investors v. Chicago, Milwaukee, St.
8 Paul and Pacific R.R. Co., 318 U.S. 523, 550, 63 S.Ct. 727, 742-43 (1943); Richmond Leasing
9 Co. v. Capital Bank, N.A., 762 F.2d 1303, 1309 (5th Cir. 1985); Lubrizol Enterprises, Inc. v.
10 Richmond Metal Finishers, Inc. (In re Richmond Metal Finishers), 756 F.2d 1043 (4th Cir. 1985),
11 cert. den. 475 U.S. 1057 (1986); Control Data Corp. v. Zelman (In re Minges), 602 F.2d 38, 43
12 (2nd Cir. 1979); Carey v. Mobil Oil Corp. (In re Tilco, Inc.), 558 F.2d 1369, 1372 (10th Cir.
13 1977); Robertson v. Pierce (In re Huang), 23 Bankr. 798, 800 (Bankr. 9th Cir. 1982).

14 As applied to a debtor's decision to assume or reject an executory contract, the
15 business judgment test "requires that the decision be accepted by courts unless it is shown that the
16 [debtor's] decision was one taken in bad faith or in gross abuse of the [debtor's] retained business
17 discretion" and that it "is so manifestly unreasonable that it could not be based on sound business
18 judgment, but only on bad faith, or whim or caprice." Lubrizol Enterprises, Inc. v. Richmond
19 Metal Finishers, Inc. (In re Richmond Metal Finishers, Inc.), 756 F.2d 1043, 1047 (4th Cir.
20 1985).

21 In the instant case, the Debtor has clearly demonstrated sound business judgment in
22 entering into the sale transaction with ARI and ARI, as part of the Sale, requires the Debtor to
23 assume and assign to ARI all of the agreements listed in Exhibit "2", to the extent that the same
24 constitute executory contracts and/or unexpired leases. If the Debtor is unable to close the Sale,
25 the Debtor's prospects for maximizing the value of the Purchased Assets will be severely
26 jeopardized. The terms of the Sale are favorable, and the assumption and assignment of the
27 contracts listed in Exhibit "2", which is an essential element of the Sale, is in the overwhelming
28

1 best interest of this estate and its creditors. Accordingly, the Debtor has clearly satisfied its burden
2 of demonstrating sound business judgment.

3 Section 365(b) of the Bankruptcy Code provides that before a debtor can assume an
4 executory contract under which there has been a default, the debtor must cure, or provide adequate
5 assurance that it will promptly cure, certain defaults and compensate, or provide adequate
6 assurance of compensation, for any pecuniary loss to the other party resulting from such defaults.

7 Furthermore, section 365(f) of the Bankruptcy Code provides that before a debtor
8 may assign an assumed executory contract, the other party to such contract must receive "adequate
9 assurance of future performance" by the assignee.

10 The Debtor believes that other than in connection with the real property lease
11 covering the Debtor's headquarters and manufacturing facility, no cure payments will be necessary
12 and that there will not be any issue with respect to adequate assurances of future performance. In
13 fact, ARI has agreed to reimburse the Debtor for certain costs and expenses associated with certain
14 of the contracts to be assigned.

15 ARI requires as a condition to its obligation to close the Sale that the closing occur
16 on or before April 3, 1998. Therefore, for all practical purposes, the Court needs to rule on the
17 within Motion on the assumption and assignment of the leases and contracts at the time of hearing
18 on the Motion.

19 Accordingly, should any party to an Exhibit "2" agreement object to the assumption
20 and assignment of a specific agreement to the Buyer, the Debtor requests that the Court conduct a
21 hearing regarding such objection immediately subsequent to the Court's ruling upon the Motion to
22 sell the Purchased Assets.

23
24 C. **The Sale Of The Purchased Assets Free And Clear Of Liens Is**
25 **Appropriate.**

26 Section 363(f) of the Bankruptcy Code permits a debtor in possession to sell
27 property "free and clear of any interest in such property of an entity other than the estate" if at
28 least one of five conditions is met." 11 U.S.C. § 363(f). The conditions are:

- 1 (1) applicable non-bankruptcy law permits sale of such property free and clear of such
- 2 interest;
- 3 (2) such entity consents;
- 4 (3) such interest is a lien and the price at which such property is to be sold is greater
- 5 than the aggregate value of all liens on such property;
- 6 (4) such interest is in a bona fide dispute; or
- 7 (5) such entity could be compelled, in a legal or equitable proceeding, to accept a
- 8 money satisfaction of such interests.

9 11 U.S.C. § 363(f). Section 363(f) is written in the disjunctive, such that satisfaction of any one of
10 the five conditions is sufficient to allow a debtor in possession to sell property of the estates free
11 and clear of liens. Citicorp Homeowners Assoc. v. Elliot (In re Elliot), 94 B.R. 343 (E.D. Pa.
12 1988); In re Bygaph, Inc., 56 B.R. 596 (Bankr. S.D.N.Y. 1986); Mutual Life Ins. co. of New
13 York v. Red Oaks Farms, Inc. (In re Red Oaks Farms, Inc.), 36 B.R. 856 (Bankr. W.D. Mo.
14 1984).

15 The sale of the Assets free and clear of liens may proceed pursuant to subsection
16 363(f)(2). Pursuant to that subsection, property may be sold free and clear if the non-debtor holder
17 of an interest in the property “consents.” The Debtor believes that Bancorp, Foothill and Michelin
18 will consent to the Sale, as their liens will attach with the same validity and priority to the proceeds
19 of the Sale and ultimately such secured claimants will be paid such proceeds in the order of such
20 priority, to the extent available, in satisfaction of their secured debt. Therefore, their existing
21 interests, i.e. their liens, in the Purchased Assets will be adequately protected. To the extent the
22 parties do not consent, the Debtor is prepared to prove that the Sale can proceed under one of the
23 other subsections of section 363(f), including, without limitation 363(f)(5).

25 **D. The Buyer Is Entitled To A Finding Of Good Faith Pursuant To Section**
26 **363(m) Of The Bankruptcy Code.**

27 ARI (and, the Debtor believes, any other third party which may participate in an
28 overbid for the Purchased Assets) and the Sale are entitled to a good faith finding within the

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1 meaning of section 363(m) of the Bankruptcy Code on the basis of the uncontradicted evidence that
2 ARI, or any overbidder, will have presented the best and highest offer for the Purchased Assets
3 based on arms-length negotiations and after significant marketing efforts and the opportunity for
4 other prospective buyers to make competing offers. Lack of good faith for purposes of section
5 363(m) is generally determined by existence of fraudulent conduct during the sale process. In re
6 Exennium, Inc., 715 F.2d 1401 (9th Cir. 1983); In re Suchy, 786 F.2d 900 (9th Cir. 1985). In
7 this case, no such conduct has occurred.

8
9 IV.

10 CONCLUSION

11
12 The sale of the Purchased Assets is crucial to the ability of the Debtor to attempt to
13 provide some return to its creditors on account of their claims. Without the Court's approval of
14 the Sale, the Debtor's assets will most likely have to be liquidated in the same manner as the assets
15 of the Super Shops Entities. Such a liquidation will result in a significant drop in the amount the
16 Debtor's estate will receive for the assets. The Debtor has demonstrated that the consideration for
17 the sale of these assets is fair and reasonable and that the Sale is the best means of maximizing the
18 value of the assets. Accordingly, the Debtor requests that this Court grant the relief requested in
19 this Motion and authorize the Debtor to sell the Purchased Assets in the manner described herein.

20
21
22 DATED: February 16, 1998

TROOP MEISINGER STEUBER & PASICH, LLP

23
24 By: 

GARY E. KLAUSNER
Attorneys for the Debtor

DECLARATION OF JOHN T. GRIGSBY, JR.

I, JOHN T. GRIGSBY, JR., declare and state as follows:

1. The following facts are within my personal knowledge unless otherwise stated. If called to testify as a witness with regard to the statements set forth below, I could and would competently testify thereto.

2. I am the President and Chairman of the Board of the Debtor and I am authorized to make this declaration on the Debtor's behalf. I am also a principal in John T. Grigsby, Jr. & Associates ("G&A"), a management consulting and financial advisory firm specializing in the representation of management, boards of directors, bondholders, bondholder committees, unsecured creditor committees, banks and bank syndicates, shareholders and equity committees, and potential purchasers and investors of financially distressed companies. G&A's primary services relate to the representation of debtor entities include management of all facets of the restructuring process, including the development and implementation of a restructuring plan, negotiations with creditors, placement/refinance of debt or equity, and hands-on assistance with business operations.

3. I have carefully read each of the facts set forth in the accompanying Motion and each of them are true to the best of my knowledge.

4. This case was commenced on September 19, 1997 by the filing by the Debtors of Chapter 11 petitions under the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtor is operating its business and managing its assets as Debtors in Possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. Mallory is a wholly-owned subsidiary of Super Shops, Inc., a California corporation ("Shops(CA)"). In addition to owning Mallory, Shops(CA) also owns five other wholly-owned subsidiaries (collectively with Shops(CA), the "Super Shops Entities"). Prior to bankruptcy Mallory and the Super Shops Entities were operated as an integrated group and shared for the most part common management, as well as central accounting, administrative and operational functions. This relationship has been continued through the pendency of these bankruptcy cases.

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1 6. Mallory is in the business of manufacturing specialized high performance
2 automobile parts, such as ignition systems and valve train components. Mallory's headquarters
3 and manufacturing plant is located in Carson City, Nevada. At present Mallory employs
4 approximately 175 individuals.

5 7. Prior to bankruptcy, Mallory sold its product to a wide range of buyers,
6 however, Shops (CA) for itself and the other Super Shops Entities purchased a significant portion
7 of Mallory's production. For the year preceding the bankruptcy filing, Mallory had sales of
8 approximately \$23,000,000.

9 8. Due to operational and financial problems that were affecting the business
10 operations of the Super Shops Entities, the Super Shops Entities filed for bankruptcy protection on
11 September 19, 1997. These problems also affected Mallory's business operations and because
12 Mallory was dependent upon Shops(CA) for its day to day working capital and shared with the
13 Super Shops Entities some of the same secured creditors, including Foothill, Mallory also
14 commenced a bankruptcy case on September 19, 1997.

15 9. Immediately after the Petition Date, the Super Shops Entities and the Debtor
16 obtained Court approval to enter into postpetition financing agreements with Foothill and for the
17 use of the alleged collateral and cash collateral of Michelin North America and certain suppliers of
18 inventory which were sufficient to allow the Super Shops Entities and the Debtor to carry out their
19 business operations. On September 25, 1997, the Court approved an interim financing order
20 allowing postpetition financing by Foothill. At a final hearing conducted on October 21, 1997,
21 the Court approved a final postpetition financing agreement with Foothill.

22 10. The Super Shops Entities' and the Debtor's have defaulted under their post-
23 petition financing arrangement with Foothill and based upon such default, Foothill's post-petition
24 financing of the Debtor's operations pursuant to the entered financing order ceased as of January
25 10, 1998. Foothill has also agreed to finance the Debtor's operations for a limited time solely in
26 connection with consummating the sale of the Debtor's assets. A motion seeking Court approval
27 of this financing is scheduled to be heard on March 12, 1998.

1 11. Prior to the bankruptcy filings, I was employed by the Super Shops Entities
2 and the Debtor to advise them on strategies for reorganizing their respective business. Working in
3 conjunction with senior management, I examined the Super Shops Entities and the Debtor's
4 business operations and the potential alternatives for emerging from Chapter 11. With respect to
5 the Super Shops Entities, we moved aggressively to cut costs and closed in excess of forty under
6 performing stores. After concluding that an operating plan was not feasible, attempts were made
7 to sell the Super Shops Entities business as a going concern. However, a potential sale fell through
8 and no other active bidders emerged. Accordingly, at a hearing held on January 26, 1998, the
9 Court approved a liquidation sale. The assets of the Super Shops Entities are presently being
10 liquidated with the assistance of a professional liquidator pursuant to a "Going Out Of Business
11 Sale". The liquidation sale should be completed by the end of March, 1998.

12 12. With respect to the Debtor, after exploring various options, including
13 refinancing or restructuring its financial affairs and business operations, an operating plan of
14 reorganization and the sale of its business and assets piecemeal or as a going concern, I determined
15 that it would be in the best interests of the Debtor's creditors and its estate, that the Debtor sell its
16 business as a going concern as soon as possible to the highest bidder.

17 13. The Debtor's business and assets have been aggressively marketed by the
18 Debtor's personnel, by Mr. Grigsby and by members of the Unsecured Creditors Committee.
19 They have personally contacted potential buyers who they determined might be interested in
20 purchasing the Debtor's business and assets. In addition, other parties directly contacted the
21 Debtor about acquiring the assets when they learned of their availability. Over forty prospective
22 purchasers have received information about the Debtor. Of these entities, approximately fifteen
23 conducted due diligence at the Debtor's headquarters, and five parties, including ARI, made offers
24 for the assets.

25 14. On or about December 15, 1997, I was approached by ARI about purchasing
26 the Debtor's business and assets. The Purchase Agreement, a true and correct copy of which is
27 attached hereto as Exhibit "1", is the product of extensive negotiations that took place over a
28 period of approximately two months and involved each party giving on certain points. The

1 negotiations were conducted at "arms-length" and in good faith. To the best of my knowledge,
2 ARI is a distinct and separate entity from the Debtor, does not have any ownership interest in the
3 Debtor or any of the Super Shops Entities, and has no connection to, or affiliation, with the Debtor
4 or its business other than making the offer to purchase the assets. The offer of ARI is to date in
5 my opinion the best offer for the Purchased Assets. I also believe that there will be overbids at the
6 Sale Hearing based upon the interest received from other parties.

7 15. I believe that the maximum value for the Purchased Assets will be obtainable
8 only through a rapid consummation of the sale as a going concern. Such a sale will also have the
9 added benefit of significantly reducing the Debtor's interest and financing costs to its secured
10 lenders, professional fees that are being incurred and the operating costs associated with running
11 the Debtor's day-to-day business operations.

12 16. ARI has agreed to purchase substantially all of the Debtor's assets, primarily
13 all of the assets necessary to operate the Debtor's business. ARI will not be purchasing the
14 Debtor's cash, notes, accounts receivable, tax refunds, certain claims and causes of action related
15 to the bankruptcy case and the bankruptcy case of the owner of Shops(CA) and certain real and
16 personal property which is described in the Purchase Agreement. The sale will be free and clear
17 of all liens, security interests, claims, encumbrances and interests. In addition, the Debtor will
18 also assume and assign to ARI certain contracts and the Debtor's real property lease for the
19 location of the Debtor's headquarters and manufacturing facility in Carson City, Nevada.

20 17. ARI will pay a purchase price comprised of a cash payment at the closing
21 plus a percentage of ARI's net sales over time (the "Purchase Price"). Payment shall be made in
22 the form of (i) a \$4,500,000 cash payment at the closing of the Sale, less certain adjustments to be
23 made at the Closing based primarily upon assumed liabilities and the value of the Debtor's
24 inventory at the Closing, and (ii) an annual payment equal to 7.5% of the amount by which ARI's
25 annual post-closing net sales of automotive parts and accessories exceeds \$10,000,000, such annual
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1 payments to be made until the earlier of April 30, 2003 or at such time as the aggregate amount of
2 such payments made to the Debtor totals \$2,500,000.

3 18. Both ARI and the Debtor require a closing no later than April 3, 1998. The
4 conditions to the obligation of ARI to close the Sale are set forth in Article 8 of the Agreement and
5 Closing will be contingent upon, among other things:

- 6 a. Satisfactory conclusion of ARI's due diligence (which may include a review
7 of all the Debtor's financial and operating records, relevant leases and
8 contracts, assets, and other inspections) by March 6, 1998.
- 9 b. The assumption and assignment of the real property lease for the Debtor's
10 headquarters and manufacturing facility in Carson City, Nevada.
- 11 c. The entry of a final non-appealable order of this Court approving the sale
12 free and clear of claims, liens and encumbrances by March 27, 1998.

13 19. Pursuant to pre-petition loan agreement with U.S. Bancorp Leasing and
14 Financial ("Bancorp"), dated December 7, 1995, the Debtor borrowed approximately \$2,800,000
15 from Bancorp. To secure its obligations under the note, the Debtor granted Bancorp a security
16 interest in certain of the Debtor's equipment, furniture and fixtures. As of the date hereof,
17 Bancorp is owed approximately \$1,774,000.00 by the Debtor.

18 20. In connection with the Debtor's pre-petition pre-petition financing
19 arrangement with Foothill, evidenced by a certain Loan and Security Agreement dated as of
20 January 15, 1997 (the "Pre-Petition Credit Facility"), Foothill was granted a first priority blanket
21 lien on and security interest in all of the Debtor's assets, except those subject to a superior lien of
22 other parties, such as Bancorp, against which Foothill took a second priority lien. The lien and
23 security interest secured the repayment of the Debtor's indebtedness under the Pre-Petition Credit
24 Facility. The Super Shops Entities were joint obligers under the Pre-Petition Credit Facilities with
25 the Debtor. On the date of filing, Foothill was owed approximately \$12.5 million. The Court
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1 approved post-petition financing arrangement with Foothill granted to Foothill replacement liens on
2 all of the assets and property of the Debtor to secure the Super Shops Entities and the Debtor's
3 obligations under the financing arrangement. As of the date hereof, Foothill is owed
4 approximately \$6,000,000.

5 21. In connection with certain indebtedness owed to Michelin North America by
6 the Super Shops Entities, the Debtor executed a guaranty in favor of Michelin which guaranteed
7 the repayment of that indebtedness and secured such guaranty with a lien on the assets of the
8 Debtor, subordinated to the liens in favor of Bancorp and Foothill. As of the date hereof, Michelin
9 is owed in excess of \$20,000,000.

10 22. The proceeds from the Sale will be used to satisfy the Debtor's obligation to
11 Bancorp and the remainder applied against the outstanding indebtedness owed to Foothill.

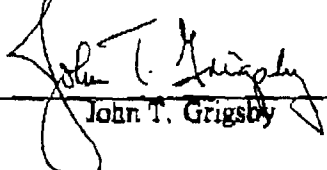
12 23. The Debtor believes that other than in connection with the real property lease
13 covering the Debtor's headquarters and manufacturing facility, no cure payments will be necessary
14 and that there will not be any issue with respect to adequate assurances of future performance. In
15 fact, the ARI has agreed to reimburse the Debtor for certain costs and expenses associated with
16 certain of the contracts to be assigned.

17 24. In my opinion, a sound business reason exists for the selling the Purchased
18 Assets to ARI or any higher bidder that emerges at the Sale Hearing and for the assumption and
19 assignment of the leases and executory contracts provided for herein.

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25. I believe that a sale of the Purchase Assets and assignment of the executory contract and unexpired leases to ARI, or to another party who submits a higher and better offer, provides the estate and its creditors with the highest and best recovery for such property. Accordingly, I believe that approval of the Sale is in the best interests of the estate.

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct, and that this declaration is executed on February 26, 1998, at New York, New York.


John T. Grigsby

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EXHIBIT "1"

ASSET PURCHASE AGREEMENT

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into on February 1, 1998, by and among MALLORY, INC., a Nevada corporation (the "Seller") and ADRENALINE RESEARCH, INC., a Delaware corporation or its nominee (the "Buyer").

RECITALS

A. Seller is primarily engaged in the manufacturing, sales and distribution of automotive parts and accessories (the "Business") and uses various business and trade names including "Mallory" and "Erson" and variations thereof.

B. On September 19, 1997 (the "Petition Date"), Seller filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Chapter 11 Case"). The Chapter 11 Case is pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") and designated as case number LA 97-46144 ER.

C. Seller desires to sell and Buyer desires to purchase substantially all of the assets of Seller upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and the mutual covenants contained herein, the parties agree as follows:

1. Purchase and Sale of Assets.

1.1 Assets. On the terms and subject to the conditions set forth herein, on the Closing Date (as defined in Section 4.1), Buyer shall purchase from Seller, and Seller shall sell, assign, transfer and, as provided herein, deliver to Buyer, all of Seller's right, title and interest in and to all properties, assets, powers and rights of every type, kind or nature, whether tangible or intangible, and wherever located, which are held by Seller or used by Seller in connection with or in any manner related to the Business, save and except for the "Retained Assets" (the "Assets"), free and clear of any and all "Liens" (as defined) (other than those expressly assumed by Buyer pursuant to Section 4), including, without limitation, the following:

(a) All furniture, fixtures, machinery, equipment, leasehold improvements, and other fixed assets of Seller as of the date hereof located at or used or useful in the operation of the Business, including, without limitation, those listed on Schedule 1.1(a) attached hereto and made a part hereof;

(b) The name, goodwill and other intangible assets of Seller as of the date hereof and also those existing on the Closing Date used or useful in or otherwise associated with Seller, the Assets or the Business;

(c) All patents, patent applications, trademarks, trademark applications and registrations, trade names, service marks, service names, copyrights, copyright applications and

EXHIBIT 1

registrations, commercial and technical trade secrets, engineering, production and other designs, drawings, specifications, formulae, technology, computer and electronic data processing programs and software, inventions, processes, confidential information and other proprietary property rights and interests of Seller as of the date hereof and also those existing on the Closing Date used or useful in or otherwise associated with Seller, the Assets or the Business (hereinafter collectively referred to as the “**Intellectual Property**”), including, without limitation, the items set forth on the attached Schedule 1.1(c);

(d) All sales and business records, personnel records of Seller’s employees, credit records of Seller’s customers, customer and vendor lists (including all available names, addresses and telephone numbers), advertising and promotional materials, and all other books and records of every kind and nature which as of the date hereof and also as of the Closing Date relate to the Assets or the Business, other than Seller’s minute books and corporate records which are not related to the Assets or the Business. Notwithstanding the foregoing, from and after Closing and until the entry of an order closing the Chapter 11 Case, Seller shall be allowed access to such records upon reasonable notice to Buyer and during regular business hours to the extent reasonable and necessary to enable Seller to perform its duties during the Chapter 11 Case and to wind-up its affairs; however, Buyer may require agreements and procedures to ensure that confidentiality is maintained with respect to information and data which is not generally available to the public;

(e) All equipment, machinery, tools, engineering and office equipment, and vehicles as of the date hereof and also those existing on the Closing Date used or useful in or otherwise associated with Seller, the Assets or the Business, including, without limitation, the items listed on the attached Schedule 1.1(e);

(f) All interests of Seller as of the date hereof and also those existing on the Closing Date (i) in motor vehicles, equipment and other personal property held under leases (collectively, the “**Personal Property Leases**”) and (ii) in other contracts and agreements (collectively, the “**Material Commitments**”) entered into by Seller, including, without limitation, those described on Schedule 5.4; provided, however, the Assets shall include only those Personal Property Leases and Material Commitments that Buyer designates for assumption and assignment to Buyer as of the Closing Date (the “**Assumed Contracts**”);

(g) All licenses and permits held by Seller as of the date hereof and also those existing on the Closing Date in connection with Seller, the Assets or the Business, including, without limitation, those described on Schedule 1.1(g);

(h) All inventory, including, without limitation, work in progress and raw materials (“**Inventory**”) of Seller on the Closing Date;

(i) All third party warranties and claims under warranties as of the date hereof and also those existing on the Closing Date relating to Seller, the Assets or the Business, including, without limitation, the warranties set forth on Schedule 1.1(i);

(j) The leasehold interests of Seller under the real property leases described on the attached Schedule 1.1(j) (the “**Real Property Leases**”).

Notwithstanding anything to the contrary, the Assets shall not include, and Seller shall retain for its own use and benefit, the assets listed in Section 1.3 below (the "Retained Assets").

1.2 Instruments of Transfer. On the Closing Date, Seller shall deliver to Buyer duly executed instruments of transfer and assignment, including, without limitation, Bills of Sale, assignments, powers of attorney, in form and substance reasonably satisfactory to Buyer and its counsel, sufficient to vest the Assets in Buyer in accordance with the terms of this Agreement.

1.3 Retained Assets. Notwithstanding anything to the contrary contained in Section 1.1 above, the following shall not be included in the Assets and shall not be sold by Seller to Buyer:

(a) All tax refunds of Seller;

(b) Notes and accounts receivable of Seller;

(c) Any and all written or oral employment agreements (unless otherwise specifically assumed hereunder);

(d) All claims and causes of action of Seller existing as of the date hereof or as of Closing (i) for avoidance actions under Sections 544-550 and 553 of the Bankruptcy Code, (ii) against Harry Eberlin ("Eberlin") and any entity owned or controlled by Eberlin, and (iii) against third parties provided such claims are unrelated to the Assets being purchased by Buyer.

(e) All Real and Personal Property Leases and Material Commitments which are not Assumed Contracts;

(f) All cash, cash deposits, cash equivalents;

(g) the corporate minute books, stock transfer records and other corporate records of Seller dealing with corporate governance; and

(h) Any other of Seller's assets which Buyer excludes from the Assets at or prior to Closing pursuant to Section 1.3.

1.4 Collection of Seller's Accounts Receivable. Buyer agrees, as an accommodation to Seller, and to assist Seller in maximizing the recovery of accounts receivable from unrelated third parties included as Retained Assets, to use reasonable efforts to collect such accounts receivable for and on behalf of Seller for a period of 6 months from the Closing Date. Buyer shall be entitled to retain 5% of the net amounts collected plus Buyer's actual out-of-pocket expenses (exclusive of normal overhead and salaries). Buyer shall remit the net amounts collected to Seller within 10 days after the end of each calendar month. The monthly remittances to Seller shall be accompanied with an accounting and such other information as may be reasonably necessary to enable Seller to identify the payments by account debtor and the invoices for which payments are being made. Buyer shall not settle Seller's accounts receivable for less than payment in cash, in full without Seller's written consent. Seller may terminate Buyer's right to collect Seller's

accounts receivable at any time during such 6 month period; if terminated, Buyer shall only be entitled to Buyer's 5% of net collections plus expenses.

2. Consideration.

2.1 Purchase Price. The Assets shall be purchased by Buyer from Seller for an aggregate purchase price (the "**Purchase Price**") of up to \$7,000,000 as follows:

(a) \$4,500,000 at Closing, subject to adjustments set forth in Section 2.2 below; plus

(b) 7.5% of all Net Sales by Buyer of automotive parts and accessories in excess of \$10,000,000 per year. Such percentage payments shall continue until the earlier of: (a) April 30, 2003; or (b) such time as the aggregate of all payments pursuant to this Section 2.1(b) total, \$2,500,000. Such percentage payments shall be made on an annual basis, commencing with the twelve month period ended April 30, 1999. The payments shall be due and payable within 20 days following the end of each twelve month period. The first payment shall be due on May 20, 1999, and shall be based on sales occurring from May 1, 1998 through April 30, 1999. "Net Sales" shall mean sales made to customers of Buyer, net of and after deducting for taxes, discounts, returns, rebates, sales concessions, advertising allowances, freight and shipping and other credits against invoices. At the reasonable request of Seller, the Buyer shall provide Seller with documents, including, without limitation, sales reports, necessary for Seller to reconcile the sales with the actual disbursement made by Buyer to Seller on account of such sales. Seller shall have 30 days following each disbursement to investigate and determine the accuracy of the disbursement. In the event such investigation reveals that the disbursement was incorrect, Buyer shall promptly pay Seller any deficiency. If it is determined that Buyer overpaid, the overpayment shall be credited against the next payment due Seller. The costs and expenses of an investigation shall be paid by Seller unless the determined deficiency is more than 10%, in which event the costs and expenses of the particular investigation shall be paid or reimbursed by Buyer. Buyer may condition such investigations upon agreements and procedures to ensure that confidentiality of information is maintained.

2.2 Purchase Price Adjustments. The amounts payable by Buyer shall be subject to adjustments for the following:

(a) The cash payable at Closing shall be reduced by the amount, if any, of liabilities of Seller, other than Assumed Liabilities, that Buyer elects to assume; and Seller agrees shall be satisfied by Buyer for the benefit or account of Seller. Seller shall have the option, although not the obligation, of having its auditors verify the accuracy of the purchase price adjustments. If Seller's auditors are of the opinion that the purchase price adjustments are materially incorrect, the parties shall attempt to resolve the issues by mutual negotiation. If, after two weeks of negotiations, such negotiations have not been successful, either party may initiate proceedings to have the issue determined by the Bankruptcy Court.

(b) All amounts paid or payable for real estate taxes, common area charges, maintenance charges, rent, and other similar costs ordinarily and necessarily incurred to operate the Real Property Leases and Personal Property Leases comprising the Assumed Contracts shall

be allocated and paid by Seller and Buyer on a pro rata basis to the extent any bill or payment therefor covers a period of time both before and after midnight on the day before the Closing Date (the "Closing Cutoff"). In addition, the Purchase Price shall be increased by the amount of any prepaid rent with respect to the Assumed Contracts allocable to a period after the Closing Cutoff. If the rent payable after the Closing Cutoff under any Assumed Contract includes any deferral or postponement of rent originally allocable to a period prior to the Closing Cutoff but which has been deferred to after the Closing Cutoff as a result of an agreement subsequent to the date on which the Seller entered into the Assumed Contract, the Purchase Price shall be reduced by the amount thereof. The amount of any security, utility or similar deposits applicable to the Assumed Contracts that are assigned to Buyer, which deposits are not returned to Seller and with respect to which the lessor has confirmed in writing to Buyer that the deposit is being held for the account of Buyer or determined by the Bankruptcy Court to be held for the account of Buyer, shall be added to the Purchase Price. Any deposits or prepayments made by or on behalf Seller under NASCAR and NHRA contracts which are assigned to Buyer and become Assumed Contracts shall be reimbursed by Buyer to Seller provided the other parties to the contract all recognize Buyer's entitlement to fully utilize such deposits or prepayments.

(c) The amount to be paid at Closing shall be reduced dollar for dollar to the extent the total inventory, including, without limitation, work in process and raw materials, in existence as of the Closing, and transferred to Buyer, is less than \$4,500,000 at cost.

3. Assumption of Liabilities.

Buyer agrees that upon transfer of the Assets on the Closing Date, it shall assume and agree to pay, perform or discharge, to the extent not paid, performed or discharged by Seller on or before the Closing Date, only the obligations and liabilities of Seller set forth on Schedule 3 (collectively, the "Assumed Liabilities") and none other. Except for the Assumed Liabilities Buyer shall not assume, or in any way be liable or responsible for, any of Seller's liabilities, debts, and obligations, whether known or unknown, now existing or hereafter arising, contingent or liquidated (the "Retained Liabilities"). Without limiting the generality of the foregoing, the Retained Liabilities shall include:

(a) any liability or obligation of Seller arising out of or in connection with the negotiation and preparation of this Agreement and the consummation and performance of the transactions contemplated hereby, including but not limited to any tax liability so arising;

(b) any liability or obligation of Seller with respect to any employee benefit plan and any other liability or obligation with respect to any contractual, statutory or other severance benefits that may accrue as a result of the termination of employment by Seller of any of its employees;

(c) any liability or obligation of Seller for any federal, state, county or local taxes of any kind or nature, or any taxes levied by any other taxing authority, or any interest or penalties thereon, including without limitation any sales or use tax obligations applicable to the transfer of the Assets as contemplated by this Agreement, it being hereby agreed by the parties that such obligations shall be paid by Seller;

(d) any liability or obligation of Seller to any shareholder of Seller or to any affiliate or related party of a shareholder of Seller;

(e) any liability to which any of the parties may become subject as a result of the transactions contemplated by this Agreement not complying with the bulk sales provisions of the Uniform Commercial Code as in effect in any state or any similar statute as enacted in any jurisdiction; and

(f) any liability with respect to any claims, suits, actions or causes of action arising out of or relating to the Assets or any other aspect of Seller's business on or prior to the Closing Date.

4. Closing.

4.1 The closing (the "**Closing**") of the purchase and sale of the Assets shall take place at the offices of Levene, Neale, Bender & Rankin L.L.P., 1801 Avenue of the Stars, Suite 1120, Los Angeles, California 90067 at 10:00 a.m. (PST) on the date that the Sale Order becomes final, unless Buyer specifies an earlier date and waives finality (the "**Closing Date**").

4.2 At the Closing: (i) Seller shall deliver to Buyer (A) a Bill of Sale in the form of Exhibit "B" together with such other instruments of transfer and conveyance as shall be effective to vest in Buyer good and marketable title to the Assets, free and clear of any and all Liens, (except as expressly assumed by Buyer pursuant to Section 3), (B) an Assignment of the Real Property Leases being transferred to Buyer in the form of Exhibit "C", (C) any governmental and third party consents, approvals, or terminations of Liens or other security interests necessary for the consummation of the transactions contemplated hereby or as may be required to permit Seller to deliver the Assets free and clear of any and all Liens, and (D) all documents evidencing satisfaction of all of the conditions set forth in Section 8; and (ii) Buyer shall deliver to Seller (A) that portion of the Purchase Price then due and payable, (B) an Assumption Agreement in the form of Exhibit "C", (C) any third party consents required of Buyer, and (D) documents evidencing the satisfaction of all of the conditions provided for in Section 9.

5. Representations and Warranties Of Seller.

Seller hereby makes the following representations, warranties and covenants to the Buyer:

5.1 Organization, Standing and Power. Mallory, Inc. is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization (Nevada).

5.2 Title to the Assets. Seller has, and will transfer to Buyer at the Closing, good and marketable title to all of the Assets, free and clear of all liens (including, without limitation, any tax liens), claims, charges, security interests, mortgages, pledges, conditions, restrictions, and obligations, and any and all other encumbrances, options, defects and other rights and interests of any type, kind or nature whatsoever of any third Person (the "**Liens**").

5.3 Litigation. Other than as set forth in Schedule 5.3, there is no suit or action (equitable, legal or administrative), arbitration or other proceeding pending, or to Seller's knowledge, threatened against Seller.

5.4 Material Commitments, Agreements, Arrangements, Etc. Attached as Schedule 5.4 is a list of all Material Commitments of Seller, true copies of all of which have been made available to Buyer or its agents for review prior to the date hereof. The term "Material Commitments" includes: (a) all commitments directly relating to the Business out of the ordinary course of business; (b) all Material Commitments, agreements or instruments of Seller, the termination of which would have a material adverse effect on the Assets, financial condition or prospects of the Business; (c) Real Property Leases and Personal Property Leases; (d) all bonus, incentive compensation, pension, group insurance or employee welfare plans of any nature whatsoever covering Seller's employees; (e) all collective bargaining agreements or other commitments to or with any labor unions or other employee representatives or groups of employees; and (f) each commitment which directly relates to the Assets or the Business, whether in the ordinary course of business or not, which involves future collections or payments, performance of services or receipt or delivery of goods and/or materials in an amount or value individually or in the aggregate in excess of \$100,000 or a term of more than six months.

5.5 Consents. Schedule 5.5 is a complete list of all approvals, consents or other actions of, or filings with, any Person, that are required in connection with the execution of, and the consummation of the transactions contemplated under, this Agreement.

5.6 Financial Statements. Seller has delivered to Buyer financial statements reflecting the results of operations and the financial position of the Seller's business (the "**Financial Statements**") at and for the period ended December 31, 1997. The Financial Statements are true, complete and accurate in all material respects and present fairly the financial condition of Seller for the periods therein specified.

5.7 Tax Matters. All tax returns, reports, statements or other material forms (each, a "**Return**") required to be filed with any governmental authority responsible for the imposition of any federal, state, local or other material tax or governmental charge (a "**Tax**"), on or before the Closing Date by or on behalf of Seller, have been or will be filed on or before the Closing Date in accordance with all applicable laws and all such Taxes shall be paid in full when due. There is no audit, action, suit or proceeding, or, to the knowledge of Seller, any investigation now pending against or with respect to Seller in respect of any Tax or assessment.

5.8 Environmental Compliance Matters. Except as set forth in Schedule 5.8, Seller has not received any notice of any claim, proceeding or investigation under federal, state or local law or any law of any foreign jurisdiction relating to air, soil, subsurface and water pollution, soil monitoring and the storage, treatment, disposal, removal, security, release, discharge or emission of any Hazardous Material (as defined below). Neither Seller nor any predecessor entity operating or controlling Seller's business has ever owned, leased or operated or otherwise controlled any real property at which a claim or proceeding is currently pending or threatened, nor does there exist any condition on any such property which would give rise to any such claim or proceeding under federal, state or local law or any law of any foreign jurisdiction relating to air, soil, subsurface, water pollution, soil monitoring and the storage, treatment, disposal, removal,

security, release, discharge or emission of any Hazardous Material. For the purposes of this Agreement, "Hazardous Material" shall include any flammables, asbestos, explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal, state, local or foreign laws, rules, regulations or orders, or which federal, state, local or foreign laws, rules, regulations or orders designate as potentially dangerous to public health and/or safety when present in the environment. The Buyer shall not assume or become responsible for any liabilities of the Seller or any other Person, whether or not associated in any way with the Assets, or any other obligation or expense of any kind or amount relating or concerning the environmental clean-up or remediation of any of the facilities subject to Real Property Leases. Nothing herein is intended to impose liability or responsibility upon Seller for acts or omissions of Buyer occurring after Closing or to impose liability or responsibility upon Buyer for acts or omissions of any Person other than Buyer occurring prior to Closing.

5.9 Insurance. There are no outstanding or unsatisfied requirements or recommendations imposed or made by any of Seller's current insurance companies with respect to current policies covering Seller or any of the Assets, or any governmental authority requiring or recommending, with respect to any of the Assets, that any repairs or other work be done on or with respect to, or requiring or recommending any equipment or facilities be installed on or in connection with, any of the Assets. Seller carries, and (with respect to any period for which a claim against Seller may still arise) has always carried, product liability insurance, workmen's compensation insurance in reasonable amounts, and other insurance which is reasonably necessary to the conduct of Seller's business.

5.10 Employee Benefit Plans, Etc. Set forth on Schedule 5.10 is a true and complete list of each employee benefit plan, fringe benefit plan, vacation plan, sick leave plan, retiree health plan, bonus plan, deferred compensation plan and any other compensation agreements or plan or funding arrangement (collectively, the "Plans") sponsored, maintained or contributed to by Seller or by any member of a group or organization of which Seller is a member under which any Employee may be entitled to benefits. Seller has delivered to Buyer accurate and complete copies of all documents embodying or relating to the Plans, including a list of the employees eligible for coverage and the benefits available under each such Plan. All Plans have in the past been, and are now, in all respects maintained, funded and administered in compliance with all applicable law.

5.11 Prepaid Expenses: Deposits. Set forth in Schedule 5.11 is a true, complete and accurate list of all prepaid expenses, trade deposits, security deposits and other similar assets of Seller existing as of the Closing Date.

5.12 Inventory Mix. The mix of finished inventory in Seller's possession which is to be transferred to Buyer at Closing shall not be materially different than the mix of finished inventory in Seller's possession as of January 1, 1998. The purpose of this provision is to ensure that Seller has not and will not, after January 1, 1998, sell through its affiliates in the liquidation sales being conducted by Seller's affiliates, all or a material portion of Seller's best selling inventory and leave Buyer with obsolete, non-GAAP, or extremely slow moving inventory. This provision shall be interpreted consistent with the above-stated purpose of this provision.

6. Representations and Warranties of Buyer.

Buyer represents and warrants to Seller, that:

6.1 Organization, Standing and Corporate Power. Buyer is a corporation duly organized and existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to consummate the transactions contemplated by this Agreement to which Buyer is a party, and to own its properties and carry on its business as presently conducted.

6.2 Execution, Delivery and Performance. The execution, delivery and performance of this Agreement by Buyer, and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Buyer, and Buyer has taken all other actions required by law, its Certificate of Incorporation and Bylaws in order to consummate the transactions contemplated by this Agreement. This Agreement has been validly executed and delivered by Buyer, and constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms.

6.3 Effect of Agreement. The execution and delivery by Buyer of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not, with or without the giving of notice or lapse of time, or both: (i) conflict with the Certificate of Incorporation or Bylaws of Buyer; (ii) violate any judgment, order, writ or decree of any court or administrative body applicable to Buyer; (iii) violate any provision of any law, statute, rule or regulation to which Buyer is subject; or (iv) result in the breach of, constitute a default under, constitute an event which with notice or lapse of time, or both, would become a default under any material contract or agreement of Buyer, or result in the creation of any Lien upon any of the assets of Buyer.

6.4 Consents. Except as set forth on Schedule 6.4, no consents of any Person are required in connection with the consummation by Buyer of the transactions contemplated under this Agreement.

7. Pre-Closing Covenants of Seller.

Seller hereby covenants and agrees with Buyer that, between the date hereof and the Closing Date:

7.1 Conduct of Business Until Closing Date. Except as permitted or required hereby or as Buyer may otherwise consent in advance in writing, Seller shall:

(a) operate the business of Seller only in the usual, regular and ordinary manner, and use their best efforts to (a) preserve the present business organization of Seller intact, (b) keep available the services of the present employees of Seller, and (c) preserve the current business relationships of Seller with customers, suppliers, distributors and others having business dealings with it;

- (b) maintain the books, records and accounts of Seller in the usual, regular and ordinary manner, on a basis consistent with prior periods;
- (c) duly comply with all laws applicable to Seller and to the conduct of its business; and
- (d) perform all of the obligations of Seller without default.

7.2 Access and Information. Seller has made available to Buyer and its agents access to all of the properties, books, Material Commitments, and records of or relating to its Assets and business, and until the Closing Date shall furnish Buyer with such additional financial and operating data and other information as to the Business and Assets as Buyer or its agents reasonably may request, including copies or extracts of pertinent records, documents and Material Commitments. Seller shall use its best efforts to cause its independent accountants and auditors to make available for inspection to Buyer and its accountants any and all of their statements, working papers and underlying records and data, as Buyer reasonably may request. Seller's covenants under this Section 7.2 are made with the understanding that Buyer and its representatives will make reasonable efforts to keep confidential any information obtained from Seller concerning the properties, operations and business of Seller, and prior to the Closing will use such information solely for the consummation of the transactions contemplated hereby.

7.3 Advice of Changes. If Seller becomes aware of any fact or facts which, if known at the date of this Agreement, would, individually or in the aggregate, materially and adversely affects its ability to perform its obligations under this Agreement or materially and adversely affects the Business or the Assets, Seller shall promptly advise Buyer in writing thereof.

7.4 Consents of Others. As soon as reasonably practicable after the date hereof and in any event prior to the Closing, Seller will obtain the consents of all Persons designated by Buyer to the assignment and transfer to Buyer of all of the business, properties, assets, leaseholds, Material Commitments, and agreements herein provided to be assigned and transferred to Buyer.

7.5 Insurance. Seller shall continue its existing insurance policies with respect to Seller's business and the Assets, subject only to variations in amounts required by ordinary operations of Seller's business.

7.6 Governmental and Third Party Consents and Approvals. Both prior and subsequent to the Closing, Seller shall take all such actions as may be necessary or will assist in Buyer's efforts to: (a) prepare and file applications with any local governmental agency or other appropriate agency and any other necessary third party for consent to the transactions contemplated by this Agreement or the ancillary agreements, or as may be required to deliver the Assets free and clear of any Liens, including all notices and documentation in connection with bulk transfer provisions of the Uniform Commercial Code of the State of Nevada; (b) prosecute such applications with diligence; (c) diligently oppose any objections to, appeals from or petitions to reconsider such governmental or third party approvals or consents; and (d) take all such further action as reasonably may be necessary to obtain and maintain such consents.

8. Conditions to Obligations of Buyer.

Unless waived, in whole or in part, in writing by Buyer, Buyer's obligation to effect the transactions contemplated hereby and in each of the agreements related to the transactions provided herein shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions:

8.1 Documentation. All documents relating to the transactions contemplated by this Agreement shall be reasonably satisfactory to Seller's legal counsel.

8.2 Bankruptcy Court and Other Approvals. The Seller shall have obtained (a) a Sale Procedures Order (as defined) by not later than February 20, 1998, (b) a final and non-appealable Sale Order (as defined) by not later than March 27, 1998, and (c) all other approvals required to be obtained by Seller hereunder prior to the Closing Date.

8.3 No Liens. All of the Assets shall be sold and/or assigned free and clear of all Liens, other than those Liens which Buyer has agreed to assume.

8.4 Contemporaneous Transactions. Seller shall have executed and delivered to Buyer the Bill of Sale and all such other documents, assignments, and agreements as Buyer reasonably deems necessary or appropriate to transfer the Assets to Buyer and to consummate the terms of this Agreement.

8.5 Assumption and Assignment of Lease. Seller shall have assumed and assigned all agreements relating to Real Property Leases to Buyer and obtained a final and non-appealable Order from the Bankruptcy Court authorizing the assumption and assignment of such agreements.

8.6 Due Diligence. Buyer shall have completed, to its sole satisfaction, by not later than February 20, 1998, due diligence and investigation of the Seller, including, without limitation, the review of the Assets, Business operations, future prospects of the Business, personal and real properties of Seller, and any and all financial, operational, legal, and environmental issues associated with the Seller, the Assets or the Business and Buyer must, in its sole discretion, be entirely satisfied with the results thereof. Buyer's due diligence shall not limit any of Seller's representations, warranties or other obligations to Buyer hereunder.

8.7 Material Adverse Change. There shall not be any material adverse change in the Assets, Business or future prospects of the Business between the time of execution of this Agreement and the Closing Date. For purposes of this subsection, there shall be a material adverse change if the Buyer, acting reasonably in performing due diligence of the Assets and Business, determines that the Assets or the Business have materially deteriorated in value during the applicable period, or are likely to materially deteriorate in value shortly after the Closing Date due to factors outside of the control of the Buyer. "Materially deteriorate in value" means to diminish in value by at least \$500,000. Buyer is aware that Super Shops, Inc., a major customer of Seller, has or may discontinue business and therefore may no longer be a customer for the products sold by Seller. The loss of Super Shops, Inc. as a customer as well as a layoff of Seller's personnel who support the sales and the production of products for Super Shops, Inc. shall not be deemed a breach by Seller of any representation or warranty hereunder or a breach of Seller of

this Agreement nor shall such circumstance constitute a material adverse change for purposes of this Section 8.7.

9. Conditions to Obligations of Seller.

Unless waived, in whole or in part, in writing by Seller, the obligations of Seller to effect the consummation of the transactions contemplated hereby shall be subject to the fulfillment prior to or at the Closing of each of the following conditions:

9.1 Representations and Warranties of Buyer to be True. The representations and warranties of Buyer contained herein shall be true and correct in all material respects on the Closing Date with the same effect as though made at such time. Buyer shall have performed all obligations and complied with all covenants required by this Agreement and each of the ancillary agreements to be performed or complied with by it prior to the Closing Date.

9.2 Documentation. All documents relating to the transactions contemplated by this Agreement shall be reasonably satisfactory to Seller's legal counsel.

9.3 Closing Certificate. Buyer shall have delivered a certificate, dated the Closing Date, certifying that the conditions specified in Section 6 have been satisfied.

9.4 Approvals. Buyer shall have obtained all approvals required to be obtained by Buyer hereunder.

9.5 Contemporaneous Transactions. Buyer shall have executed and delivered to Seller the Assumption Agreement and paid the cash consideration payable at Closing.

10. Bankruptcy Court Procedures and Approvals.

10.1 Sale Procedures Order. Seller shall file with the Bankruptcy Court a motion, on shortened notice, for approval of the procedures set forth in this Section 10.1. Seller shall obtain an order from the Bankruptcy Court approving the bidding procedures (the "Sale Procedures Order") by not later than February 20, 1998, which Sale Procedures Order must be acceptable to Buyer. In the event the Sale Procedures Order is not entered by February 20, 1998, Buyer, at its option, may terminate this Agreement. The Sale Procedures Order shall generally provide for the following:

A. A hearing date (the "Sale Hearing") of March 13, 1998, or as soon thereafter as is practicable, but in no event later than March 20, 1998, before the Bankruptcy Court to consider a sale of the Assets to Buyer at the price and upon the terms set forth in this Agreement;

B. Criteria that must be met for a competing offer to be considered (a "Qualified Offer") including (i) a cash deposit of not less than \$100,000 to be presented at or prior to the Sale Hearing to Seller's bankruptcy counsel who shall place the deposit into a segregated trust account or hold the same in such other manner as the Bankruptcy Court directs; (ii) evidence, satisfactory to the Court, that the competing buyer has the financial ability and

willingness to consummate the purchase of the Assets no later than currently proposed under the Agreement with Buyer; (iii) a purchase price valued at least \$100,000 plus the Termination Fee in excess of the price offered by Buyer; (iv) terms at least as favorable, taken as a whole, to Seller as provided in this Asset Purchase Agreement; (v) no limitation upon Buyer submitting a new or modified proposal; and (vi) a determination by the Court that the Qualified Offer constitutes the "highest and best offer" and is in the best interests of Seller's estate.

C. A right of Buyer to increase the purchase price and change the terms of this Agreement so that the value of this Agreement, as modified, taken as a whole is at least as favorable to Seller as provided in the Qualified Offer (a "Matching Offer"). If Buyer submits a Matching Offer, and assuming no higher and better Qualified Offers are thereafter submitted (which too would be subject to a "Matching Offer" by Buyer), the Assets shall be sold to Buyer at the price and terms contained in this Agreement, as modified in order to constitute a Matching Offer.

D. If a Qualified Offer of a competing buyer is approved by the Court, Buyer shall be entitled to a termination fee ("Termination Fee") payable to the Buyer within 5 business days following the Sale Hearing. The Termination Fee shall be \$200,000, which the parties acknowledge to be a reasonable estimate of Buyer's anticipated and already incurred costs and expenses relating to this transaction. Buyer's costs and expenses include, but are not limited to, the time and charges of management personnel of Buyer, Buyer's employees, and Buyer's professionals and third parties retained to assist Buyer (including, but not limited to, attorneys, accountants, appraisers, auditors, environmental consultants, financial advisors and others). The Termination Fee shall cover all activities of Buyer and those retained to assist Buyer that in any manner directly or indirectly arise out of or relate to the transactions herein contemplated including, without limitation, the analyses of and due diligence concerning the Assets and the business of Seller, the negotiation, documentation and steps taken toward consummation of the transactions herein contemplated, and proceedings before the Bankruptcy Court and any other tribunal regarding the transactions, clarification of rights, obtaining of orders and judgments (including, without limitation, any disputes as to the amount or reasonableness of the Termination Fee).

10.2 Order Approving Sale. Buyer's obligation to close shall be subject to entry of a final non-appealable order of the Bankruptcy Court approving the sale of the Assets (which condition Buyer may waive without further notice to or consent of the Bankruptcy Court or any interested parties) on terms reasonably acceptable to Buyer (the "Sale Order"). In the event the Sale Order does not become a final non-appealable order before April 3, 1998, then Buyer, at its option, may terminate this Agreement. The Sale Order shall provide for the sale of all Assets and the assignment of the leases free and clear of all claims, Liens, interests, actions, causes of action and demands, including, but not limited to, all product liability and warranty claims of any nature.

11. Nature and Survival of Representations and Warranties; Indemnity; Expenses.

11.1 Survival of Representations and Warranties. Seller's representations and warranties in Section 5 and other obligations under this Agreement shall survive the Closing. Buyer's representations and warranties in Section 6 and other obligations under this Agreement

shall survive the Closing. The remedies of Buyer shall, with respect to any breach by Seller discovered after Closing, shall be limited to Buyer being entitled to offset its claims arising therefrom against the deferred portion of the purchase price payable pursuant to Section 2.1(b).

11.2 Indemnification by Seller.

(a) Seller hereby agrees to indemnify, and hold Buyer, and its officers, directors, members, shareholders, successors and assigns, harmless from and against any and all liability, loss, cost or expense which any of them may suffer or become liable for as a result or in connection with any of the following:

(i) Seller's failure to perform any of its obligations under this Agreement and all agreements related hereto;

(ii) any liability or obligation of Seller with respect to any employee benefit plan and any other liability or obligation with respect to any contractual, statutory or other severance benefits that may accrue as a result of the termination of employment by Seller of any of its employees;

(iii) any liability or obligation of Seller for any federal, state, county or local taxes of any kind or nature, or any taxes levied by any other taxing authority, or any interest or penalties thereon, including, but not limited to any sales or use tax obligations applicable to the transfer of the Assets as contemplated by this Agreement, it being hereby agreed by the parties hereto that such obligations shall be paid by Seller;

(iv) any liability to which any of the parties may become subject as a result of the transactions contemplated by this Agreement not complying with the provisions of the Uniform Commercial Code as in effect in any state or any similar statute as enacted in any jurisdiction; or

(v) any breach of any representations and warranties of Seller contained in this Agreement or in any agreements related hereto.

(b) Without limiting the rights and remedies available to Buyer, any and all claims of Buyer arising out of or relating to the breach of this Agreement, including, without limitation, its rights of indemnity, may be used by Buyer as an offset against its payment and other obligations for the balance of the purchase price of the Assets whether payable at Closing or thereafter.

11.3 Indemnification by the Buyer. Buyer hereby covenants and agrees with Seller that, regardless of any investigation made at any time by or on behalf of Seller or any information Seller may have and, regardless of the Closing hereunder, Buyer shall indemnify Seller, Seller's directors, officers, trustees and affiliates, and each of their agents, employees, administrators, successors and assigns (individually a "Seller Indemnified Party"), and hold them harmless from, against and in respect of any and all costs, losses, claims, liabilities, fines, penalties, damages and expenses (including interest which may be imposed in connection therewith and court costs and reasonable fees and disbursements of counsel) incurred by any of them in connection with:

(a) all liabilities of or claims against the Seller Indemnified Parties of any nature, whether accrued, absolute, contingent or otherwise, with respect to the Assumed Liabilities;

(b) all liabilities of or claims against the Seller Indemnified Parties or the Buyer of any nature, whether accrued, absolute, contingent or otherwise, attributable or relating to the operation by Buyer of the Business, or the utilization or disposition by Buyer of all or any part of the Assets, from and after the Closing Date;

(c) any breach of any of the representations, warranties, covenants or agreements made by the Buyer in this Agreement, any other Exhibit or Schedule hereto, or any certificate or instrument delivered in connection herewith or therewith; or

(d) any attempt (whether or not successful) by any Person to cause or require a Seller Indemnified Party to pay or discharge an Assumed Liability.

11.4 Right to Defend, Etc. If the facts giving rise to any such indemnification shall involve any actual claim or demand by any third party against a Seller Indemnified Party, the Seller Indemnified Party shall be entitled to notice of and entitled (without prejudice to the right of any Seller Indemnified Party to participate at its own expense through counsel of its own choosing) to defend or prosecute such claim at their expense and through counsel of their own choosing if they give written notice of their intention to do so no later than the time by which the interests of the Seller Indemnified Party would be materially prejudiced as a result of its failure to have received such notice; provided, however, that if the defendants in any action shall include both Buyer and a Seller Indemnified Party, and the Seller Indemnified Party shall have reasonably concluded that counsel selected by the Buyer has a conflict of interest because of the availability of different or additional defenses to the Seller Indemnified Party, the Seller Indemnified Party shall have the right to select separate counsel to participate in the defense of such action on its behalf, at the expense of the Buyer. The Seller Indemnified Party shall cooperate fully in the defense of such claim and shall make available to the Buyer pertinent information under its control relating thereto, but shall be entitled to be reimbursed, as provided in this Section 11, for all costs and expenses incurred by it in connection therewith.

11.5 Subrogation. If a Seller Indemnified Party receives payment or other indemnification from the Buyer hereunder, the Buyer shall be subrogated to the extent of such payment or indemnification to all rights in respect of the subject matter of such claim to which the Seller Indemnified Party may be entitled, to institute appropriate action for the recovery thereof, and the Seller Indemnified Party agrees reasonably to assist and cooperate with the Buyer at no expense to the Seller Indemnified Party in enforcing such rights.

11.6 Expenses. Each party shall be responsible for its own professional fees and transaction costs.

12. Termination.

This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual agreement of Seller and Buyer; provided, however, that such termination is set forth in a writing executed by both parties; or

(b) by Buyer, in a writing, if the Sale Procedures Order is not entered by February 20, 1998, or if Closing does not occur on or prior to April 3, 1998, other than by reason of a breach of a duty or obligation hereunder of Buyer; or

(c) by either Buyer or Seller if satisfaction in any material respect of any condition to such party's obligations hereunder becomes impossible, and has not been satisfied or waived, unless such impossibility is primarily due to the breach by the party desiring to terminate the Agreement of its obligations hereunder or the inaccuracy at the time made of any of the representations or warranties of the party desiring to terminate this Agreement.

In the event of such termination, no party shall have any obligation or liability to any other in respect to this Agreement, except for any breach of contract occurring prior to such termination, and any obligation expressly created hereunder incurred prior to the date of termination, and the transactions contemplated hereby shall be abandoned and cease to have any further effect.

13. Taxes.

13.1 Payment of Taxes. Filing of Returns. Seller shall remain liable for the filing of all Returns and for the payment of all Taxes of Seller relating to the operation of the Business for any period ending on or prior to the Closing Date and Seller shall remain so liable for the payment of all of its Taxes attributable to or relating to the consummation of the transactions contemplated herein, and shall indemnify and hold Buyer harmless from and against all liability in connection therewith.

13.2 Sales Taxes. Seller shall bear the responsibility for sales, use or other similar Taxes, if any, arising out of the consummation of the transactions herein provided for and Seller shall be responsible for the filing of all Returns and reports as are required by law to be filed by Seller with respect to such Taxes.

14. Miscellaneous.

14.1 Definitions. "Person" means any individual, corporation, trust, estate, partnership, joint venture, company, association, governmental bureau or other entity of whatsoever kind or nature. "Or" is not exclusive.

14.2 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be given by personal delivery; United States mail, certified or registered with return receipt requested; or by telegram, telecopy/facsimile (which facsimile is subsequently confirmed) or telex:

(i) If to Seller, to:

Mallory, Inc.
PO Box 30068
Reno, NV 89520
Attn: John Grigsby
Fax No. (702) 851-5195

With a copy to:

Troop Meisinger Steuber & Pasich, LLP
10940 Wilshire
Los Angeles, CA 90024
Attn: Gary B. Klausner, Esq.
Fax No. (310) 443-8740

(ii) If to Buyer, to:

Adrenaline Research, Inc.
Three Brent Drive
Hudson, Massachusetts 01749-2903
Attn: Ed Van Dyne/Christina R. Young
Fax No. (978) 568-8786

With copies to:

Levene, Neale, Bender & Rankin L.L.P.
1801 Avenue of the Stars, Suite 1120
Los Angeles, California 90067
Attn: Craig M. Rankin, Esq.
Fax No. (310) 229-1244

or at such other address or addresses as may have been furnished by any party in a writing to the other parties hereto. Any such notice, request, demand or other communication shall be effective (i) if given by mail, 72 hours after such communication is deposited in the mail by first-class certified mail, return receipt requested, postage prepaid, addressed as aforesaid, (ii) if given by telecopy, telegram or telex, upon confirmation of transmission, or (iii) if given by any other means, when delivered at the addresses specified herein.

14.3 Governing Law. This Agreement shall be governed by and construed both as to validity and performance and enforced in accordance with the laws of the State of California, without giving effect to the choice of law principles thereof.

14.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be or becomes prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

14.5 Entire Agreement Amendment, Waiver. The section and subsection headings contained in this Agreement are included for convenience only and form no part of the agreement between the parties. This Agreement, together with exhibits and schedules hereto constitutes and embodies the entire understanding and agreement of the parties hereto relating to the subject matter hereof and there are no other agreements or understandings, written or oral, in effect between the parties relating to such subject matter except as expressly referred to herein. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors, heirs and personal representatives. No provision of this Agreement may be waived unless in writing signed by all of the parties to this Agreement, and waiver of any one provision of this Agreement shall not be deemed to be a waiver of any other provision.

14.6 Specific Performance. Seller acknowledges that the Assets are unique and that Buyer will have no adequate remedy at law if Seller shall fail to perform any of its obligations hereunder. In such event, Buyer shall have the right, in addition to any other rights it may have, to specific performance of this Agreement.

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

14.8 Time of the Essence. Time is of the essence of each provision of this Agreement in which time is an element.

14.9 No Adverse Construction. The rule that a contract is to be construed against the party drafting the contract is hereby waived, and shall have no applicability in construing this Agreement or the terms hereof.

14.10 Intent. Each party acknowledges that it has, and has exclusively relied upon, its own legal, tax and accounting advisors in connection with the structure, negotiation and execution of this Agreement or any of the ancillary agreements, and the performance of its obligations hereunder and thereunder.

14.11 Further Assurances. At Buyer's request, whether at or after the Closing and without further consideration, Seller shall execute and deliver such further instruments of conveyance and take such other action as may be required to more effectively convey and transfer the Assets to Buyer and, if necessary, shall assist Buyer in the collection or reduction to possession of such property.

14.12 Jurisdiction and Venue Regarding Disputed Matters. Any disputes, claims or other matters between Buyer and Seller arising under or related to this Agreement shall be submitted to and determined by the Bankruptcy Court in the Chapter 11 Case until entry of a final decree closing the case under the Bankruptcy Code. Thereafter, any disputes, claims or other matters shall be submitted to and determined by any court or tribunal of competent jurisdiction or appropriate venue unless the Seller and Buyer agree to a different method of dispute resolution.

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth above.

"SELLER"

MALLORY, INC., a Nevada corporation

By: John T. Geigley

"BUYER"

ADRENALINE RESEARCH, INC., a Delaware corporation

By: [Signature]

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Schedule 1.1(a)

1. Mallory, Inc. BNA Schedule consisting of 20 pages.
2. Erson BNA Schedule consisting of 2 pages.

ASSET	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation		Net		
						Depc Meth	Used Yr No	Month	WTD	LTD	Book Value	Date Disposed
BLDG	5	300 SECURITY SYSTEM	07/31/91	0	1,700	1	5	0	0	1,700	0	
BLDG	6	302 SECURITY DOOR	05/30/92	0	203	1	5	0	0	203	0	
BLDG	7	303 VENT HOOD	07/30/92	0	271	1	5	0	0	271	0	
BLDG	8	304 ALARM SYSTEM	09/19/92	0	293	1	5	0	0	293	0	
BLDG	9	305 GATES	04/31/94	0	350	1	5	0	0	350	0	
BLDG	10	306 ASPHALT PAVING	04/30/94	0	2,390	1	5	0	0	2,390	0	
BLDG	11	307 FENCE W/GATE	05/10/94	0	2,398	1	5	0	0	2,398	0	
BLDG	12	308 CHAIN LR FENCE	11/30/94	0	1,042	1	5	0	0	1,042	0	
BLDG	13	309 OFFICE REMODEL	01/01/95	0	174,029	1	15	0	967	10,535	151,793	32,035
BLDG	14	310 SPRINKLER SYST	09/01/94	0	52,337	1	15	0	230	3,195	46,770	5,517
BLDG	15	311 CARPET	01/01/95	0	18,300	1	15	0	105	1,149	16,294	2,406
BLDG	16	312 CUBICLES	01/01/95	0	14,000	1	15	0	78	355	12,206	1,794
BLDG	17	313 CONCRETE WORK	03/31/95	0	890	12	5	0	0	0	890	0
BLDG	18	314 WIRE STK FENCE	03/31/95	0	51	1	5	0	0	0	51	0
BLDG	19	315 OFFICE REMODEL	03/31/95	0	3,010	12	5	0	0	0	3,010	0
BLDG	20	317 METAL DOOR FRM	04/30/95	0	593	12	5	0	0	0	593	0
BLDG	21	318 WIRE SPOOL RUN	04/30/95	0	1,150	12	5	0	0	0	1,150	0
BLDG	22	320 CONF ROOM TRM	03/31/95	0	4,495	12	5	0	0	0	4,495	0
BLDG	23	321 SPRINKLERS	05/30/95	0	363	12	5	0	0	0	363	0
BLDG	24	322 NITROGEN TANK	04/30/95	0	2,114	12	5	0	0	0	2,114	0
BLDG	25	323 PARKING LOT ADD	10/30/97	0	13,440	1	15	0	103	1,127	12,499	3,946
BLDG	26	324 EAST P. LOT ADD	10/31/98	0	44,345	1	15	0	143	2,723	17,320	17,066
BLDG	27	325 NEW BLDG FUE PO	09/01/99	0	1,102,339	1	11	6	1,917	10,123	231,117	809,822
BLDG	28	326 OLD BLDG FENCV	10/01/99	0	140,409	19	11	5	392	4,313	19,362	129,347
BLDG	29	327 NEW SPRINKLERS	01/19/90	0	5,048	12	5	0	0	0	5,048	0
BLDG	30	328 AMTQ-FRE PABCO	02/09/90	0	3,367	12	5	0	0	0	3,367	0
BLDG	31	329 OLD BLDG PT-2	10/01/99	0	34,048	1	11	6	223	2,445	32,123	51,925
BLDG	595	RE-CIRCUITED COMPTRS	01/23/91	0	4,100	1	15	0	24	263	2,033	2,067
BLDG	596	HVAC	11/30/90	0	2,770	1	15	0	15	170	1,342	1,428
BLDG	597	ELECTRICAL ADDITION	11/30/90	0	6,361	1	15	0	16	419	1,313	2,548
BLDG	598	ELECTRICAL ADDITION	12/01/90	0	10,289	1	15	0	61	572	5,253	3,716
BLDG	599	4FN HI HEAD A/C UNIT	01/15/91	0	2,950	1	15	0	17	131	1,296	1,554
BLDG	702	SATELLITE DISH	03/01/91	0	14,667	1	7	0	174	1,920	14,490	177
BLDG	753	BACK PATIO ENCLOSURE	02/09/93	0	2,380	1	7	0	29	312	1,700	680
BLDG	768	SPIN FINITURE ROOM	06/01/93	0	15,322	1	31	5	40	445	2,263	13,054
BLDG	851	Roof Top A/C Unit	07/24/96	0	2,510	1	15	0	14	153	264	2,246
BLDG	881	Roof Purlin Repairs	05/01/97	0	30,600	1	15	0	170	1,530	1,530	29,070
				0	1,784,694				5,906	64,511	688,777	1,095,917
FURN	657	1 BULK PURCHASE	07/31/91	0	25,743	1	5	0	0	0	25,743	0
FURN	658	2 BLPRINT FILE CAB	08/31/91	0	411	1	7	0	0	0	411	0
FURN	659	4 4 DRW CABINET	11/30/91	0	164	1	7	0	0	0	164	0
FURN	660	5 DRAFTING TABLE	12/31/91	0	518	1	7	0	0	0	513	0
FURN	661	6 DRFT/MCE & STOOL	10/31/91	0	384	1	7	0	0	0	384	0

Schedule 1.1(a)

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1. Book Depreciation Report

Depreciation calculated from: 3/01/97 to: 1/31/98

Preparer: Tecca

Time: 06:15:14PM

Date: 02/09/1998

Acct	Asset	Date	Salvage	Book	Bk Lf		Book Depreciation		Net			
					Cost	Month	Yr	Mo	Month	YTD	YTD	Value
	Number	Description	Value	Cost	Month	Yr	Mo	Month	YTD	YTD	Value	Disposed
FURN	560	7 HUTCH ARM CRFT/SC	0	190	1	5	0	0	0	190	0	
FURN	563	3 TONDO FURN	0	1,000	1	5	0	0	0	1,000	0	
FURN	564	10 DBL PEDESTAL DESK	0	215	1	5	0	0	0	215	0	
FURN	565	12 EXEC CHAIR	0	468	1	5	0	0	0	468	0	
FURN	566	19 PAPER SHREDDER	0	1,703	1	5	0	0	0	1,703	0	
FURN	567	26 SHP FLR DESK #1	0	1,428	1	5	0	0	0	1,428	0	
FURN	568	27 SHP FLR DESK #2	0	160	1	5	0	0	0	160	0	
FURN	569	19 FILING CABINET	0	755	1	5	0	0	0	755	0	
FURN	570	31 OFFICE FURN	0	73,539	1	7	0	0	0	73,539	0	
FURN	571	34 ALPINE PH SYST	0	7,530	1	5	0	0	0	7,530	0	
FURN	572	35 ALPINE PHONE SYT	0	1,494	1	5	0	0	0	1,494	0	
FURN	573	15 TPC SECT COUCH	0	1,553	1	5	0	0	0	1,553	0	
FURN	574	40 HUBBARD LGHT FMT	0	2,153	1	5	0	0	0	2,153	0	
FURN	575	42 SILK PLANTS	0	15,701	1	5	0	0	0	15,701	0	
FURN	576	43 AIR CONDITIONER	0	3,107	12	5	0	0	0	3,107	0	
FURN	577	46 COMPUTER TABLE	0	598	12	5	0	0	0	598	0	
FURN	578	47 CABINETS/BK DSES	0	1,827	12	5	0	0	0	1,827	0	
FURN	579	49 CAD TABLES	0	160	12	5	0	0	0	160	0	
FURN	580	10 JUST CAR DESK	0	481	12	5	0	0	0	481	0	
FURN	581	51 PHONE SYSTEM	0	1,242	12	5	0	0	0	1,242	0	
FURN	582	50 CHAIRS & COUCH	0	1,785	12	5	0	0	0	1,785	0	
FURN	583	13 MUST CHAIR	0	423	12	5	0	0	0	423	0	
FURN	584	14 BITYPERWR/SHDS	0	1,125	1	5	0	0	0	1,125	0	
FURN	585	15 REFRIGERATOR	0	103	1	5	0	0	0	103	0	
FURN	586	16 BBOOKCASES	0	3,012	1	5	0	0	0	3,012	0	
FURN	587	57 NEC PHONE SYSTEM	0	51,087	12	5	0	0	0	51,087	0	
FURN	588	18 FACT CHAIRS/SGP	0	12,591	12	5	0	0	0	12,591	0	

			0	217,482				0	0	217,482	0	

land	1	200 FENCE	0	2,385	1	5	0	0	0	2,385	0	
land	2	201 concrete slab	0	945	1	5	0	0	0	945	0	
land	3	202 Trench Phn Cable	0	403	1	5	0	0	0	403	0	
land	4	203 artistic fence	0	1,350	1	5	0	0	0	1,350	0	

			0	6,083				0	0	6,083	0	

MACH	32	500 DRILL PRESS	0	150	1	5	0	0	0	150	0	
MACH	33	501 3 SCREW MACHS	0	18,000	1	5	0	0	0	18,000	0	
MACH	34	503 MILL	0	100	1	5	0	0	0	100	0	
MACH	35	504 BAR FEED	0	3,000	1	5	0	0	0	3,000	0	
MACH	36	505 VERTICAL MILL	0	500	1	5	0	0	0	500	0	
MACH	37	506 HORIZONTAL MILL	0	200	1	5	0	0	0	200	0	
MACH	38	507 ARC WELDER	0	75	1	5	0	0	0	75	0	
MACH	39	508 2 BENCH GRINDERS	0	70	1	5	0	0	0	70	0	

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1. Book Depreciation Report

Prepared: J. Tecca

Depreciation Calculated from: 1/01/87 to: 1/31/90

Time: 06:15:21PM

Date: 02/09/1998

Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Month	Book Depreciation		Net	
					Depr Meth	Used Mn Mo		MTD	LYD	Book Value	Date Disposed
MACH 40	3 MULTI SPINDLE PRES	07/03/81	0	3,000	1	5	0	0	3,000	0	
MACH 41	310 GEAR HOBBER	07/03/81	0	20,000	1	5	0	0	20,000	0	
MACH 42	311 2 HORIS MILLS	07/03/81	0	300	1	5	0	0	300	0	
MACH 43	312 MULTI SPDL PRES	07/03/81	0	1,500	1	5	0	0	1,500	0	
MACH 44	313 ELECTRC HAMMER	07/03/81	0	200	1	5	0	0	200	0	
MACH 45	314 ELEC BEND SCALE	07/03/81	0	40	1	5	0	0	40	0	
MACH 46	315 VAC FORMING MACH	07/03/81	0	1,000	1	5	0	0	1,000	0	
MACH 47	316 DIECUTTER	07/03/81	0	1,000	1	5	0	0	1,000	0	
MACH 48	317 CIR TABLE MILL	07/03/81	0	100	1	5	0	0	100	0	
MACH 49	318 DRILLING MACH	07/03/81	0	200	1	5	0	0	200	0	
MACH 50	319 ELEC TAPE MACH	07/03/81	0	75	1	5	0	0	75	0	
MACH 51	320 PARTS WASHER	07/03/81	0	75	1	5	0	0	75	0	
MACH 52	321 DISPATCH OVEN	07/03/81	0	750	1	5	0	0	750	0	
MACH 53	322 VAC CHAMBER	07/03/81	0	500	1	5	0	0	500	0	
MACH 54	323 WASHER	07/03/81	0	400	1	5	0	0	400	0	
MACH 55	324 HOT WATER HTR	07/03/81	0	25	1	5	0	0	25	0	
MACH 56	325 COIL JOND TESTER	07/03/81	0	200	1	5	0	0	200	0	
MACH 57	326 COIL WDR MACH	07/03/81	0	500	1	5	0	0	500	0	
MACH 58	327 TAPING MACHINE	07/03/81	0	75	1	5	0	0	75	0	
MACH 59	328 4 DIST DRV MACH	07/03/81	0	1,000	1	5	0	0	1,000	0	
MACH 60	329 SPRAY BOOTH	07/03/81	0	200	1	5	0	0	200	0	
MACH 61	330 HAND PUNCH	07/03/81	0	50	1	5	0	0	50	0	
MACH 62	331 3 DIST DRV MACH	07/03/81	0	900	1	5	0	0	900	0	
MACH 63	332 BENCH GRINDER	07/03/81	0	40	1	5	0	0	40	0	
MACH 64	333 WIRE CUTTER	07/03/81	0	50	1	5	0	0	50	0	
MACH 65	334 WIRE SCRIPPER	07/03/81	0	50	1	5	0	0	50	0	
MACH 66	335 AUTO FEED TOOL	07/03/81	0	200	1	5	0	0	200	0	
MACH 67	336 2 POWER STRIPER	07/03/81	0	50	1	5	0	0	50	0	
MACH 68	337 CAPACITANCE HTR	07/03/81	0	200	1	5	0	0	200	0	
MACH 69	338 2 CONP HOLD MAC	07/03/81	0	1,000	1	5	0	0	1,000	0	
MACH 70	339 WTR STOP BANK	07/03/81	0	250	1	5	0	0	250	0	
MACH 71	340 PORT HYD LIFT	07/03/81	0	200	1	5	0	0	200	0	
MACH 72	341 DELTA BENCH DRL	07/03/81	0	150	1	5	0	0	150	0	
MACH 73	344 1 TON GEAR BLOCK	07/03/81	0	100	1	5	0	0	100	0	
MACH 74	345 PUNCH PRESS 10T	07/03/81	0	1,500	1	5	0	0	1,500	0	
MACH 75	346 PUNCH PRESS 50T	07/03/81	0	250	1	5	0	0	250	0	
MACH 76	347 HYDROLIC LIFT	07/03/81	0	50	1	5	0	0	50	0	
MACH 77	348 STRIP STRAITR	07/03/81	0	250	1	5	0	0	250	0	
MACH 78	349 STRIP REEL HOLD	07/03/81	0	350	1	5	0	0	350	0	
MACH 79	350 SCRAP SEP	07/03/81	0	25	1	5	0	0	25	0	
MACH 80	351 TUMBLE DEBURR	07/03/81	0	100	1	5	0	0	100	0	
MACH 81	352 SHAPER	07/03/81	0	2,000	1	5	0	0	2,000	0	
MACH 82	353 2 LATHE ENGINES	07/03/81	0	15,000	1	5	0	0	15,000	0	
MACH 83	354 HAND HYD PRESS	07/03/81	0	400	1	5	0	0	400	0	
MACH 84	355 GRINDER O D	07/03/81	0	2,000	1	5	0	0	2,000	0	

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1. Book Depreciation Report

Prepared: M. Tecca

Depreciation calculated from: 1/01/97 to: 1/31/98

Time: 06:15:19PM

Date: 02/09/1998

Asset	Asset	Date	Salvage	Book	Bk Lf		Book Depreciation			Net	Data		
					Value	Cost	Depr	Used	Month			YTD	STD
	Number	Description	Acquired			Meth	Tr No			Value	Disposed		
MACH	35	355	BENCH GRINDER	07/03/81	0	100	1	5	0	0	0	100	0
MACH	36	357	BENCH SW PLATE	07/03/81	0	75	1	5	0	0	0	75	0
MACH	37	358	TOOL GRINDER	07/03/81	0	3,300	1	5	0	0	0	3,300	0
MACH	38	359	BELT SANDER	07/03/81	0	200	1	5	0	0	0	200	0
MACH	39	360	GRANITE SURF PL	07/03/81	0	200	1	5	0	0	0	200	0
MACH	90	361	SURFACE GRINDER	07/03/81	0	500	1	5	0	0	0	500	0
MACH	91	362	MILL	07/03/81	0	4,300	1	5	0	0	0	4,300	0
MACH	92	363	CUT OFF SAW	07/03/81	0	50	1	5	0	0	0	50	0
MACH	93	364	TABLE SAW	07/03/81	0	150	1	5	0	0	0	150	0 07/01/97
MACH	94	365	PIPE CUTTER	07/03/81	0	150	1	5	0	0	0	150	0
MACH	95	366	HONING MACH 3PH	07/03/81	0	5,340	1	5	0	0	0	5,340	0
MACH	96	367	GRINDER CUTTER	07/03/81	0	200	1	5	0	0	0	200	0
MACH	97	368	LATHE ENGINE	07/03/81	0	500	1	5	0	0	0	500	0
MACH	98	369	HAND MILL	07/03/81	0	200	1	5	0	0	0	200	0
MACH	99	370	MILL	07/03/81	0	200	1	5	0	0	0	200	0
MACH	100	371	GRINDER DAM	07/03/81	0	300	1	5	0	0	0	300	0
MACH	101	372	MILL	07/03/81	0	200	1	5	0	0	0	200	0
MACH	102	373	MULTI-PRESS	07/03/81	0	700	1	5	0	0	0	700	0
MACH	103	374	GRINDERS	07/03/81	0	1,300	1	5	0	0	0	1,300	0
MACH	104	375	REVERSELESS MWR	07/03/81	0	3,300	1	5	0	0	0	3,300	0
MACH	105	376	HYDROLIC PRESS	07/03/81	0	500	1	5	0	0	0	500	0
MACH	106	377	WEIGHT SCALE	07/03/81	0	200	1	5	0	0	0	200	0
MACH	107	378	1/2 HP SCH ENDR	07/03/81	0	50	1	5	0	0	0	50	0
MACH	108	379	POWER SUPPLY	07/03/81	0	500	1	5	0	0	0	500	0
MACH	109	380	BENCH GRINDER	07/03/81	0	30	1	5	0	0	0	30	0
MACH	110	381	SHADOW BK GAUGE	07/03/81	0	100	1	5	0	0	0	100	0
MACH	111	382	BUSHING REAMER	07/03/81	0	50	1	5	0	0	0	50	0
MACH	112	383	BARRELL TURNER	07/03/81	0	25	1	5	0	0	0	25	0
MACH	113	384	DRILL GRINDER	07/03/81	0	100	1	5	0	0	0	100	0
MACH	114	385	BELT SANDER	07/03/81	0	200	1	5	0	0	0	200	0
MACH	115	386	WEIGHT SCALE	07/03/81	0	100	1	5	0	0	0	100	0
MACH	116	387	2 TAPE MACHINES	07/03/81	0	75	1	5	0	0	0	75	0
MACH	117	388	SCALE 99	07/03/81	0	100	1	5	0	0	0	100	0
MACH	118	389	DIST CAP NOTCHER	07/03/81	0	25	1	5	0	0	0	25	0
MACH	119	390	INDUST VACUUM	07/03/81	0	100	1	5	0	0	0	100	0
MACH	120	391	GREASE PUMP	07/03/81	0	75	1	5	0	0	0	75	0
MACH	121	392	PAPER FOLDER	07/03/81	0	300	1	5	0	0	0	300	0
MACH	122	393	SURFACE TESTER	07/03/81	0	1,500	1	5	0	0	0	1,500	0
MACH	123	394	PALLET JACK	07/03/81	0	200	1	5	0	0	0	200	0
MACH	124	395	2 WEIGHT SCALES	07/03/81	0	100	1	5	0	0	0	100	0
MACH	125	396	ELEC TAPE MACH	07/03/81	0	100	1	5	0	0	0	100	0
MACH	126	397	ELEC PALLET LFT	07/03/81	0	2,000	1	5	0	0	0	2,000	0
MACH	127	398	BLUEPRINT DEVEL	07/03/81	0	200	1	5	0	0	0	200	0
MACH	128	399	SCM COPIER	07/03/81	0	50	1	5	0	0	0	50	0
MACH	129	600	4 DRAFTECARDS	07/03/81	0	700	1	5	0	0	0	700	0

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Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net	
					Dept	Used	Month	MTD	YTD	Book Value	Data Disposed
MACH 130	601 OVEN	07/03/91	0	150	1	5	0	0	150	0	07/01/97
MACH 131	602 MARKING MACHINE	07/03/91	0	400	1	5	0	0	400	0	
MACH 132	603 AIR MOTOR 1 TRS	07/03/91	0	100	1	5	0	0	100	0	
MACH 133	604 OSCILLOSCOPE	07/03/91	0	700	1	5	0	0	700	0	
MACH 134	605 FWTLESS MOD TSR	07/03/91	0	25	1	5	0	0	25	0	
MACH 135	606 2 DC PWR SUPPLY	07/03/91	0	600	1	5	0	0	600	0	
MACH 136	607 WIRE BOLDER MACH	07/03/91	0	1,500	1	5	0	0	1,500	0	
MACH 137	608 PARCEL POST SCL	07/03/91	0	50	1	5	0	0	50	0	
MACH 138	609 BUSTER-DIGBERG	07/03/91	0	500	1	5	0	0	500	0	
MACH 139	610 CURVE TRACER	07/03/91	0	2,500	1	5	0	0	2,500	0	
MACH 140	611 OSCILLOSCOPE	07/03/91	0	4,500	1	5	0	0	4,500	0	
MACH 141	612 TEMP CHAMBER	07/03/91	0	1,250	1	5	0	0	1,250	0	
MACH 143	614 POTTING DISP	07/03/91	0	300	1	5	0	0	300	0	
MACH 144	615 UNIDITE LF TSTR	07/03/91	0	250	1	5	0	0	250	0	
MACH 145	616 DIST LIFE TSTR	07/03/91	0	50	1	5	0	0	50	0	
MACH 146	617 VACUUM PUMP	07/03/91	0	50	1	5	0	0	50	0	
MACH 147	618 15" DRILL PRESS	07/03/91	0	100	1	5	0	0	100	0	
MACH 148	619 10" RADIAL SAW	07/03/91	0	100	1	5	0	0	100	0	
MACH 149	620 POWER SUPPLY	07/03/91	0	10	1	5	0	0	10	0	
MACH 150	621 AIR PRESS	07/03/91	0	100	1	5	0	0	100	0	
MACH 151	622 REFLO SOLD MACH	07/03/91	0	1,500	1	5	0	0	1,500	0	
MACH 152	623 RIVET MACHINES	07/03/91	0	1,500	1	5	0	0	1,500	0	
MACH 153	624 BAGGING MACHINE	07/03/91	0	15,000	1	5	0	0	15,000	0	
MACH 154	625 2 FURNACES	07/03/91	0	175	1	5	0	0	175	0	
MACH 155	626 POWER SUPPLY	07/03/91	0	150	1	5	0	0	150	0	
MACH 156	627 RADIAL DRILL	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 157	628 4-SPINDLE DRILL	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 158	630 SCREW MACHINE	07/03/91	0	10,000	1	5	0	0	10,000	0	
MACH 159	631 BAR FEEDER	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 160	632 SPOT WELDER	07/03/91	0	750	1	5	0	0	750	0	07/01/97
MACH 161	633 VERTICAL MILL	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 162	634 GAS OVEN	07/03/91	0	100	1	5	0	0	100	0	
MACH 163	635 AUTO WIRE CUTTER	07/03/91	0	1,000	1	5	0	0	1,000	0	07/01/97
MACH 164	636 2 DEEP FRYERS	07/03/91	0	200	1	5	0	0	200	0	
MACH 165	637 HARDNESS TESTER	07/03/91	0	300	1	5	0	0	300	0	
MACH 166	638 SUN COMPUTER	07/03/91	0	12,000	1	5	0	0	12,000	0	
MACH 167	639 MOLDING MACHINE	07/03/91	0	45,000	1	5	0	0	45,000	0	
MACH 168	640 CHIP WRINGER	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 169	641 VAPOR DEGREASER	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 170	642 OVEN	07/03/91	0	1,000	1	5	0	0	1,000	0	
MACH 171	643 AUTO STACKER	07/03/91	0	200	1	5	0	0	200	0	
MACH 172	644 VERTICAL OP MIL	07/03/91	0	2,000	1	5	0	0	2,000	0	
MACH 173	645 SURFACE GRINDER	07/03/91	0	2,000	1	5	0	0	2,000	0	
MACH 174	646 LATHE	07/03/91	0	4,500	1	5	0	0	4,500	0	
MACH 175	647 LATHE	07/03/91	0	4,500	1	5	0	0	4,500	0	

Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net	
					Depr Meth	Used Wr Mo	Month	YTD	LTB	Book Value	Date Discosed
MACH 175	548 1 ARBOR PRESSES	07/03/91	0	1,100	1	5	0	0	0	1,100	0
MACH 177	549 31 DRILL PRESSES	07/03/91	0	5,100	1	5	0	0	0	5,100	0 07/01/97
MACH 179	550 BOREMATION	07/03/91	0	300	1	5	0	0	0	300	0
MACH 180	551 4 PUNCH PRESSES	07/03/91	0	400	1	5	0	0	0	400	0
MACH 181	552 3 OSCILLOSCOPES	07/03/91	0	5,450	1	5	0	0	0	5,450	0
MACH 182	553 1 DATA REC TMR	07/03/91	0	100	1	5	0	0	0	100	0
MACH 183	554 POWER SUPPLY	07/03/91	0	1,000	1	5	0	0	0	1,000	0
MACH 184	555 THERMOLATER	07/03/91	0	1,000	1	5	0	0	0	1,000	0
MACH 185	556 MAT DRYER-UNA DN	07/03/91	0	350	1	5	0	0	0	350	0
MACH 186	557 LG MAT HOPPER	07/03/91	0	250	1	5	0	0	0	250	0
MACH 187	558 REGRINDER	07/03/91	0	2,500	1	5	0	0	0	2,500	0
MACH 188	559 HOPPER LOADER	07/03/91	0	300	1	5	0	0	0	300	0
MACH 189	560 MTC PADS	07/03/91	0	125	1	5	0	0	0	125	0
MACH 190	561 WASHER	07/03/91	0	300	1	5	0	0	0	300	0
MACH 191	562 CHERRY POP RIVT	07/03/91	0	50	1	5	0	0	0	50	0
MACH 192	563 OVEN	07/03/91	0	50	1	5	0	0	0	50	0
MACH 193	564 3 MULTIMETERS	07/03/91	0	2,500	1	5	0	0	0	2,500	0
MACH 194	565 MAGNETIZER	07/03/91	0	700	1	5	0	0	0	700	0
MACH 195	566 2 AIR PATCHES	07/03/91	0	200	1	5	0	0	0	200	0
MACH 196	567 POTING EQUIPMNT	07/03/91	0	100	1	5	0	0	0	100	0
MACH 197	568 SOIL TESTER	07/03/91	0	100	1	5	0	0	0	100	0
MACH 198	569 HARDNESS TESTER	07/03/91	0	400	1	5	0	0	0	400	0
MACH 199	570 ARBOR PRESS	07/03/91	0	200	1	5	0	0	0	200	0
MACH 200	571 VOLTAGE CLIE	07/03/91	0	200	1	5	0	0	0	200	0
MACH 201	572 GUSMETER	07/03/91	0	300	1	5	0	0	0	300	0
MACH 202	573 DISHABLE	07/03/91	0	50	1	5	0	0	0	50	0
MACH 203	574 CURRENT PROBE	07/03/91	0	300	1	5	0	0	0	300	0
MACH 204	575 CURRENT PROBE	07/03/91	0	300	1	5	0	0	0	300	0
MACH 205	576 POWER SUPPLY	07/03/91	0	100	1	5	0	0	0	100	0
MACH 206	577 DIGITAL VLT MTR	07/03/91	0	100	1	5	0	0	0	100	0
MACH 207	578 SWEED GENERATOR	07/03/91	0	150	1	5	0	0	0	150	0
MACH 208	579 DIST CURVE TEST	07/03/91	0	150	1	5	0	0	0	150	0
MACH 209	580 C D TRANSFORMER	07/03/91	0	150	1	5	0	0	0	150	0
MACH 210	581 DIGITAL THERM	07/03/91	0	150	1	5	0	0	0	150	0
MACH 211	582 MCD 150 GENERAT	07/03/91	0	1,300	1	5	0	0	0	1,300	0
MACH 212	583 6" VISE	07/03/91	0	200	1	5	0	0	0	200	0
MACH 213	584 POSTAGE MACHINE	07/03/91	0	50	1	5	0	0	0	50	0
MACH 214	585 DRYR TC SOLD MAC	07/03/91	0	300	1	5	0	0	0	300	0
MACH 215	586 CROSS DRILL MTT	07/03/91	0	1,000	1	5	0	0	0	1,000	0
MACH 216	587 DECOLLATOR	07/03/91	0	150	1	5	0	0	0	150	0
MACH 217	688 2 APPLICATORS	07/03/91	0	650	1	5	0	0	0	650	0
MACH 218	689 ELEC TERM FEEDR	07/03/91	0	750	1	5	0	0	0	750	0
MACH 219	590 IN-LINE MTR CKR	07/03/91	0	150	1	5	0	0	0	150	0
MACH 220	591 4 PNEV SCREWDR	07/03/91	0	200	1	5	0	0	0	200	0
MACH 221	592 COMMANDER ADAPR	07/03/91	0	190	1	5	0	0	0	190	0

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Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf			Book Depreciation			Net	
					Depr Meth	Used Mo	Mo	Month	MTD	LYD	Book Value	Data Disposed
MACH 222	698 1 PACKS	07/03/81	0	700	1	5	0	0	0	700	0	
MACH 223	694 GRINDER	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 224	695 AIR INT ASMR	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 225	696 TACH ADAPTER	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 226	697 NAIL MACHINE	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 227	698 DMH W/BATESMILLP	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 228	699 DMH W/LOWDRMS	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 229	700 6 PNEV SCWDNRVS	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 230	701 MICROMETER	07/03/81	0	125	1	5	0	0	0	125	0	
MACH 231	702 SCALE	07/03/81	0	450	1	5	0	0	0	450	0	
MACH 232	703 PLUG-IN EXP SCP	07/03/81	0	350	1	5	0	0	0	350	0	
MACH 233	704 BELLOWS DRL PPS	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 234	707 CALENDAR TIMER	07/31/81	0	245	1	7	0	0	0	245	0	
MACH 235	708 FRC ON HOLDER	08/31/81	0	1,440	1	7	0	0	0	1,440	0	
MACH 236	709 HOLDER	07/31/81	0	4,066	1	7	0	0	0	4,066	0	
MACH 237	710 S&S PUNCH PRESS	07/31/81	0	41,769	1	7	0	0	0	41,769	0	
MACH 238	711 MHR DRN P PRESS	10/31/81	0	560	1	7	0	0	0	560	0	
MACH 239	712 FRC ON P PRESS	11/30/81	0	400	1	7	0	0	0	400	0	
MACH 240	713 OIL FILTER	08/31/81	0	1,350	1	7	0	0	0	1,350	0	
MACH 241	714 HONING MACHINE	08/31/81	0	4,398	1	7	0	0	0	4,398	0	
MACH 242	715 COIL WINDING	09/30/81	0	1,136	1	7	0	0	0	1,136	0	
MACH 243	716 SUPER MAX MACH	09/30/81	0	4,500	1	7	0	0	0	4,500	0	
MACH 244	717 SERVO POWER UNIT	10/31/81	0	300	1	7	0	0	0	300	0	
MACH 245	718 INDEXING TABLE	09/30/81	0	1,160	1	7	0	0	0	1,160	0	
MACH 246	719 DISHWASHER	10/31/81	0	1,060	1	7	0	0	0	1,060	0	
MACH 247	720 LEAD FBNG MACH	10/31/81	0	791	1	7	0	0	0	791	0	
MACH 248	721 RESOLDER STATION	11/30/81	0	199	1	7	0	0	0	199	0	
MACH 249	722 COOLANT PMP TANK	11/30/81	0	234	1	7	0	0	0	234	0	
MACH 250	723 DRAFTING EQUIP	12/31/81	0	450	1	7	0	0	0	450	0	
MACH 251	724 COLUMN PRESS	01/31/82	0	867	1	7	0	0	0	867	0	
MACH 252	725 SHELVING	02/18/82	0	1,566	1	7	0	0	0	1,566	0	
MACH 253	726 LCR BRIDGE	02/18/82	0	365	1	7	0	0	0	365	0	
MACH 254	727 O SCOPE /PROBE	02/18/82	0	652	1	7	0	0	0	652	0	
MACH 255	728 TEKTRONIK PROBE	02/18/82	0	398	1	7	0	0	0	398	0	
MACH 256	729 BANDSAW	02/18/82	0	392	1	7	0	0	0	392	0	
MACH 257	730 ENGINE	02/18/82	0	581	1	7	0	0	0	581	0	
MACH 258	731 SPNL TEL TP DISP	02/24/82	0	725	1	5	0	0	0	725	0	
MACH 259	732 WELLS DP FRY CRK	03/23/82	0	416	1	5	0	0	0	416	0	
MACH 260	733 ECPT DESK TRUCK	03/03/82	0	490	1	5	0	0	0	490	0	
MACH 261	734 COIL WNDG MACH	03/18/82	0	19,490	1	5	0	0	0	19,490	0	
MACH 262	735 CS6 WR STR CT MA	05/07/82	0	3,000	1	5	0	0	0	3,000	0	
MACH 263	736 CS9 WR STP CT MA	06/24/82	0	16,457	1	5	0	0	0	16,457	0	
MACH 264	737 PAL JK W/SCS PL	07/01/82	0	613	1	5	0	0	0	613	0	
MACH 265	738 ROOF EXHST FAN	06/29/82	0	214	1	5	0	0	0	214	0	
MACH 266	739 LISSE DRILL SWR	07/01/82	0	395	1	5	0	0	0	395	0	

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1. Book Depreciation Report

Prepared: Tecca

Depreciation calculated from: 1/01/87 to: 1/31/88

Time: 06:15:59PM

Date: 02/09/1998

Asset	Number	Description	Date Acquired	Salvage Value	Book Cost	Jk Lf		Book Depreciation			Net	
						Deprec	Use	Month	WTD	STD	Book Value	Date Disposed
MACH	267	740 ML MC ARB 1 HST	09/01/82	0	227	1	5	0	0	0	227	0
MACH	268	741 BRD DIE SET	09/08/82	0	319	1	5	0	0	0	319	0
MACH	269	742 AIR PWR ARB PPS	12/01/82	0	217	1	5	0	0	0	217	0
MACH	270	743 NORTON SEG WHL	07/07/82	0	1,327	1	5	0	0	0	1,327	0
MACH	271	744 DIN ENTERS BRND	02/23/83	0	52,392	1	5	0	0	0	52,392	0
MACH	272	745 OPTCL COMPARTER	01/07/83	0	1,260	1	5	0	0	0	1,260	0
MACH	273	746 FRONT FORM TOOL	02/07/83	0	208	1	5	0	0	0	208	0
MACH	274	747 END HLD VR STP	02/17/83	0	553	1	5	0	0	0	553	0
MACH	275	748 BAR STOCK FEEDR	02/17/83	0	1,380	1	5	0	0	0	1,380	0
MACH	276	749 FEEDERINSRT MACH	01/24/83	0	517	1	5	0	0	0	517	0
MACH	277	750 2 SCREW MACHINES	05/31/83	0	25,811	1	5	0	0	0	25,811	0
MACH	278	751 MICROHTR #50476	06/01/83	0	229	1	5	0	0	0	229	0
MACH	279	752 SWD BLSTR CABMT	06/08/83	0	967	1	5	0	0	0	967	0
MACH	280	753 PNEUMTC SCRDVR	06/07/83	0	197	1	5	0	0	0	197	0
MACH	281	754 CHR W/MT PLATE	06/11/83	0	1,314	1	5	0	0	0	1,314	0
MACH	282	755 PAPER AIR FEEDR	06/08/83	0	1,458	1	5	0	0	0	1,458	0
MACH	283	756 BRENDER FEEDER	07/01/83	0	2,310	1	5	0	0	0	2,310	0
MACH	284	757 BRDR ENDR MOLDG	06/07/83	0	4,789	1	5	0	0	0	4,789	0
MACH	285	758 LOADER/INC MOLD	06/07/83	0	735	1	5	0	0	0	735	0
MACH	286	759 LDR/INC HOLDING	06/07/83	0	789	1	5	0	0	0	789	0
MACH	287	760 MAC DRY ADR HLD	06/07/83	0	282	1	5	0	0	0	282	0
MACH	288	761 SHANKUN CHDRWRP	06/30/83	0	14,333	1	5	0	0	0	14,333	0
MACH	289	762 IRON TABLE	09/09/83	0	1,214	1	5	0	0	0	1,214	0
MACH	290	763 1-401-10 TURN	08/05/83	0	409	1	5	0	0	0	409	0
MACH	291	764 DRILLING MACH	05/31/83	0	1,334	1	5	0	0	0	1,334	0
MACH	292	765 PYROMETER	05/31/83	0	202	1	5	0	0	0	202	0
MACH	293	766 CHUCK CONTROL	05/31/83	0	314	1	5	0	0	0	314	0
MACH	294	767 BAR FEEDER	05/31/83	0	375	1	5	0	0	0	375	0
MACH	295	768 DEW PT METER	05/31/83	0	551	1	5	0	0	0	551	0
MACH	296	769 MAGNA FLUX METER	05/31/83	0	6,340	1	5	0	0	0	6,340	0
MACH	297	770 TOOLS	05/31/83	0	400	1	5	0	0	0	400	0
MACH	298	771 POWER VISE	05/31/83	0	300	1	5	0	0	0	300	0
MACH	299	772 1/4 HP MOTOR	05/31/83	0	389	1	5	0	0	0	389	0
MACH	300	773 1976 DLK FRKFT	09/01/83	0	7,403	1	5	0	0	0	7,403	0
MACH	301	774 INSTALLATION MAC	09/12/83	0	2,538	1	5	0	0	0	2,538	0
MACH	302	775 4 PNMTC SCRDVRS	09/12/83	0	1,442	1	5	0	0	0	1,442	0
MACH	303	776 STEEL RACKING	09/23/83	0	3,393	1	5	0	0	0	3,393	0
MACH	304	777 VTA / MOLD MACH	09/22/83	0	313	1	5	0	0	0	313	0
MACH	305	778 2 ENERFACS	09/30/83	0	450	1	5	0	0	0	450	0
MACH	306	779 B&S COOLANT PMP	09/29/83	0	295	1	5	0	0	0	295	0
MACH	307	780 2 EXHAUST HOODS	10/13/83	0	527	1	5	0	0	0	527	0
MACH	308	781 REGAL STR STRT	11/01/83	0	4,529	1	5	0	0	0	4,529	0
MACH	309	782 B&W BAR FS USED	12/30/83	0	2,000	1	5	0	0	0	2,000	0
MACH	310	783 WAREHOUSE LADR	11/02/83	0	441	1	5	0	0	0	441	0
MACH	311	784 BORINGFRCS HD	11/01/83	0	543	1	5	0	0	0	543	0

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Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Of		Book Depreciation			Net Book Value	Date Disposed
					Depr Mech	Used Gr No	Month	MTD	LYD		
MACH 312	735 1 1/2" SKILL SAW	10/10/83	0	212	1	5	0	0	0	212	0
MACH 313	736 WAREHOUSE LADDER	10/19/83	0	441	1	5	0	0	0	441	0
MACH 314	737 1 DRILL PRESSES	10/21/83	0	2,301	1	5	0	0	0	2,301	0
MACH 315	738 INVERTING HEAD	10/20/83	0	226	1	5	0	0	0	226	0
MACH 316	739 VIMCO VIB MACH	01/11/84	0	12,334	1	5	0	0	0	12,334	0
MACH 317	740 3 LMOG HOGS	10/19/83	0	19,905	1	5	0	0	0	19,905	0
MACH 318	741 PLATFORM TRUCKS	01/31/84	0	1,500	1	5	0	0	0	1,500	0
MACH 319	742 STEEL TEL/DRIEG	02/28/84	0	341	1	5	0	0	0	341	0
MACH 320	743 R&L MICROSCOPE	02/28/84	0	1,334	1	5	0	0	0	1,334	0
MACH 321	744 SKIN PAPER MACH	02/28/84	0	6,639	1	5	0	0	0	6,639	0
MACH 322	745 SHELVING	02/28/84	0	3,290	1	5	0	0	0	3,290	0
MACH 323	746 WICKMAN SCRW MAC	04/29/84	0	36,036	1	5	0	0	0	36,036	0
MACH 324	747 DBL SIDE ETCHER	03/30/84	0	730	1	5	0	0	0	730	0
MACH 325	748 INT MLD PTS NSS	03/23/84	0	6,399	1	3	0	0	0	6,399	0
MACH 326	749 TELE JOB BOOM	03/23/84	0	539	1	5	0	0	0	539	0
MACH 327	750 WOODEN DUCK BDG	03/22/84	0	2,913	1	5	0	0	0	2,913	0
MACH 328	751 PIGEON HOLE CAB	04/30/84	0	1,223	1	5	0	0	0	1,223	0
MACH 329	752 COMPRESSOR BEND	12/31/84	0	12,188	1	5	0	0	0	12,188	0
MACH 330	753 1 TPE DIE MACH	12/31/84	0	1,290	1	5	0	0	0	1,290	0
MACH 331	754 TOOL CRIB	12/31/84	0	3,355	1	5	0	0	0	3,355	0
MACH 332	755 WTM MAM BENDER	07/01/84	0	11,244	1	5	0	0	0	11,244	0
MACH 333	756 SIMPLEX LINE WAGON	07/07/84	0	1,348	1	5	0	0	0	1,348	0
MACH 334	757 FRAGSHIELD MACH	08/31/84	0	2,009	1	5	0	0	0	2,009	0
MACH 335	758 ELEC EST DRANGER	08/12/84	0	361	1	7	0	0	0	361	0
MACH 336	759 DISPERDGE TETER	08/10/84	0	1,597	1	5	0	0	0	1,597	0
MACH 337	760 RMCO/FLR LACHE	09/30/84	0	3,122	1	5	0	0	0	3,122	0
MACH 338	761 HARDNESS TETER	09/21/84	0	2,386	1	5	0	0	0	2,386	0
MACH 339	762 TAPE DISP MACH	09/21/84	0	377	1	5	0	0	0	377	0
MACH 340	763 TRUCKSIL CB CRWE	09/14/84	0	1,339	1	5	0	0	0	1,339	0
MACH 341	764 ROLLING LADDERS	10/31/84	0	715	1	5	0	0	0	715	0
MACH 342	765 CRS BRACES, EMS	10/31/84	0	1,381	1	5	0	0	0	1,381	0
MACH 343	766 PALLET JACK	10/31/84	0	264	1	3	0	0	0	264	0
MACH 344	767 TCH WRK STATION	11/30/84	0	1,287	1	5	0	0	0	1,287	0
MACH 345	768 HT TREAT FACILITY	11/30/84	0	100,915	1	7	0	0	0	100,915	0
MACH 346	769 COGDL RL/EN MCH	12/29/84	0	17,348	1	5	0	0	0	17,348	0
MACH 347	770 TOLDO FL SCALE	01/25/85	0	6,393	1	5	0	0	0	6,393	0
MACH 348	771 SHELVING	01/31/85	0	1,441	1	5	0	0	0	1,441	0
MACH 349	772 CROSSBRS/SHELVG	01/18/85	0	1,364	1	5	0	0	0	1,364	0
MACH 350	773 SR HYD SCREWDRV	01/11/85	0	502	1	3	0	0	0	502	0
MACH 351	774 CRWE SCL #1300	01/11/85	0	764	1	5	0	0	0	764	0
MACH 352	775 2)COIL FEEDERS	02/28/85	0	6,444	1	5	0	0	0	6,444	0
MACH 353	776 2)CMSFT GRNDERS	02/28/85	0	119,390	1	7	0	0	0	119,390	0
MACH 354	777 SHIMATSU PNCB PRS	02/28/85	0	65,036	1	7	0	0	0	65,036	0
MACH 355	778 SHELVING	02/28/85	0	4,525	1	5	0	0	0	4,525	0
MACH 356	779 AIR DRILL FIXTURE	02/28/85	0	16,281	1	5	0	0	0	16,281	0

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Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation Month	YTD	BTD	Net	
						Depr	Used				Book Value	Date Disposed
MACH	158	322 AIDA FNCH PRESS	03/31/95	0	960	12	5	0	0	960	0	
MACH	159	333 FORM & INT MACH	03/31/95	0	5,710	12	5	0	0	5,710	0	
MACH	160	334 FEED MECHANISM	03/31/95	0	468	12	5	0	0	468	0	
MACH	161	335 SURVICE WENDERS	03/31/95	0	1,026	12	5	0	0	1,026	0	
MACH	162	336 CONTROL BOX	03/31/95	0	48	1	5	0	0	48	0	
MACH	163	337 DRILL FKH TELE	03/31/95	0	971	12	5	0	0	971	0	
MACH	164	338 FORK LIFT	03/31/95	0	3,730	12	5	0	0	3,730	0	
MACH	165	341 ETCC BOOSTER	04/30/95	0	1,325	12	5	0	0	1,325	0	
MACH	166	342 PPS FD W/COFT	05/31/95	0	5,094	12	5	0	0	5,094	0	
MACH	167	343 GRAPHIC COPY LINE	05/31/95	0	5,251	12	5	0	0	5,251	0	
MACH	168	344 ROYAL COPIER	05/31/95	0	12,161	12	5	0	0	12,161	0	
MACH	169	345 BAR SUPP/GUIDE	07/31/95	0	7,473	12	5	0	0	7,473	0	
MACH	170	346 BAR & FORKLIFT	07/31/95	0	600	12	5	0	0	600	0	
MACH	171	447 DRILL GRINDER	09/30/95	0	1,105	12	5	0	0	1,105	0	
MACH	172	348 POWER FEED	09/30/95	0	494	12	5	0	0	494	0	
MACH	173	349 SLIDE FR AIDA FR	09/30/95	0	3,470	12	5	0	0	3,470	0	
MACH	174	350 MAZAK MICRO BSK	09/30/95	0	2,007	12	5	0	0	2,007	0	
MACH	175	351 PARKO BANK	10/31/95	0	579	12	5	0	0	579	0	
MACH	176	352 DAYTON HEATERS	10/31/95	0	1,375	12	5	0	0	1,375	0	
MACH	177	353 WACHING WENTER	10/30/95	0	18,430	12	5	0	0	18,430	0	
MACH	178	354 BRANKLIN BEADER	10/31/95	0	10,331	12	5	0	0	10,331	0	
MACH	179	355 PUCH ROD MACHINE	10/30/95	0	1,493	12	5	0	0	1,493	0	
MACH	180	356 EJECTORAI	10/30/95	0	411	1	5	0	0	411	0	
MACH	181	357 FNCH PRESS ADDIT	04/30/95	0	579	12	5	0	0	579	0	
MACH	182	358 SHMASHAFT ADDON	03/31/95	0	1,000	12	5	0	0	1,000	0	
MACH	183	359 RADIAL REWITER	03/31/96	0	4,341	1	5	0	0	4,341	0	
MACH	184	360 CREVALA SPINDER	04/30/96	0	15,009	1	5	0	0	15,009	0	
MACH	185	361 UNISON WR ENRPE	04/30/96	0	5,514	1	5	0	0	5,514	0	
MACH	186	362 S&S SCREW MACH	06/30/96	0	4,759	1	5	0	0	4,759	0	
MACH	187	363 HALL MACHINE	07/31/96	0	1,134	1	5	0	0	1,134	0	
MACH	188	364 WEIGHT PLATE	07/31/96	0	1,147	1	5	0	0	1,147	0	
MACH	189	365 AIR COMPRESSOR	07/31/96	0	5,228	1	5	0	0	5,228	0	
MACH	190	366 SAFEGUARD (359)	07/31/96	0	1,408	1	5	0	0	1,408	0	
MACH	191	367 RN-130 REVETER	09/30/96	0	5,302	1	5	0	0	5,302	0	
MACH	192	368 SHRP SF-7100 CP	09/30/96	0	1,034	1	5	0	0	1,034	0	
MACH	193	369 GRINDING EQUIP	09/30/96	0	5,375	1	5	0	0	5,375	0	
MACH	194	370 BRIDGEPT MILL	10/31/96	0	3,278	1	5	0	0	3,278	0	
MACH	195	371 TIG WELDER	10/31/96	0	2,043	1	5	0	0	2,043	0	
MACH	196	372 FLUTE CM/IND PL	10/31/96	0	363	1	5	0	0	363	0	
MACH	197	373 LATHE-10KISSINS	11/30/96	0	500	1	5	0	0	500	0	
MACH	198	374 WCMAN UPDTE 796	11/30/96	0	3,745	1	5	0	0	3,745	0	
MACH	199	375 ACROLOK M-15L	12/31/96	0	21,578	1	5	0	0	21,578	0	
MACH	400	376 MAZAK QCK TRN 3	12/31/96	0	50,410	1	5	0	0	50,410	0	
MACH	401	377 PAPER FLD MACH	12/31/96	0	1,373	1	5	0	0	1,373	0	
MACH	402	378 SERVO PWER FEED	12/31/96	0	506	1	5	0	0	506	0	

Asset	Asset	Description	Date	Salvage	Book	Bk Lf		Book Depreciation			Net		
						Value	Cost	Mech	Dr	Mo	Month	YTD	YTD
	Number		Acquired									Disposed	
MACH	403	379	10" FUTABA SCALE	12/03/87	0	185	1	5	0	0	0	185	0
MACH	404	380	10" FUTABA SCALE	12/03/87	0	312	1	5	0	0	0	312	0
MACH	405	381	5"MECH SCALES	12/03/87	0	2,344	1	5	0	0	0	2,344	0
MACH	406	382	HOBART DSEWSHR	12/03/87	0	2,014	1	5	0	0	0	2,014	0
MACH	407	383	PALLET RACKS	01/01/87	0	2,060	1	5	0	0	0	2,060	0
MACH	409	385	SKIN PACK MACH	04/03/87	0	3,243	12	5	0	0	0	3,243	0
MACH	410	386	NORDALE FLD BLI	05/01/87	0	11,049	12	5	0	0	0	11,049	0
MACH	411	387	MAN IMPACT PRSS	06/30/87	0	327	12	5	0	0	0	327	0
MACH	412	388	MKR TRN SCR LTH	07/01/87	0	67,255	12	5	0	0	0	67,255	0
MACH	413	389	ENG MOLD MACH	07/01/87	0	34,035	12	5	0	0	0	34,035	0
MACH	414	390	CINC STRLS CRND	08/01/87	0	58,347	12	5	0	0	0	58,347	0
MACH	415	391	MKR MACH 10NUM	09/30/87	0	67,030	12	5	0	0	0	67,030	0
MACH	416	392	2 USD SCRW MACH	09/30/87	0	5,000	12	5	0	0	0	5,000	0
MACH	417	393	VRT MILL W/PWRD	10/01/87	0	5,219	12	5	0	0	0	5,219	0
MACH	418	394	HUMIDIFR DRYER	11/30/87	0	5,064	12	5	0	0	0	5,064	0
MACH	419	395	ROBOT PUNCH PPS	11/30/87	0	7,391	12	5	0	0	0	7,391	0
MACH	420	396	MKR 10NATO LINE	12/01/87	0	105,086	12	5	0	0	0	105,086	0
MACH	421	397	JET MILL END-15	12/09/88	0	354	12	5	0	0	0	354	0
MACH	422	398	WCHRM SCRW 1/4	12/09/88	0	44,030	12	5	0	0	0	44,030	0
MACH	423	399	MAGAK 150 W/T-1	12/09/88	0	10,018	12	5	0	0	0	10,018	0
MACH	424	300	MACH VQC 45/40	12/09/88	0	57,170	12	5	0	0	0	57,170	0
MACH	425	301	AUTO SCRW MCHS	12/11/88	0	33,051	12	5	0	0	0	33,051	0
MACH	426	302	MKR MILL - USED	04/30/88	0	3,002	12	5	0	0	0	3,002	0
MACH	427	303	BRANULATR V BLW	04/30/88	0	3,004	12	5	0	0	0	3,004	0
MACH	428	304	WHSE STRGE ROME	04/30/88	0	4,389	12	5	0	0	0	4,389	0
MACH	429	305	DIAGEAR HOBBERS	05/01/88	0	19,038	12	5	0	0	0	19,038	0
MACH	430	306	(C)PWR SUPPLIES	05/30/88	0	2,714	12	5	0	0	0	2,714	0
MACH	431	307	MKR VQC 15/40 V	05/30/88	0	106,050	12	5	0	0	0	106,050	0
MACH	432	308	AUTO B&G SC MCH	06/30/88	0	29,152	12	5	0	0	0	29,152	0
MACH	433	309	AUTO FD BAND SW	06/30/88	0	9,311	12	5	0	0	0	9,311	0
MACH	434	310	NIAGRA PCH PRSS	06/30/88	0	4,490	12	5	0	0	0	4,490	0
MACH	435	311	B&G SCR MCH AUT	08/01/88	0	26,316	12	5	0	0	0	26,316	0
MACH	436	312	LOADING BAR FD	04/30/88	0	4,770	12	5	0	0	0	4,770	0
MACH	437	313	MEL QT15 LTHETC	08/01/88	0	102,396	12	5	0	0	0	102,396	0
MACH	438	314	ERL ASSY ENG MD	08/01/88	0	9,417	12	5	0	0	0	9,417	0
MACH	439	315	ENGMLDR HPPERLD	02/01/88	0	1,482	12	5	0	0	0	1,482	0
MACH	440	316	ENGMLDR HPPERLD	03/01/88	0	1,482	12	5	0	0	0	1,482	0
MACH	441	317	BLOVEN NIAGPPRS	06/30/88	0	1,946	12	5	0	0	0	1,946	0
MACH	442	318	SH COPIER WRTR	11/30/88	0	12,720	12	5	0	0	0	12,720	0
MACH	443	319	MKR QT15 LTHETC	11/30/88	0	102,581	12	5	0	0	0	102,581	0
MACH	444	320	MKR VQC15/10 HL	12/01/88	0	125,100	12	5	0	0	0	125,100	0
MACH	445	321	MKR QT15 LTHETC	01/01/89	0	103,131	12	5	0	0	0	103,131	0
MACH	446	322	MAG BS MAGNETSR	03/01/89	0	6,155	12	5	0	0	0	6,155	0
MACH	447	323	PACK AIR COMPPS	03/01/89	0	9,440	12	5	0	0	0	9,440	0
MACH	448	324	AIR STRPPERSTNK	03/01/89	0	3,279	12	5	0	0	0	3,279	0

Asset #	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	BK LI		Book Depreciation			Net Book Value	Date Discosed
						Depr Meth	Used Cr Mo	Month	YTD	UMD		
MACH	149	325 MEX 15/40 MCHCT	08/11/89	0	70,080	12	5	0	0	70,080	0	
MACH	150	325 MEX 2710 MCHW/A	14/10/89	0	161,321	12	5	0	0	161,321	0	
MACH	151	327 HOLDNG HOOLNG B	04/30/89	0	23,142	12	5	0	0	23,142	0	
MACH	152	329 SCISSOR LFT TRK	07/31/89	0	6,042	12	5	0	0	6,042	0	
MACH	153	330 MCHMAN SCRMCH 1	08/11/89	0	74,388	12	5	0	0	74,388	0	
MACH	154	331 MCHMAN SCRMACH1	08/11/89	0	74,388	12	5	0	0	74,388	0	
MACH	155	333 HARDNG INC CHKR	08/11/89	0	53,348	12	5	0	0	53,348	0	
MACH	156	334 MCHMAN THRDATCH	08/11/89	0	2,120	12	5	0	0	2,120	0	
MACH	157	335 SURFGR BRGR-WFD	08/11/89	0	4,240	12	5	0	0	4,240	0	
MACH	158	336 DELEV/L MHP JPMR	08/11/89	0	3,445	12	5	0	0	3,445	0	
MACH	159	337 BR FEED MAGDR	08/11/89	0	2,385	12	5	0	0	2,385	0	
MACH	160	338 PGBRD SCRW MACH	08/11/89	0	3,710	12	5	0	0	3,710	0	
MACH	161	339 PGBRD SCRW MACH	08/11/89	0	3,710	12	5	0	0	3,710	0	
MACH	162	340 ELDCRADO GN DRL	09/30/89	0	19,680	12	5	0	0	19,680	0	
MACH	163	341 KOPFER BR HBBR	09/30/89	0	10,140	12	5	0	0	10,140	0	
MACH	164	342 MCHMN DRL MCH	09/30/89	0	2,311	12	5	0	0	2,311	0	
MACH	165	343 MCHMN DRL MCH	09/30/89	0	2,310	12	5	0	0	2,310	0	
MACH	166	344 DRD PCH TORIULT	10/31/89	0	15,388	12	5	0	0	15,388	0	
MACH	167	345 IMPRSD AIR DRY	10/31/89	0	4,170	12	5	0	0	4,170	0	
MACH	168	316 MCHMN SCR MACH	10/31/89	0	75,497	12	5	0	0	75,497	0	
MACH	169	347 MCHMN SCR MACH	10/31/89	0	75,497	12	5	0	0	75,497	0	
MACH	170	348 RYON DRING MCH	10/31/89	0	40,910	12	5	0	0	40,910	0	
MACH	171	349 DRILL BRINDER	11/30/89	0	14,570	12	5	0	0	14,570	0	
MACH	172	350 PCHOFF MCHSMCK	11/30/89	0	3,314	12	5	0	0	3,314	0	
MACH	173	351 SKIN MACHINE	11/30/89	0	3,383	12	5	0	0	3,383	0	
MACH	174	352 DCRN INSTRUMET	11/30/89	0	3,375	12	5	0	0	3,375	0	
MACH	175	353 SPARTER KIT	11/30/89	0	3,152	12	5	0	0	3,152	0	
MACH	176	354 SCHRADER	11/30/89	0	4,123	12	5	0	0	4,123	0	
MACH	177	355 FLUID HEARTH	12/08/89	0	50,513	12	5	0	0	50,513	0	
MACH	178	356 PRIME MOVR MODL	12/08/89	0	21,592	12	5	0	0	21,592	0	
MACH	179	357 TYP A JSSRC002	12/04/89	0	2,554	12	5	0	0	2,554	0	
MACH	180	358 SHKLN D-SEALER	12/20/89	0	10,134	12	5	0	0	10,134	0	
MACH	181	359 SHKLN TUNNEL	01/09/90	0	18,783	12	5	0	0	18,783	0	
MACH	182	360 BESSLR SHPKR WR	12/25/90	0	6,189	12	5	0	0	6,189	0	
MACH	708	EAAS SSC PROC INDEXR	03/05/90	0	4,235	1	5	0	0	4,235	0	
MACH	709	MDL S-15 SOLV REC SY	03/07/90	0	12,563	1	5	0	0	12,563	0	
MACH	710	ECOTERS (2) & ASETFDR	04/14/90	0	5,392	1	5	0	0	5,392	0	
MACH	711	HANNAN MDL 520 DICTR	05/03/90	0	14,985	1	5	0	0	14,984	1	
MACH	712	HANNAN SKIN MACHINE	06/12/90	0	8,549	1	5	0	0	8,549	0	
MACH	713	MULTIPLEX 500 LATEE	11/01/90	0	397,500	1	5	0	0	397,500	0	
MACH	714	POWER SUPPLY	12/12/90	0	4,490	1	5	0	0	4,490	0	
MACH	715	DRILL BRINDER	01/02/91	0	5,274	1	5	0	0	5,274	0	
MACH	723	METER MIX DISP MACH	05/20/91	0	9,321	1	5	0	0	9,321	0	
MACH	724	OSCILLOSCOPE HV PKG	05/03/91	0	10,954	1	5	0	0	10,954	0	
MACH	726	1-EN LODESTR HOIST	05/23/91	0	3,173	1	5	0	0	3,173	0	

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Asset	Asset Number Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation Month	Net		Date Disposed
					Depr Meth	Used Fr No		MTD	YTD	
MACH	732 HEAT TREAT FURNACE	10/23/91	0	3,313	1	3	0	0	3,313	0
MACH	736 BLISTER SEALER	03/20/92	0	3,442	1	3	0	0	3,442	0
MACH	737 HAAS ROTARY INDEXER	03/21/92	0	3,366	1	3	0	0	3,366	0
MACH	738 TANKS STRIP HEATER	05/24/92	0	4,234	1	3	0	142	4,384	0
MACH	740 R-L-D BRIDGE & TABLE	05/13/92	0	2,613	1	3	0	37	2,650	0
MACH	742 RETROFIT - CONVEYOR	06/24/92	0	6,328	1	3	0	144	6,472	0
MACH	747 BUNDRILL REBUILD/MOD	11/02/92	0	14,334	1	3	0	1,350	15,684	0
MACH	748 3-15 ROTARY TABLE	11/11/92	0	10,723	1	3	0	1,429	12,152	0
MACH	749 PALER MODEL MONT-60	05/08/92	0	7,385	1	3	0	153	7,538	0
MACH	750 COMPACTOR MOD. 11-0	05/08/92	0	13,707	1	3	0	457	14,164	2
MACH	755 H-TYPE TRAPPER	03/02/93	0	2,705	1	3	0	45	2,750	45
MACH	756 DISTR. BUSHING PRESS	03/08/93	0	3,291	1	3	0	35	3,326	35
MACH	758 AUTASET FEEDER	04/21/93	0	2,367	1	3	0	40	2,407	30
MACH	762 SCREW MACHINE REPAIR	05/14/93	0	2,325	1	3	0	47	2,372	142
MACH	763 SPIN FIXTURE & ACCESS	05/25/93	0	15,749	1	3	0	262	16,011	737
MACH	767 TYPE C-GRINDER	03/01/93	0	3,753	1	3	0	53	3,806	375
MACH	769 OUTGSTRIP MACHINE	11, 12/93	0	15,391	1	3	0	150	15,541	2,340
MACH	770 PCB LEAD TRIMMER	11, 13/93	0	2,369	1	3	0	41	2,410	400
MACH	771 SUFFAER GRINDER	12/20/93	0	4,352	1	3	0	75	4,427	750
MACH	772 DECK & PLACE SYSTEM	12/10/93	0	10,304	1	3	0	121	10,425	3,232
MACH	773 REPAIR SCREW MACHINE	12/03/94	0	3,357	1	3	0	37	3,394	2,173
MACH	774 SP1710 STENCIL PRINT	12, 03/93	0	4,334	1	3	0	72	4,406	725
MACH	781 OSCILLOSCOPE TD5000	01/10/94	0	3,113	1	3	0	32	3,145	671
MACH	782 LATHE W/STAND	01/14/94	0	3,359	1	3	0	30	3,389	651
MACH	784 SCOTTERM. APPLICATOR	02/03/94	0	3,323	1	3	0	39	3,362	1,066
MACH	785 MODEL 176 HELL MACH.	02/03/94	0	10,307	1	3	0	177	10,484	2,123
MACH	787 WJ920-15 FURNACE	03/01/94	0	10,301	1	3	0	171	10,472	2,233
MACH	791 AUTO MAGAZINE LOADER	03/27/94	0	3,363	1	3	0	126	3,489	2,339
MACH	792 RA38 3-POS. FEEDER	06/01/94	0	3,196	1	3	0	34	3,230	353
MACH	793 RA38 3-POS. FEEDER	06/01/94	0	3,196	1	3	0	34	3,230	353
MACH	794 RA412 3-POS. FEEDER	06/01/94	0	2,449	1	3	0	41	2,490	652
MACH	795 SCREW MACH. S/N 18123	06/20/94	0	71,310	1	3	0	1,197	72,507	19,149
MACH	796 SCREW MACH. S/N 18441	06/20/94	0	71,310	1	3	0	1,197	72,507	19,149
MACH	797 GRINDER MODEL 75	06/17/94	0	6,471	1	3	0	108	6,579	1,726
MACH	798 SCRAP CHIP COMPACTOR	06/24/94	0	3,730	1	3	0	62	3,792	994
MACH	799 THERMAL TRANSMITTER	06/27/94	0	3,338	1	3	0	54	3,392	1,022
MACH	802 WICKMAN SCREW MACH.	09/02/94	0	3,574	1	3	0	62	3,636	1,162
MACH	803 MOLD MACH. MANIFOLD	09/15/94	0	2,953	1	3	0	50	3,003	935
MACH	804 5 TON A/C UNIT	09/16/94	0	3,754	1	3	0	62	3,816	1,198
MACH	807 COIL WINDING MACHINE	11/14/94	0	5,978	1	3	0	39	6,017	2,091
MACH	808 612 ELEC. DISCHARGE	12/30/94	0	24,274	1	3	0	404	24,678	3,900
MACH	809 CNC VERT. TAPPING	12/30/94	0	54,396	1	3	0	1,081	55,477	23,796
MACH	910 50 SERVA INDEXER	12/01/94	0	3,066	1	3	0	35	3,101	1,358
MACH	911 PARTS WASHER	12/30/94	0	24,587	1	3	0	412	25,000	9,053
MACH	912 FLUKE 96 SCOPENETER	12/09/94	0	2,154	1	3	0	36	2,190	789

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1. Book Depreciation Report

Depreciation Calculated from: 1/01/97 to: 1/31/98

Preparer: J. Tecca

Time: 06:15:46PM

Date: 02/09/1998

Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net		
						Depr	Used	Month	YTD	STD	Book Value	Date Disposed	
MACH	315	GRINDER 3/4 37-1030	03/14/95	0	34,021	1	5	0	567	6,037	19,345	14,176	
MACH	316	MPETS FILTER SYSTEM	04/14/95	0	1,372	1	5	0	16	513	1,310	1,462	
MACH	317	POINT DIE 3/4 35043B	03/31/95	0	2,929	1	5	0	49	537	1,709	1,019	
MACH	318	SC INDENER W/CONTROL	03/31/95	0	5,135	1	5	0	103	1,125	2,577	2,556	
MACH	319	GRINDER MODEL 75	04/15/95	0	10,538	1	5	0	175	1,932	5,972	4,566	
MACH	320	N705-2 PROGRAMMER	04/03/95	0	2,349	1	5	0	39	431	1,030	1,317	
MACH	321	BENDER/BOOTER DT200	04/06/95	0	3,322	1	5	0	35	609	1,382	1,440	
MACH	322	TAPE & REEL FEEDERS	04/08/95	0	4,243	1	5	0	71	778	2,405	1,838	
MACH	323	RTEC COLLET INDENER	05/01/95	0	3,027	1	5	0	59	976	2,929	2,399	
MACH	324	FORKLIFT MCD FG15BLP	05/11/95	0	13,373	1	5	0	232	2,545	7,534	5,244	
MACH	325	2 CON A/C UNIT	06/14/95	0	2,397	1	5	0	40	439	1,277	1,120	
MACH	326	TENSION DEREELEER	06/16/95	0	2,685	1	5	0	45	492	1,432	1,253	
MACH	327	PARKER HYDRAULIC PMP	06/07/95	0	2,361	1	5	0	50	543	1,579	1,382	
MACH	328	MAGNETIZER MCD 7500	06/10/95	0	20,066	1	5	0	335	1,579	10,702	9,364	
MACH	329	GEAR CHECK FIXTURE	06/01/95	0	2,022	1	5	0	23	370	1,077	945	
MACH	333	HYDRAULIC GAP PRESS	07/10/95	0	1,736	1	5	0	33	685	1,330	1,306	
MACH	335	SCALE	09/13/95	0	1,530	1	5	0	27	299	735	342	
MACH	336	4 HOUR SCALE	09/14/95	0	1,271	1	5	0	23	311	1,400	1,369	
MACH	337	AUTO WRAPPER SCALE	09/14/95	0	7,313	1	5	0	131	1,434	1,700	1,333	
MACH	340	MARBY TECH DEVICES	11/09/95	0	1,134	1	5	0	23	390	1,424	1,740	
Mach	344	35 BP Milling Mach.	03/01/96	0	19,156	1	5	0	436	3,247	12,130	17,916	
Mach	345	30 BP Milling Mach.	03/01/96	0	10,139	1	5	0	336	3,793	7,033	12,456	
Mach	346	38 Radius Grinder	03/01/96	0	1,736	1	5	0	33	585	1,432	1,304	
M	348	Digital Tescer #5007	04/02/96	0	11,593	1	5	0	195	2,144	7,235	7,405	
M	349	HAAS#50 Head 1 Cont.	05/01/96	0	5,350	1	5	0	98	1,075	2,050	1,314	
Mach	350	Tape & Reel Feeders	07/11/96	0	3,293	1	5	0	33	502	1,340	1,343	
Mach	355	Reculle Machn Spindl	10/01/96	0	3,299	1	5	0	150	1,050	1,400	3,399	
Mach	358	Magneto Test Stand	02/01/97	0	1,353	1	5	0	27	353	331	1,720	
Mach	359	Permsrtr press B3553	02/01/97	0	3,381	1	5	0	49	1,096	1,106	4,785	
MACH	376	Rbld Brdcppt mil 370	04/01/97	0	7,213	1	5	0	132	1,319	1,319	5,594	
MACH	378	Repr. Tanudin Grinds	04/01/97	0	1,493	1	5	0	53	332	392	2,911	
Mach	1100	Komatsu FrkLft M9F13	02/23/97	0	17,021	1	5	0	233	3,120	1,404	13,617	
Mach	1101	Power Generator	02/19/97	0	53,324	1	7	0	635	6,983	7,407	45,917	
Mach	1102	Plastic Tumbler	04/01/97	0	1,178	1	5	0	53	530	530	2,548	
Mach	1103	Oil Heater	04/01/97	0	4,329	1	5	0	31	307	307	4,332	
mach	1111	HAAS Head, Controller	11/25/97	0	5,902	1	5	0	98	295	295	5,607	
mach	1112	Proj L, Coil Cases	12/01/97	0	18,451	1	5	0	307	615	615	17,838	
mach	1113	Proj S, Cam Sleeve	12/01/97	0	3,678	1	5	0	52	123	123	3,555	
mach	1114	Proj U, Reblid Grinder	12/01/97	0	2,115	1	5	0	35	70	70	2,045	
				0	5,184,034				13,355	143,461	4,339,739	144,296	

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Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Depreciation		Book Depreciation		Net Book Value	Date Disposed
						Method	Rate	Month	YTD		
SOFT	574	1001	COMP EQUIP	12/31/82	0	32,103	12	0	0	32,103	0
SOFT	575	1002	IBM SOFTWARE	09/31/83	0	1,250	1	5	0	1,250	0
SOFT	576	1004	BANK DISCS	12/31/83	0	735	1	5	0	735	0
SOFT	577	1005	DAISY PRINTER	01/31/84	0	1,200	1	5	0	1,200	0
SOFT	578	1006	PROD COST SFTWR	14/30/84	0	700	1	5	0	700	0
SOFT	579	1008	SOFTWARE	06/30/84	0	3,000	1	5	0	3,000	0
SOFT	580	1009	DATA DISP UN	07/31/84	0	3,493	1	5	0	3,493	0
SOFT	581	1010	SOFTWARE	07/31/84	0	500	1	5	0	500	0
SOFT	582	1011	SFTW-SETUP PC	08/31/84	0	583	1	5	0	583	0
SOFT	583	1012	UPDTE SYSTEM34	09/30/84	0	5,000	1	5	0	5,000	0
SOFT	584	1013	PRINTER	11/30/84	0	730	1	3	0	730	0
SOFT	585	1014	TERM-DISCOM	01/31/85	0	3,000	1	5	0	3,000	0
SOFT	586	1015	PYRLL SOFTWARE	01/31/85	0	3,030	1	5	0	3,030	0
SOFT	587	1016	ATST PPS COMPT	01/31/85	0	5,721	1	5	0	5,721	0
SOFT	588	1017	SHRISCH PC SWR	02/28/85	0	434	1	5	0	434	0
SOFT	589	1018	COMPAQUE	03/31/85	0	4,810	12	5	0	4,810	0
SOFT	590	1019	G/L PACKAGE	03/31/85	0	3,500	12	5	0	3,500	0
SOFT	591	1020	ENIDATA PRINTER	04/30/85	0	3,000	12	5	0	3,000	0
SOFT	592	1021	HARDWARE MAINT	05/30/85	0	100	12	5	0	100	0
SOFT	593	1023	SHAREWARE	06/30/85	0	385	12	5	0	385	0
SOFT	594	1024	SYS UPGRD DISC	09/30/85	0	5,100	12	5	0	5,100	0
SOFT	595	1025	IBM PSC DRAFT	12/31/85	0	32,776	12	5	0	32,776	0
SOFT	596	1026	AR AP DE INV	09/30/85	0	15,000	12	5	0	15,000	0
SOFT	597	1027	LINE PRINTER	06/30/86	0	3,002	1	5	0	3,002	0
SOFT	598	1028	EMERGE PROTECT	07/31/86	0	300	1	5	0	300	0
SOFT	599	1029	MORONA PC	07/31/86	0	1,395	1	5	0	1,395	0
SOFT	600	1031	PC EMULOR DRD	08/31/86	0	395	1	5	0	395	0
SOFT	601	1032	DJETCH COLEKPP	09/30/86	0	770	1	5	0	770	0
SOFT	602	1033	PC DMULD UTILS	11/30/86	0	400	1	5	0	400	0
SOFT	603	1034	IBM-3360 SYS16	01/31/87	0	74,380	1	5	0	74,380	0
SOFT	604	1035	APPLE II CPU	12/31/86	0	1,314	1	5	0	1,314	0
SOFT	605	1036	EDS MODULE	02/28/87	0	3,200	1	5	0	3,200	0
SOFT	606	1037	CCC-MNT SYS 16	02/28/87	0	910	1	5	0	910	0
SOFT	607	1039	DIDO TERMINALS	02/28/87	0	2,120	1	5	0	2,120	0
SOFT	608	1039	IBM 3262 PRNTR	05/31/87	0	12,373	12	5	0	12,373	0
SOFT	609	1040	HARRIS 16 SPTS	05/31/87	0	11,443	12	5	0	11,443	0
SOFT	610	1041	FAST DRFT BUHT	05/31/87	0	5,298	12	5	0	5,298	0
SOFT	611	1042	MAC SE-ENG MGR	11/30/87	0	3,346	12	5	0	3,346	0
SOFT	612	1044	APPLE IIMRCDME	12/31/87	0	4,592	12	5	0	4,592	0
SOFT	613	1045	APPLE CPU/ACC	12/31/87	0	3,222	12	5	0	3,222	0
SOFT	615	1047	APP MAC CPUSLS	01/31/88	0	3,222	12	5	0	3,222	0
SOFT	616	1048	MACIIN/RODMEM	02/29/88	0	5,579	12	5	0	5,579	0
SOFT	617	1049	APP CPU/ENGR	02/29/88	0	4,328	12	5	0	4,328	0
SOFT	618	1050	APPLE CPU COST	03/31/88	0	2,762	12	5	0	2,762	0
SOFT	619	1052	MACIIN/ACC-SLS	04/30/88	0	5,443	12	5	0	5,443	0

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Asset #	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf			Book Depreciation			Net Book Value	Date Disposed
						Depr Meth	Use Hr	Mo	Month	YTD	STD		
SOFT	620	MACII-FIN ACCT	05/31/88	0	4,328	12	5	0	0	0	4,328	0	
SOFT	621	APPLE MACII-EG	07/31/88	0	5,774	12	5	0	0	0	5,774	0	
SOFT	622	APPLE MACSE-PA	05/31/88	0	2,752	12	5	0	0	0	2,752	0	
SOFT	623	I/O TERM W/100	05/31/88	0	343	12	5	0	0	0	343	0	
SOFT	624	I/O TERM W/100	05/31/88	0	343	12	5	0	0	0	343	0	
SOFT	625	I/O TERM W/100	06/30/88	0	343	12	5	0	0	0	343	0	
SOFT	626	SPRMAC SECT/2M	04/30/88	0	4,093	12	5	0	0	0	4,093	0	
SOFT	628	APPLE DESTPC 3	05/31/88	0	1,157	12	5	0	0	0	1,157	0	
SOFT	629	MACSE20-PR 10	09/30/88	0	3,222	12	5	0	0	0	3,222	0	
SOFT	630	MACIHD20-ADM	09/30/88	0	5,358	12	5	0	0	0	5,358	0	
SOFT	631	MACIHD20-PR	09/30/88	0	1,327	12	5	0	0	0	1,327	0	
SOFT	632	MACSE20-ACCING	09/30/88	0	2,751	12	5	0	0	0	2,751	0	
SOFT	633	LGRWRTR PRTR	12/31/88	0	3,405	1	5	0	0	0	3,405	0	
SOFT	634	MACIIM ENGNG	09/30/88	0	5,398	12	5	0	0	0	5,398	0	
SOFT	635	MACSE402MB-RCH	11/30/88	0	4,383	12	5	0	0	0	4,383	0	
SOFT	636	IBM36-MEM TAPE	03/31/89	0	5,512	12	5	0	0	0	5,512	0	
SOFT	637	HANG HCU PPOG	03/31/89	0	2,131	12	5	0	0	0	2,131	0	
SOFT	638	MACSE CRT A/C	03/31/89	0	2,315	12	5	0	0	0	2,315	0	
SOFT	639	MACSE SLS SECT	08/31/89	0	2,025	12	5	0	0	0	2,025	0	
SOFT	641	MACSE IN STCK	08/31/89	0	2,025	12	5	0	0	0	2,025	0	
SOFT	642	MACSE - IN STK	08/31/89	0	2,702	12	5	0	0	0	2,702	0	
SOFT	643	MACIHD40 STK	09/30/89	0	5,450	12	5	0	0	0	5,450	0	
SOFT	644	LGRWRTR	09/30/89	0	5,215	12	5	0	0	0	5,215	0	
SOFT	645	MACSE2/40 D/C	09/30/89	0	3,149	12	5	0	0	0	3,149	0	
SOFT	646	MACSE2/40 STK	09/30/89	0	2,556	12	5	0	0	0	2,556	0	
SOFT	647	MACSECOMB STK	09/30/89	0	2,547	12	5	0	0	0	2,547	0	
SOFT	648	MACSECOMB STK	09/30/89	0	2,547	12	5	0	0	0	2,547	0	
SOFT	649	LGRWRTR PRTR	10/31/89	0	5,315	12	5	0	0	0	5,315	0	
SOFT	650	MAC II	12/31/89	0	4,155	12	5	0	0	0	4,155	0	
SOFT	651	MAC II	12/31/89	0	4,155	12	5	0	0	0	4,155	0	
SOFT	654	LASERWRITER	11/31/89	0	5,315	12	5	0	0	0	5,315	0	
SOFT	655	HP CRT MSTR I	11/31/89	0	5,754	12	5	0	0	0	5,754	0	
SOFT	700	MAC SE CPU F74527EM	12/31/90	0	2,400	1	5	0	0	0	2,400	0	
SOFT	701	BATTERY PACK FOR IMP	10/25/90	0	5,383	1	5	0	0	0	5,383	0	
SOFT	702	MAC II CXL/40 PCOS09	10/23/90	0	2,579	1	5	0	0	0	2,579	0	
SOFT	703	MAC SE I/40	04/30/90	0	2,507	1	5	0	0	0	2,507	0	
SOFT	704	MAC SE COMB F9291JF	04/19/90	0	2,119	1	5	0	0	0	2,119	0	
SOFT	705	MAC II CXL/40 91826	02/08/90	0	4,027	1	5	0	0	0	4,027	0	
SOFT	727	AP LGRWRTR CAO463TA	05/14/91	0	3,709	1	5	0	0	0	3,709	0	
SOFT	728	MACIICK FPY F10055EL	05/14/91	0	3,074	1	5	0	0	0	3,074	0	
SOFT	729	MACIISX FPY F10055EA	05/14/91	0	3,074	1	5	0	0	0	3,074	0	
SOFT	730	5360 SYSTEM UNIT	07/06/91	0	2,390	1	5	0	0	0	2,390	0	
SOFT	741	UPS PANEL/FREIGHT	06/01/92	0	2,510	1	5	0	0	130	2,510	0	
SOFT	764	APP QUADRA 300 3/230	06/12/93	0	7,367	1	5	0	118	1,295	6,594	473	
SOFT	776	APPLE QUADRA 300	12/13/93	0	2,515	1	5	0	43	479	2,179	436	

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Asset #	Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net		
						Depr Meth	Use Tr No	Month	MTD	LYD	Book Value	Date Disposed	
SOFT	777	APPLE QUADRA 100	12/10/93	0	2,515	1	5	0	43	479	2,179	436	
SOFT	778	APP QUADRA 300	01/01/94	0	2,515	1	5	0	43	479	2,125	480	
SOFT	779	APP QUADRA 100	11/01/94	0	2,515	1	5	0	43	479	2,125	480	
SOFT	780	NEC140 PHONE SYSTEM	01/13/94	0	7,325	1	5	0	131	1,435	5,391	1,434	
SOFT	783	QUADRA 150 4/010	02/01/94	0	3,335	1	5	0	54	703	2,068	758	
SOFT	788	APP QUADRA 150	03/23/94	0	3,332	1	5	0	55	610	2,508	724	
SOFT	790	SHAR 3060 COPIER	04/15/94	0	19,743	1	5	0	129	1,620	15,128	4,505	
SOFT	805	MS-BLS-75 COMPUTER	11/02/94	0	2,551	1	5	0	42	469	1,554	897	
SOFT	813	BACKUP DRIVE SYSTEM	12/22/94	0	4,255	1	5	0	71	782	2,701	1,564	
SOFT	832	MICROSTATION MAC	10/05/95	0	3,511	1	5	0	159	1,743	4,437	5,074	
SOFT	842	MS 95 UPGRADE (PC)	01/19/96	0	2,542	1	5	0	44	484	1,109	1,542	
SOFT	852	Apple Power Mac 5100	08/01/96	0	3,798	1	5	0	54	697	1,140	2,558	
SOFT	853	Apple Power Mac 5100	08/01/96	0	3,798	1	5	0	54	697	1,140	2,558	
SOFT	871	(2) ProlineaMT 4/333	02/28/97	0	3,987	1	5	0	67	731	797	3,190	
SOFT	872	Power Mac 5100	02/28/97	0	2,228	1	5	0	37	409	446	1,732	
SOFT	873	(2) Prolinea MT 4/56	02/28/97	0	2,334	1	5	0	39	428	467	1,967	
SOFT	874	(2) ProlineaMT 4/315	02/28/97	0	2,502	1	5	0	44	477	520	1,982	
SOFT	1108	PowerMac 350/200 32m	05/14/97	0	4,927	1	5	0	80	739	739	4,188	
SOFT	1109	PowerMac 350/200 32m	05/14/97	0	4,927	1	5	0	80	739	739	4,188	
					300,393				1,363	13,104	152,467	41,026	
TOOL	483	400 HOLD FOR TRPS	07/21/91	0	15,350	1	3	0	0	0	15,350	0	
TOOL	484	401 TOOLING 41874	11/20/91	0	1,536	1	3	0	0	0	1,536	0	
TOOL	485	402 TOOLING 41704	10/21/91	0	2,100	1	3	0	0	0	2,100	0	
TOOL	486	403 TACH 42000	01/21/92	0	3,000	1	3	0	0	0	3,000	0	
TOOL	487	404 CRANK 2&D 41806	11/21/91	0	3,000	1	3	0	0	0	3,000	0	
TOOL	488	405 HOLD IDING FITER	09/29/91	0	1,000	1	3	0	0	0	1,000	0	
TOOL	489	406 42PG BRADIES/W/L	04/08/92	0	17,000	1	3	0	0	0	17,000	0	
TOOL	490	407 TOOLING SHT WHEL	07/29/92	0	2,193	1	3	0	0	0	2,193	0	
TOOL	491	408 TOOLING SPRT MAG	04/15/92	0	2,130	1	3	0	0	0	2,130	0	
TOOL	492	409 3 CW/ILD CL HSG	10/13/92	0	22,325	1	3	0	0	0	22,325	0	
TOOL	493	410 TL/41704/BOL SH	07/02/92	0	1,404	1	3	0	0	0	1,404	0	
TOOL	494	411 TL/60918MAG PCK	08/03/92	0	1,180	1	3	0	0	0	1,180	0	
TOOL	495	412 TOOLING TACH	08/06/92	0	18,000	1	3	0	0	0	18,000	0	
TOOL	496	413 TLNG HSG 41574	09/10/92	0	1,598	1	3	0	0	0	1,598	0	
TOOL	497	414 61262 COSTNG RBK	09/23/92	0	892	1	3	0	0	0	892	0	
TOOL	498	415 4CXL CAP TOOLNG	09/23/92	0	4,213	1	3	0	0	0	4,213	0	
TOOL	499	416 3CAV/CL CP&OL P	10/13/92	0	4,900	1	3	0	0	0	4,900	0	
TOOL	500	417 BULK PURCHASE	07/01/91	0	25,397	1	3	0	0	0	25,397	0	
TOOL	501	418 ANCHOR TOOLING	05/21/93	0	1,250	1	3	0	0	0	1,250	0	
TOOL	502	419 TACH 3 3/8" STL	08/26/93	0	1,500	1	3	0	0	0	1,500	0	
TOOL	503	420 CRANK TRIGGER	08/01/93	0	2,738	1	3	0	0	0	2,738	0	
TOOL	504	421 TLNG ROCKER ARM	08/03/93	0	3,310	1	3	0	0	0	3,310	0	
TOOL	505	422 CHUCK LS WRENCH	12/05/93	0	842	1	3	0	0	0	842	0	

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Report Number	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation		Net	
						Depr Meth	Use Mo	Month	MTD	MTD	Book Value
TOOL	506	423 DIE FR 08111 BK 01/03/84		0	4,000	1	5	0	0	4,000	0
TOOL	507	424 AUTO FD DR/SPIN 01/01/84		0	3,725	1	5	0	0	3,725	0
TOOL	508	425 STR FLT REAMER 04/30/84		0	1,075	1	3	0	0	1,075	0
TOOL	509	426 TOOL HOLDERS 05/30/84		0	5,500	1	5	0	0	5,500	0
TOOL	510	427 TL-05590/1000ND 09/30/84		0	5,296	1	5	0	0	5,296	0
TOOL	511	428 MLD FR 40104-1 10/30/84		0	4,500	1	5	0	0	4,500	0
TOOL	512	429 DIE F REPL05607 10/30/84		0	4,420	1	5	0	0	4,420	0
TOOL	513	430 TL-1000000526 11/30/84		0	1,100	1	5	0	0	1,100	0
TOOL	514	431 TOOL-1000000 11/30/84		0	525	1	5	0	0	525	0
TOOL	515	432 WKR/STPARM DIE 11/30/84		0	4,000	1	5	0	0	4,000	0
TOOL	516	433 MASTER BLANKS 10/31/84		0	1,305	1	5	0	0	1,305	0
TOOL	517	434 GEAR HCB 15084 01/30/85		0	821	1	5	0	0	821	0
TOOL	518	435 ROTARY INDEX 01/30/85		0	1,396	1	5	0	0	1,396	0
TOOL	519	436 TL/42609 PL SKO 01/30/85		0	1,304	1	5	0	0	1,304	0
TOOL	520	437 GEAR HCB 13653 02/02/85		0	827	1	5	0	0	827	0
TOOL	521	438 CAM MODEL 05917 02/03/85		0	550	1	5	0	0	550	0
TOOL	522	439 GEAR HOBS 01 03/01/85		0	556	12	5	0	0	556	0
TOOL	523	440 DRILL FEEDRATE 04/30/85		0	4,000	12	5	0	0	4,000	0
TOOL	524	441 GEAR 05/30/85		0	562	12	5	0	0	562	0
TOOL	525	442 BUNDLES/CONMETERS 05/31/85		0	11,350	12	5	0	0	11,350	0
TOOL	526	443 MOLD REPAIR 05/31/85		0	4,500	12	5	0	0	4,500	0
TOOL	527	445 DIE FR 0424848T 06/30/85		0	13,000	12	5	0	0	13,000	0
TOOL	528	446 CAP HCB HOLDER 06/30/85		0	3,000	12	5	0	0	3,000	0
TOOL	529	447 TRUE HL SPINDLE 06/30/85		0	1,125	12	5	0	0	1,125	0
TOOL	530	448 CAM MODELS 07/31/85		0	3,425	12	5	0	0	3,425	0
TOOL	531	449 TL FR 04 WGHDS 07/31/85		0	2,075	12	5	0	0	2,075	0
TOOL	532	450 DIE FR 150413 07/31/85		0	2,033	12	5	0	0	2,033	0
TOOL	533	451 REBUILD WICH DI 08/31/85		0	1,100	12	5	0	0	1,100	0
TOOL	534	452 REBLD CHEN DIE 08/31/85		0	1,100	12	5	0	0	1,100	0
TOOL	535	453 TOOLING 42714 09/30/85		0	852	12	5	0	0	852	0
TOOL	536	454 WICHSD 042756 09/30/85		0	639	12	5	0	0	639	0
TOOL	537	455 CAM HOLDERS 10/30/85		0	7,000	1	5	0	0	7,000	0
TOOL	538	456 TOOLING CHARGE 11/30/85		0	563	12	5	0	0	563	0
TOOL	539	457 DIE SET 12/31/85		0	820	12	5	0	0	820	0
TOOL	540	458 VW RBT MODELS 12/31/85		0	2,000	12	5	0	0	2,000	0
TOOL	541	459 CAM MODELS 01/01/86		0	4,540	12	5	0	0	4,540	0
TOOL	542	460 CAM MODELS 04/30/86		0	3,600	1	5	0	0	3,600	0
TOOL	543	461 CAM BLANKS 04/30/86		0	1,740	1	5	0	0	1,740	0
TOOL	544	462 CAM MODELS 05/31/86		0	2,000	1	5	0	0	2,000	0
TOOL	545	463 CAM MODELS 06/30/86		0	1,500	1	5	0	0	1,500	0
TOOL	546	464 MOLD TL 42714 07/31/86		0	5,858	1	5	0	0	5,858	0
TOOL	547	465 CAM BLANKS 08/31/86		0	1,335	1	5	0	0	1,335	0
TOOL	548	466 WCKRM TOOLING 08/31/86		0	1,534	1	5	0	0	1,534	0
TOOL	549	467 05)BLNK IND PLS 08/31/86		0	3,114	1	5	0	0	3,114	0
TOOL	550	468 CUTTING DIE 140T 10/31/86		0	608	1	5	0	0	608	0

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Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk LI		Book Depreciation			Net	
						Depr Meth	Used Cr No	Month	WTD	STD	Book Value	Date Disposed
TOOL	351	469 CUTTING DIE MOLD	10/31/86	0	465	1	5	0	0	0	465	0
TOOL	352	470 CUTTING DIE MOLD	10/31/86	0	433	1	5	0	0	0	433	0
TOOL	353	471 ADV LIMITER MOLD	10/31/86	0	4,770	1	5	0	0	0	4,770	0
TOOL	354	472 PNT PLT DIE WRK	10/30/86	0	1,275	1	5	0	0	0	1,275	0
TOOL	355	473 130CAM MODELS	11/30/86	0	4,312	1	5	0	0	0	4,312	0
TOOL	356	474 SANDCAST DIST HG	11/30/86	0	900	1	5	0	0	0	900	0
TOOL	357	475 31FD CAM MODELS	12/31/86	0	1,200	1	5	0	0	0	1,200	0
TOOL	358	476 NRE TUNG 11756	12/31/86	0	3,807	1	5	0	0	0	3,807	0
TOOL	359	477 HYFIRE HSG MLD	12/31/86	0	266	1	5	0	0	0	266	0
TOOL	360	478 10)RFFIRE MOLDS	01/31/87	0	27,411	1	5	0	0	0	27,411	0
TOOL	361	479 5)CAM PROFILES	01/31/87	0	2,000	1	5	0	0	0	2,000	0
TOOL	362	481 HYFIRE MLD 4311	04/30/87	0	1,391	12	5	0	0	0	1,391	0
TOOL	363	482 40101 3D CST TL	05/31/87	0	4,595	12	5	0	0	0	4,595	0
TOOL	364	486 UNILT ASSY61672	08/31/87	0	6,763	12	5	0	0	0	6,763	0
TOOL	365	487 COIL BKT MLDASE	01/31/88	0	2,713	12	5	0	0	0	2,713	0
TOOL	366	488 FUEL PMP MOLDS	03/31/88	0	11,391	12	5	0	0	0	11,391	0
TOOL	367	489 HYFIRE MLD 43139	04/30/88	0	1,500	12	5	0	0	0	1,500	0
TOOL	368	490 HYFIRE MLD 43994	04/30/88	0	3,200	12	5	0	0	0	3,200	0
TOOL	369	491 HGCADAPTMLDASE	09/30/88	0	4,138	12	5	0	0	0	4,138	0
TOOL	370	492 FUEL PLTR-ASSEMB	03/31/89	0	3,730	12	5	0	0	0	3,730	0
TOOL	371	493 TOOL #44301	01/13/90	0	3,308	12	5	0	0	0	3,308	0
TOOL	372	494 TL #43833-43838	01/13/90	0	17,157	12	5	0	0	0	17,157	0
TOOL	373	495 GERSTER #43893	01/13/90	0	3,750	12	5	0	0	0	3,750	0
TOOL	716	TOOLING FOR P/N44000	03/13/90	0	2,544	1	5	0	0	0	2,544	0
TOOL	717	MOLD BASE 1012A-0332	05/13/90	0	1,998	1	5	0	0	0	1,998	0
TOOL	718	SCHREDER JR FEED 3131	05/20/90	0	4,374	1	5	0	0	0	4,374	0
TOOL	719	MOLD BASE AX	06/01/90	0	1,605	1	5	0	0	0	1,605	0
TOOL	720	CAVITY MOLD FOR HYFR	01/23/91	0	7,950	1	5	0	0	0	7,950	0
TOOL	721	DIE P-11908	02/23/91	0	21,176	1	5	0	0	0	21,176	0
TOOL	731	SHUTTER WHEEL	10/07/91	0	6,352	1	5	0	0	0	6,352	0
TOOL	733	UNILITE THERMOCLAD	01/07/92	0	4,484	1	5	0	0	0	4,484	0
TOOL	734	ALUM. IMPACT EXTEN.	01/20/92	0	3,160	1	5	0	0	0	3,160	0
TOOL	735	DISTRIBUTOR PCB	01/20/92	0	3,630	1	5	0	0	0	3,630	0
TOOL	743	TOOLING FOR P/N44732	07/23/92	0	2,669	1	5	0	0	177	2,669	0
TOOL	744	TOOLING P/N40764	08/01/92	0	2,402	1	5	0	0	200	2,400	2
TOOL	745	HEICOIL ADAPTER MOLD	08/01/92	0	4,735	1	5	0	0	395	4,735	0
TOOL	746	HEI COIL COVER MOLD	10/01/92	0	4,116	1	5	0	0	480	4,116	1
TOOL	751	HEMI INSULATOR MOLD	01/27/93	0	4,734	1	5	0	0	788	4,734	0
TOOL	752	P/N E71772 BANJO FIT	01/29/93	0	4,875	1	5	0	1	313	4,375	0
TOOL	754	DIE P/N 45077 HYFIRE	02/13/93	0	2,264	1	5	0	37	414	2,264	0
TOOL	757	ROCKER ARM TOOLIN	03/23/93	0	8,942	1	5	0	149	1,639	8,791	151
TOOL	759	TOOLS 680 TACHMETER	05/01/93	0	29,224	1	5	0	487	5,358	27,764	1,460
TOOL	760	CAP MOLD(P/N45110)	05/21/93	0	6,498	1	5	0	109	1,192	6,175	323
TOOL	761	SUPER MAG X TOOLING	05/24/93	0	2,530	1	5	0	42	464	2,404	126
TOOL	765	RET. MOLD P/N45211	07/30/93	0	4,406	1	5	0	74	808	4,038	368

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Asset No.	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net	
						Depr Meth	Used Cr No	Month	YTD	STD	Book Value	Date Disposed
TOOL	766	TOOLS FOR RUB BLOCK	08/02/93	0	3,050	1	5	0	51	559	2,745	305
TOOL	775	TOOLING FOR WASHER	10/06/93	0	2,352	1	5	0	39	431	1,959	393
TOOL	796	MOLD-TERM. CONNECTOR	02/03/94	0	2,439	1	5	0	40	447	1,952	487
TOOL	839	MAG COIL CASE MOLD	04/10/94	0	12,347	1	5	0	014	2,355	9,348	2,999
TOOL	900	POINT BRACKET DIE	09/15/94	0	3,022	1	5	0	51	554	2,064	958
TOOL	901	681 TACHMETER	09/01/94	0	9,382	1	5	0	167	1,330	6,820	3,162
TOOL	906	POROT PLATE P/N44240	11/18/94	0	3,400	1	5	0	140	1,340	3,460	2,940
TOOL	930	4 CAVITY MOLD	06/13/95	0	9,743	1	5	0	163	1,787	5,198	4,345
TOOL	934	4 CAV. PERM. MOLD	08/10/95	0	3,011	1	5	0	133	1,468	4,304	4,007
TOOL	938	REV B LAMINATION	09/22/95	0	3,370	1	5	0	56	729	1,919	2,051
TOOL	943	BLANK/DRAW DIE	01/01/96	0	5,350	1	5	0	99	1,091	2,479	3,471
Tool	947	Die Chg. Pin#28552-C	03/01/96	0	4,304	1	5	0	80	381	1,942	2,962
Tool	954	Tool/Revise Forg.P/N	09/05/96	0	2,779	1	5	0	47	509	787	1,389
Tool	956	Mold.YH Adv Key45789	10/01/96	0	5,207	1	5	0	104	1,139	1,555	4,552
Tool	957	Mold.PromsterCoilCase	10/01/96	0	30,708	1	5	0	512	5,530	3,199	22,319
Tool	960	Die P/N 45850 Stp P1	02/01/97	0	2,731	1	5	0	43	500	343	2,136
Tool	961	Die P/N 45851 Stp P1	02/01/97	0	2,731	1	5	0	45	500	345	2,186
Tool	962	Die P/N 45852 Drv P1	02/01/97	0	2,355	1	5	0	02	250	273	1,092
Tool	963	Die P/N 45852 DrvP1C	02/01/97	0	2,355	1	5	0	02	250	273	1,092
Tool	964	Die P/N 45873 Adv P1	02/01/97	0	2,731	1	5	0	43	500	343	2,136
Tool	965	Die P/N 45874R SprPr	02/01/97	0	2,731	1	5	0	45	500	345	2,186
Tool	966	Die P/N 45874L SprPr	02/01/97	0	2,731	1	5	0	45	500	345	2,186
Tool	967	Die P/N 44443 S Plite	02/01/97	0	2,731	1	5	0	45	500	345	2,186
T	1104	Mold 4cavity pn29345	04/01/97	0	3,525	1	5	0	159	1,587	1,587	7,938
T	1105	Mold 4cavity pn44385	04/01/97	0	4,484	1	5	0	74	747	747	1,037
tool	1110	Mold,Shuttle pn19211	09/22/97	0	3,000	1	5	0	34	417	417	1,583
				0	598,897				3,437	39,927	407,566	91,029
TRAN	690	108 MILLER - PD VAN	10/30/94	0	18,761	1	5	0	0	0	18,761	0
TRAN	691	111 1982 DATS-RSTPL	10/31/94	0	6,175	12	5	0	0	0	6,175	0
TRAN	692	112 RGS SVC TRLR VN	01/31/99	0	119,414	12	5	0	0	0	119,414	0
TRAN	693	113 RACSV TRCTR RIG	03/31/99	0	24,507	12	5	0	0	0	24,507	0
TRAN	694	114 CELLULAR PHNE	07/31/99	0	3,175	12	5	0	0	0	3,175	0
TRAN	706	RACE TRUCK REPAIRS	01/04/91	0	16,222	1	5	0	0	0	16,222	0
TRAN	707	RACE TRUCK REPAIRS	01/15/91	0	4,546	1	5	0	0	0	4,546	1
TRAN	851	'88 CHEVY CAMARO	06/26/95	0	8,860	1	5	0	147	1,624	4,725	4,135
TRAN	832	'92 FORD MUSTANG	06/26/95	0	9,315	1	5	0	156	1,708	4,968	4,347
TRAN	841	PERFORMANCE TRAILER	12/22/95	0	20,580	1	5	0	141	2,772	9,218	11,662
TRAN	1106	94 IntentionalTractor	11/08/93	0	38,397	1	5	0	640	7,039	22,637	5,760
				0	269,952				1,236	14,144	244,047	25,905
GRAND TOTALS:				0	8,762,145				25,347	280,247	7,163,172	1,598,973
LESS: DISPOSITIONS				0	9,150				0	0	9,150	0
NET TOTALS:				0	8,752,995				25,347	280,247	7,154,022	1,598,973

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Asset	Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed
						Depr Meth	Used Cr No	Month	MTD	STD		
BLDG	1	300 WALL-CAM BR AR	09/02/82	0	312	1	5	0	0	0	312	0
BLDG	2	301 PLUMBING CAM AR	11/24/82	0	307	1	5	0	0	0	307	0
BLDG	3	302 ELECT INSTALL	08/24/82	0	17,421	1	5	0	0	0	17,421	0
				0	18,040			0	0	0	18,040	0
FURN	32	1 DESK	04/03/82	0	50	1	5	0	0	0	50	0
FURN	33	1 CABINETS	04/03/82	0	450	1	5	0	0	0	450	0
FURN	34	3 SHELVES & DESKS	04/03/82	0	250	1	5	0	0	0	250	0
FURN	35	4 CALC & TYPEWRITER	04/03/82	0	350	1	5	0	0	0	350	0
FURN	36	5 FILES & CHAIRS	04/03/82	0	150	1	5	0	0	0	150	0
FURN	37	6 5 CALCULATORS	04/03/82	0	200	1	5	0	0	0	200	0
FURN	38	7 CALCULATOR	04/03/82	0	50	1	5	0	0	0	50	0
FURN	39	8 RECORD FILE	04/03/82	0	50	1	5	0	0	0	50	0
FURN	40	9 TELEPHONE SYSTEM	04/03/82	0	1,750	1	5	0	0	0	1,750	0
FURN	41	10 OFFICE CHAIRS	04/03/82	0	350	1	5	0	0	0	350	0
FURN	42	11 DISPLAY - 1	04/03/82	0	450	1	5	0	0	0	450	0
FURN	43	12 DISPLAY - 1	04/03/82	0	500	1	5	0	0	0	500	0
FURN	44	13 MAINLINE BDRW FIE	02/18/83	0	453	1	5	0	0	0	453	0
				0	3,453			0	0	0	3,453	0
MACH	4	501 MISC PERSON	04/03/82	0	14,347	1	5	0	0	0	14,347	0
MACH	5	502 FRKFLT & SHLVES	04/03/82	0	6,270	1	5	0	0	0	6,270	0
MACH	6	504 CAM GRINDER	04/03/82	0	2,303	1	5	0	0	0	2,303	0
MACH	7	505 OPTICAL CHECKER	04/03/82	0	2,548	1	5	0	0	0	2,548	0
MACH	8	506 2)CAM GRINDERS	04/03/82	0	11,468	1	5	0	0	0	11,468	0
MACH	9	507 DR BID SHARPENR	04/03/82	0	232	1	5	0	0	0	232	0
MACH	10	508 SHOP HEATER	04/03/82	0	1,274	1	5	0	0	0	1,274	0
MACH	11	509 MULTI SPINDLE	04/03/82	0	3,319	1	5	0	0	0	3,319	0
MACH	12	510 SHELVING	04/03/82	0	1,274	1	5	0	0	0	1,274	0
MACH	13	511 COMPRESSOR	04/03/82	0	1,274	1	5	0	0	0	1,274	0
MACH	14	512 COMPRESSOR	04/03/82	0	892	1	5	0	0	0	892	0
MACH	15	513 MISC ASSETS/MCH	04/03/82	0	11,468	1	5	0	0	0	11,468	0
MACH	16	514 2)ML & SCRW MCH	04/03/82	0	10,196	1	5	0	0	0	10,196	0
MACH	17	515 TIME CLOCK & RK	04/03/82	0	254	1	5	0	0	0	254	0
MACH	18	516 2)STORM RESTS	04/03/82	0	892	1	5	0	0	0	892	0
MACH	19	517 EXTNRARY REPAIR	04/03/82	0	10,196	1	5	0	0	0	10,196	0
MACH	20	518 MISC	04/03/82	0	1,146	1	5	0	0	0	1,146	0
MACH	21	519 DRILL PRESS	04/03/82	0	254	1	5	0	0	0	254	0
MACH	22	520 RET FROM TOOLS	10/08/82	0	585	1	5	0	0	0	585	0
MACH	23	521 BRC EQUIPMENT	10/24/82	0	131,890	1	5	0	0	0	131,890	0
MACH	24	522 CHARACTER STAMP	02/23/83	0	196	1	5	0	0	0	196	0
MACH	25	523 VAN NORMAN MILL	05/31/99	0	1,442	12	5	0	0	0	1,442	0
MACH	26	524 BERCO CAM GRIND	08/31/99	0	69,381	12	5	0	0	0	69,381	0

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Asset	Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed
						Depr Meth	Used Yr Mo	Month	YTD	LTD		
MACH	37	525 SERCO CAM GRIND	08/31/89	0	69,981	12	5	0	0	0	69,981	0
				0	361,354				0	0	361,354	0
TOOL	38	400 CAM & FRM TOOLS	12/01/82	0	472	1	5	0	0	0	472	0
TOOL	39	401 ROCKER ARM BAR	02/28/84	0	800	1	5	0	0	0	800	0
TOOL	30	402 TL CHG ERS LOGO	07/31/85	0	4,100	1	5	0	0	0	4,100	0
TOOL	31	403 11)CAM MODELS	08/31/88	0	4,707	12	5	0	0	0	4,707	0
				0	10,079				0	0	10,079	0
GRAND TOTALS:				0	414,936				0	0	414,936	0
LESS: DISPOSITIONS				0	0				0	0	0	0
NET TOTALS:				0	414,936				0	0	414,936	0

Company Limitations ARE enforced.

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Schedule 1.1(c)
Trademarks

DESCRIPTION	REG. #	ISSUE DATE
COMP 9000® (in italics)	1,513,340	11/1/88
COMP 9000®	1,517,021	12/20/88
COMP FILTER®	1,645,921	5/28/91
COMP FILTER® (in italics)	1,645,922	5/28/91
COMP PUMP® (block letters)	1,555,684	9/12/89
COMP PUMP® (in italics)	1,555,683	9/12/89
DOUBLE LIFE DESTRICTOR®	739,303	10/16/62
EARLY-WARNING LIFE-LITE®	817,313	10/25/66
ERSON®	75,727	1/8/85
ERSON®	A443115	4/2/86
ERSON®	TMA349.080	12/16/88
ERSON CAMS® (design)	1,342,466	6/18/85
FLASH FIRE®	759,126	10/29/63
HYFIRE®	1,281,295	6/12/84
HYFIRE®	1,443,988	6/23/87
M® (in a circle)	251029?	2/21/80
M® (in a circle)	533,982	11/28/50
M® (in a circle)	660,065	4/1/58
M®	255/54938	
M® (in a circle)	UCA32243	12/29/78
M® (design for fuel pumps)	1,620,861	12/11/90
MAGSPARK®	582,309	11/10/53
MALLORY® (in script)	536,081	1/9/51

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Schedule 1.1(c)
Trademarks

MALLORY®	547,090	8/28/51
MALLORY®	NS25/7164	10/26/82
MALLORY®	UCA07164	10/29/96
MALLORY®/MR. MALLORY® (in script)	338,290	9/1/36
MALLORY®/MR. MALLORY® (in script)	663,080	6/17/58
M. MALLORY® (in script)	UCA2758	1/4/79
MR. MALLORY® (in script)	312,364	4/24/34
MALLORY ELECTRIC®	343,267	12/24/81
MALLORY ELECTRIC®	480,331	12/31/81
MALLORY IGNITION®	480,330	12/31/81
MALLORY IGNITION®	1,244,189	7/5/83
MALLORY IGNITION®	B402172	1/11/84
MALLORY IGNITION®	B402173	1/11/84
PROMASTER®	1,278,689	5/22/84
PROMASTER®	1,442,764	6/16/87
PRO SIDEWINDER®	1,480,470	3/15/88
PRO TACH®	1,442,905	6/16/87
PRO WIRE®	1,441,045	6/2/87
QUIK CHIP®	1,611,887	9/4/90
REV-POL®	738,523	10/2/62
REV-POL®	763,816	1/28/64
SIG ERSON®	1,284,199	7/3/84
SIG ERSON CAMS®	1,271,723	3/27/84
SPRINT®	1,448,168	7/21/87

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Schedule 1.1(c)
Trademarks

SPRINTMAG®	1,436,237	4/14/87
SPRINTMAG®	1,436,239	4/12/87
SPRINT WIRE®	1,441,046	6/2/87
SUPER-MAG®	1,458,008	9/22/88
SUPER WIRE®	1,469,598	12/22/87
THE QUICKEST IGNITION IN THE WORLD®	1,629,580	12/25/90
UNILITE®	1,068,426	6/28/77
VOLTMASER®	106,136	
VOLTMASER®	629,014	6/19/56
VOLTMASER II®	187,125	
VOLTMASER MARK II®	1,118,089	5/15/79

Schedule 1.1(c)
Patents

DESCRIPTION	REG. #	ISSUE DATE
ELECTRICAL SWITCHING CIRCUIT	3408993	11/5/68
ELECTRONIC SPEED CONTROL DEVICE FOR AN ENGINE	3430615	3/4/69
CAPACITIVE DISCHARGE SYSTEM FOR INTERNAL COMBUSTION ENGINES	3581726	7/22/69
CAPACITIVE DISCHARGE IGNITION SYS.	3504658	4/7/70
BREAKERLESS IGNITION SYSTEM	3646926	3/7/72
BREAKERLESS IGNITION SYSTEM	915248	11/21/72
OSCILLATOR OPERATED IGNITION CIRCUIT	915249	11/21/72
IGNITION SYSTEM	3720194	3/13/73
CAPACITIVE DISCHARGE IGNITION	3842817	10/22/74
CONSTANT DUTY CYCLE MONOSTABLE	4057740	11/8/77
DISTRIBUTOR SPRING FOR USE IN A MAGNETIC SENSOR	4119075	10/10/78
BREAKERLESS CAPACITIVE DISCHARGE IGNITION SYSTEM	4141331	2/27/79
COMBINED RPM LIMITER & ELECTRONIC TACHOMETER W/SHIFT POINT INDICATOR	4262641	4/21/81
GAS DETECTOR	4340885	7/20/82
MULTI-SPARK CD IGNITION	4345576	8/24/82
CAPACITIVE DISCHARGE IGNITION SYSTEM FOR INTERNAL COMBUSTION ENGINES	3646605	2/29/72
IGNITION DISTRIBUTOR ADVANCE PLATE	4458638	7/10/84
QUIK CHIP	1611887	9/4/90
FUEL PUMP INTERNALLY BYPASSED	5007806	4/16/91

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Schedule 1.1(c)
Patents

PLUNGER TYPE FUEL PRESSURE REGULATOR	4998557	3/12/91
FUEL PUMP REGULATOR	5111793	5/12/92
FUEL PUMP CHAMBER	Des.327277	6/23/92
PLUNGER TYPE FUEL PRESSURE REGULATOR	5123436	6/23/92
MULTIPOINT RETURN TYPE PRESSURE REGULATOR	5186147	2/16/93

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Schedule 1.1(e)

1. Mallory, Inc. BNA Schedule consisting of 20 pages.
2. Erson BNA Schedule consisting of 2 pages.

Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Rk Lf		Book Depreciation			Net Book Value	Date Disposed
						Method	Use Mo	Month	WTD	LTD		
BLDG	5	100 SECURITY SYSTEM	07/31/81	0	1,700	1	5	0	0	0	1,700	0
BLDG	6	102 SECURITY DOOR	05/30/82	0	203	1	5	0	0	0	203	0
BLDG	7	103 WENT HOOD	07/25/82	0	271	1	5	0	0	0	271	0
BLDG	8	104 ALARM SYSTEM	09/19/83	0	393	1	5	0	0	0	393	0
BLDG	9	105 GATES	04/31/84	0	560	1	5	0	0	0	560	0
BLDG	10	106 ASPHALT PAVING	04/30/84	0	2,390	1	5	0	0	0	2,390	0
BLDG	11	107 FENCE W/GATE	05/30/84	0	2,398	1	5	0	0	0	2,398	0
BLDG	12	108 CHAIN LN FENCE	11/30/84	0	1,042	1	5	0	0	0	1,042	0
BLDG	13	109 OFFICE REMODEL	01/01/85	0	174,028	1	15	0	967	10,335	151,793	22,235
BLDG	14	110 SPRINKLER SYST	09/01/84	0	52,287	1	15	0	290	3,195	46,772	5,517
BLDG	15	111 CARPET	01/01/85	0	18,300	1	15	0	105	1,149	16,394	2,406
BLDG	16	112 CUBICLES	01/01/85	0	14,000	1	15	0	78	855	12,206	1,794
BLDG	17	113 CONCRETE WORK	03/31/85	0	890	12	5	0	0	0	890	0
BLDG	18	114 WIRE STK FENCE	03/31/85	0	51	1	5	0	0	0	51	0
BLDG	19	115 OFFICE REMODEL	03/31/85	0	3,010	12	5	0	0	0	3,010	0
BLDG	20	117 METAL DOOR FRM	04/30/85	0	393	12	5	0	0	0	393	0
BLDG	21	118 WIRE UPPOOL RUN	04/30/85	0	1,160	12	5	0	0	0	1,160	0
BLDG	22	120 CONF ROOM TRM	03/31/85	0	4,495	12	5	0	0	0	4,495	0
BLDG	23	121 SPRINKLERS	05/31/85	0	563	12	5	0	0	0	563	0
BLDG	24	122 NITROGEN TANK	04/30/85	0	2,114	12	5	0	0	0	2,114	0
BLDG	25	123 PARKING LOT ADD	11/30/87	0	13,440	1	15	0	103	1,107	12,333	1,107
BLDG	26	124 EAST P. LOT ADD	10/31/88	0	44,346	1	15	0	148	2,773	41,573	12,773
BLDG	27	125 NEW BLDG FUE GC	09/30/89	0	1,102,339	1	31	6	1,317	12,093	109,246	109,246
BLDG	28	126 OLD BLDG RENOV	10/31/89	0	148,409	13	31	6	392	4,313	144,096	144,096
BLDG	29	127 NEW SPRINKLERS	11/30/90	0	5,048	12	5	0	0	0	5,048	0
BLDG	30	128 ANTI-FRD BATIO	12/30/90	0	1,367	12	5	0	0	0	1,367	0
BLDG	31	129 OLD BLDG RT-1	10/31/89	0	54,049	1	31	6	223	2,446	51,603	51,603
BLDG	595	RECURRUENT COMPUTERS	01/03/91	0	4,300	1	15	0	14	263	4,037	4,037
BLDG	596	EVAC	11/30/90	0	2,770	1	15	0	15	170	2,600	2,600
BLDG	597	ELECTRICAL ADDITION	11/30/90	0	5,361	1	15	0	38	419	4,942	4,942
BLDG	598	ELECTRICAL ADDITION	12/31/90	0	10,989	1	15	0	51	570	10,419	10,419
BLDG	599	WEN HI HEAD A/C UNIT	01/15/91	0	2,950	1	15	0	17	131	2,819	2,819
BLDG	722	SATELLITE DISH	03/01/91	0	14,667	1	7	0	174	1,920	12,747	12,747
BLDG	753	BACK PATIO ENCLOSURE	12/30/93	0	2,380	1	7	0	29	312	2,068	2,068
BLDG	758	SPIN FIXTURE ROOM	06/01/93	0	15,322	1	31	6	40	445	14,877	14,877
BLDG	851	Roof Top A/C Unit	07/24/96	0	2,510	1	15	0	14	153	2,357	2,357
BLDG	881	Roof Purlin Repairs	05/01/97	0	30,600	1	15	0	170	1,530	29,070	29,070
				0	1,784,694				5,906	64,611	688,777	1,095,917
FURN	657	1 BULK PURCHASE	07/31/81	0	25,743	1	5	0	0	0	25,743	0
FURN	658	2 BLPRINT FILE CAB	08/31/81	0	411	1	7	0	0	0	411	0
FURN	659	4 4 DRW CABINET	11/30/81	0	154	1	7	0	0	0	154	0
FURN	660	5 DRAFTING TABLE	12/31/81	0	518	1	7	0	0	0	518	0
FURN	661	6 DRFT/MCH & STOOL	12/31/81	0	384	1	7	0	0	0	384	0

Schedule 1.1(e)

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Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed
					Depc Meth	Used Fr No	Month	YTD	YTD		
FURN 662	MUTCH ARM DRST/SC	04/09/82	0	290	1	5	0	0	0	290	0
FURN 663	CONDO FURN	07/00/82	0	1,000	1	5	0	0	0	1,000	0
FURN 664	DBL PEDESTAL DSK	09/09/83	0	215	1	5	0	0	0	215	0
FURN 665	EXEC CHAIR	09/16/83	0	468	1	5	0	0	0	468	0
FURN 666	PAPER SHREDDER	01/02/84	0	1,003	1	5	0	0	0	1,003	0
FURN 667	BHP FLR DESK #1	08/15/84	0	1,438	1	5	0	0	0	1,438	0
FURN 668	BHP FLR DESK #2	08/15/84	0	150	1	5	0	0	0	150	0
FURN 669	FILING CABINET	08/31/84	0	755	1	5	0	0	0	755	0
FURN 670	OFFICE FURN	01/01/85	0	73,639	1	7	0	0	0	73,639	0
FURN 671	ALPINE PH SYST	11/30/84	0	7,530	1	5	0	0	0	7,530	0
FURN 672	ALPINE PHONE SYT	12/30/84	0	1,494	1	5	0	0	0	1,494	0
FURN 673	TPC SECT COUCH	12/31/84	0	1,658	1	5	0	0	0	1,658	0
FURN 674	HUBBARD LGHT FMT	08/31/84	0	2,153	1	5	0	0	0	2,153	0
FURN 675	SILK PLANTS	02/28/85	0	15,701	1	5	0	0	0	15,701	0
FURN 676	AIR CONDITIONER	03/31/85	0	3,107	12	5	0	0	0	3,107	0
FURN 677	COMPUTER TABLE	04/30/85	0	699	12	5	0	0	0	699	0
FURN 678	CABINETS/BK SEES	04/30/85	0	1,627	12	5	0	0	0	1,627	0
FURN 679	DAD TABLES	05/01/85	0	150	12	5	0	0	0	150	0
FURN 680	DUST DAK DESK	05/30/85	0	481	12	5	0	0	0	481	0
FURN 681	PHONE SYSTEM	08/01/85	0	1,243	12	5	0	0	0	1,243	0
FURN 682	CHAIRS 1 TOUTH	03/01/85	0	1,795	12	5	0	0	0	1,795	0
FURN 683	GUEST CHAIR	09/30/85	0	123	12	5	0	0	0	123	0
FURN 684	BAIHWK/WRK/BINDS	07/31/86	0	1,123	1	5	0	0	0	1,123	0
FURN 685	REFRIGERATOR	08/31/86	0	308	1	5	0	0	0	308	0
FURN 686	LOCKCASES	04/03/87	0	1,012	1	5	0	0	0	1,012	0
FURN 687	REC PHONE SYSTEM	10/31/89	0	51,097	12	5	0	0	0	51,097	0
FURN 688	FACT CHAIRS/EQP	10/01/89	0	12,591	12	5	0	0	0	12,591	0
			0	217,492				0	0	217,492	0
Land 1	100 FENCE	07/31/81	0	2,385	1	5	0	0	0	2,385	0
Land 2	201 concrete slab	05/31/83	0	945	1	5	0	0	0	945	0
Land 3	202 Trench Phn Cable	10/31/83	0	403	1	5	0	0	0	403	0
Land 4	203 artistic fence	12/31/83	0	1,850	1	5	0	0	0	1,850	0
			0	5,083				0	0	5,083	0
MACH 32	500 DRILL PRESS	07/03/81	0	150	1	5	0	0	0	150	0
MACH 33	3 SCREW MACHS	07/03/81	0	18,000	1	5	0	0	0	18,000	0
MACH 34	503 MILL	07/03/81	0	100	1	5	0	0	0	100	0
MACH 35	504 BAR FEED	07/03/81	0	3,000	1	5	0	0	0	3,000	0
MACH 36	505 VERTICAL MILL	07/03/81	0	500	1	5	0	0	0	500	0
MACH 37	506 HORIZONTAL MILL	07/03/81	0	200	1	5	0	0	0	200	0
MACH 38	507 ARC WELDER	07/03/81	0	75	1	5	0	0	0	75	0
MACH 39	508 2 BENCH GRINDERS	07/03/81	0	70	1	5	0	0	0	70	0

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1. Book Depreciation Report
 Depreciation Calculated from: 3/01/87 to: 1/31/90

Prepared by: Tecca
 Time: 08:15:21PM Date: 02/09/1998

Asset #	Asset Description	Date Acquired	Salvage Value	Book Cost	3k of Depn Used	Book Depreciation			Net Book Value	Date Disposed
						Month	MTD	YTD		
MACH 40	3 MULTI SPINDLE PRES	07/03/81	0	3,000	1 5 0	0	0	3,000	0	
MACH 41	510 BEAR HOBBER	07/03/81	0	20,000	1 5 0	0	0	20,000	0	
MACH 42	511 2 HORSE WELLS	07/03/81	0	300	1 5 0	0	0	300	0	
MACH 43	512 MULTI SPDL PRES	07/03/81	0	1,500	1 5 0	0	0	1,500	0	
MACH 44	513 ELECTRIC HAMMER	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 45	514 ELEC STND SCALE	07/03/81	0	40	1 5 0	0	0	40	0	
MACH 46	515 VAC FORMING MACH	07/03/81	0	1,000	1 5 0	0	0	1,000	0	
MACH 47	516 DIECUTTER	07/03/81	0	1,000	1 5 0	0	0	1,000	0	
MACH 48	517 CIR TABLE MILL	07/03/81	0	100	1 5 0	0	0	100	0	
MACH 49	518 DRILLING MACH	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 50	519 ELEC TAPE MACH	07/03/81	0	75	1 5 0	0	0	75	0	
MACH 51	520 PARTS WASHER	07/03/81	0	75	1 5 0	0	0	75	0	
MACH 52	521 DISPATCH OVEN	07/03/81	0	750	1 5 0	0	0	750	0	
MACH 53	522 VAC CHAMBER	07/03/81	0	500	1 5 0	0	0	500	0	
MACH 54	523 WASHER	07/03/81	0	400	1 5 0	0	0	400	0	
MACH 55	524 HOT WATER HTR	07/03/81	0	25	1 5 0	0	0	25	0	
MACH 56	525 COIL TOND TESTER	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 57	526 COIL WTR HTR	07/03/81	0	500	1 5 0	0	0	500	0	
MACH 58	527 TAPING MACHINE	07/03/81	0	75	1 5 0	0	0	75	0	
MACH 59	528 4 DIST DRW MACH	07/03/81	0	1,000	1 5 0	0	0	1,000	0	
MACH 60	529 SPRAY SCOTH	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 61	530 HAND PUNCH	07/03/81	0	50	1 5 0	0	0	50	0	
MACH 62	531 3 DIST DRW MACH	07/03/81	0	300	1 5 0	0	0	300	0	
MACH 63	532 BENCH PRINTER	07/03/81	0	40	1 5 0	0	0	40	0	
MACH 64	533 WIRE CUTTER	07/03/81	0	50	1 5 0	0	0	50	0	
MACH 65	534 WIRE STRIPPER	07/03/81	0	50	1 5 0	0	0	50	0	
MACH 66	535 AUTO FEED TOOL	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 67	536 2 POWER STRIPR	07/03/81	0	50	1 5 0	0	0	50	0	
MACH 68	537 CAPACITANCE HTR	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 69	538 2 COMP HOLD MAC	07/03/81	0	1,000	1 5 0	0	0	1,000	0	
MACH 70	539 WTR STOR TANK	07/03/81	0	250	1 5 0	0	0	250	0	
MACH 71	540 PORT HYD LIFT	07/03/81	0	200	1 5 0	0	0	200	0	
MACH 72	542 DELTA BENCH DRL	07/03/81	0	150	1 5 0	0	0	150	0	
MACH 73	544 1 TON GEAR BLOCK	07/03/81	0	100	1 5 0	0	0	100	0	
MACH 74	545 PUNCH PRESS 10T	07/03/81	0	1,500	1 5 0	0	0	1,500	0	
MACH 75	546 PUNCH PRESS 50T	07/03/81	0	250	1 5 0	0	0	250	0	
MACH 76	547 HYDROLIC LIFT	07/03/81	0	50	1 5 0	0	0	50	0	
MACH 77	548 STRIP STRAITER	07/03/81	0	250	1 5 0	0	0	250	0	
MACH 78	549 STRIP REEL HOLD	07/03/81	0	350	1 5 0	0	0	350	0	
MACH 79	550 SCRAP SEP	07/03/81	0	25	1 5 0	0	0	25	0	
MACH 80	551 TUMBLE DEBURR	07/03/81	0	100	1 5 0	0	0	100	0	
MACH 81	552 SHAPER	07/03/81	0	2,000	1 5 0	0	0	2,000	0	
MACH 82	553 2 LATHE ENGINES	07/03/81	0	15,000	1 5 0	0	0	15,000	0	
MACH 83	554 HAND HYD PRESS	07/03/81	0	400	1 5 0	0	0	400	0	
MACH 84	555 GRINDER O D	07/03/81	0	2,000	1 5 0	0	0	2,000	0	

Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf			Book Depreciation			Net Book Value	Date Disposed
					Depr Meth	Use Vr	No	Month	MTD	YTD		
MACH 35	556 BENCH GRINDER	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 36	557 BENCH SUR PLATE	07/03/81	0	75	1	5	0	0	0	75	0	
MACH 37	559 TOOL GRINDER	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 38	559 BELT SANDER	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 39	560 GRANITE CURF PL	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 30	561 SURFACE GRINDER	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 31	562 MILL	07/03/81	0	4,000	1	5	0	0	0	4,000	0	
MACH 92	563 CUT OFF SAW	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 93	564 TABLE SAW	07/03/81	0	150	1	5	0	0	0	150	0 07/01/97	
MACH 94	565 PIPE CUTTER	07/03/81	0	150	1	5	0	0	0	150	0	
MACH 95	566 HONING MACH 19H	07/03/81	0	5,040	1	5	0	0	0	5,040	0	
MACH 96	567 GRINDER CUTTER	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 97	568 LATHE ENGINE	07/03/81	0	600	1	5	0	0	0	600	0	
MACH 98	569 HAND MILL	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 99	570 MILL	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 100	571 GRINDER SAM	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 101	572 MILL	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 102	573 MULTI-PRESS	07/03/81	0	700	1	5	0	0	0	700	0	
MACH 103	574 GRINDERS	07/03/81	0	2,000	1	5	0	0	0	2,000	0	
MACH 104	575 CENTERLESS BRNR	07/03/81	0	2,000	1	5	0	0	0	2,000	0	
MACH 105	576 HYDROLIC PRESS	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 106	577 WEIGHT SCALE	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 107	578 1/2 HP BCH ENDR	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 108	579 POWER SUPPLY	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 109	580 BENCH GRINDER	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 110	581 SHADOW BK GAUGE	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 111	582 BUSHING REMMR	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 112	583 BARRELL TUMBLER	07/03/81	0	25	1	5	0	0	0	25	0	
MACH 113	584 DRILL GRINDER	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 114	585 BELT SANDER	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 115	586 WEIGHT SCALE	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 116	587 3 TAPE MACHINES	07/03/81	0	75	1	5	0	0	0	75	0	
MACH 117	588 SCALE 99	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 118	589 DIST CAP NOTCHR	07/03/81	0	25	1	5	0	0	0	25	0	
MACH 119	590 INDUST VACUUM	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 120	591 GREASE PUMP	07/03/81	0	75	1	5	0	0	0	75	0	
MACH 121	592 PAPER FOLDER	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 122	593 SURFACE TESTER	07/03/81	0	1,500	1	5	0	0	0	1,500	0	
MACH 123	594 PALLET JACK	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 124	595 2 WEIGHT SCALES	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 125	596 ELEC TAPE MACH	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 126	597 ELEC PALLET LFT	07/03/81	0	2,000	1	5	0	0	0	2,000	0	
MACH 127	598 BLUEPRINT DEVEL	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 128	599 SCM COPIER	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 129	600 4 DRAFTBOARDS	07/03/81	0	700	1	5	0	0	0	700	0	

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Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf			Book Depreciation			Net	
					Dept	Used	Mo	Month	YTD	LTD	Book Value	Date Disposed
MACH 130	401 OVEN	07/03/81	0	150	1	5	0	0	0	150	0	07/01/97
MACH 131	502 MARKING MACHINE	07/03/81	0	400	1	5	0	0	0	400	0	
MACH 132	503 AIR MOTOR 1 TRS	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 133	504 OSCILLOSCOPE	07/03/81	0	700	1	5	0	0	0	700	0	
MACH 134	505 ENDLESS RCD TSTR	07/03/81	0	25	1	5	0	0	0	25	0	
MACH 135	506 1 DC PWR SUPPLY	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 136	507 WIRE BOLDER MACH	07/03/81	0	3,500	1	5	0	0	0	3,500	0	
MACH 137	508 PARCEL POST SCL	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 138	609 TESTER-DIGSRDG	07/03/81	0	500	1	5	0	0	0	500	0	
MACH 139	610 CURVE TRACER	07/03/81	0	2,500	1	5	0	0	0	2,500	0	
MACH 140	611 OSCILLOSCOPE	07/03/81	0	4,500	1	5	0	0	0	4,500	0	
MACH 141	612 TEMP CHAMBER	07/03/81	0	1,250	1	5	0	0	0	1,250	0	
MACH 143	614 POTTING DISP	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 144	615 UNILITE LF TSTR	07/03/81	0	250	1	5	0	0	0	250	0	
MACH 145	616 DIST LIFE TSTR	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 146	617 VACUUM PUMP	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 147	618 15" DRILL PRESS	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 148	619 10" RADIAL SAW	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 149	620 POWER SUPPLY	07/03/81	0	50	1	5	0	0	0	50	0	
MACH 150	621 AIR PRESS	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 151	622 REVLO SOLD MACH	07/03/81	0	1,500	1	5	0	0	0	1,500	0	
MACH 152	623 RIVET MACHINES	07/03/81	0	1,500	1	5	0	0	0	1,500	0	
MACH 153	624 BAGGING MACHINE	07/03/81	0	15,000	1	5	0	0	0	15,000	0	
MACH 154	625 1 FURNACES	07/03/81	0	175	1	5	0	0	0	175	0	
MACH 155	626 POWER SUPPLY	07/03/81	0	250	1	5	0	0	0	250	0	
MACH 156	627 RADIAL DRILL	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 157	628 4-SPINDLE DRILL	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 158	630 SCREW MACHINE	07/03/81	0	12,000	1	5	0	0	0	12,000	0	
MACH 159	631 BAR FEEDER	07/03/81	0	1,000	1	5	0	0	0	1,000	0	
MACH 160	632 SPOT WELDER	07/03/81	0	750	1	5	0	0	0	750	0	07/01/97
MACH 161	633 VERTICAL MILL	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 162	634 GAS OVEN	07/03/81	0	100	1	5	0	0	0	100	0	
MACH 163	635 AUTO WIRE CUTTER	07/03/81	0	3,000	1	5	0	0	0	3,000	0	07/01/97
MACH 164	636 2 DEEP FRAMERS	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 165	637 HARDNESS TESTER	07/03/81	0	300	1	5	0	0	0	300	0	
MACH 166	638 SUN COMPUTER	07/03/81	0	12,000	1	5	0	0	0	12,000	0	
MACH 167	639 MOLDING MACHINE	07/03/81	0	45,000	1	5	0	0	0	45,000	0	
MACH 168	640 CHIP WRINGER	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 169	641 VAPOR DEGREASER	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 170	642 OVEN	07/03/81	0	3,000	1	5	0	0	0	3,000	0	
MACH 171	643 AUTO STRACKER	07/03/81	0	200	1	5	0	0	0	200	0	
MACH 172	644 VERTICAL CP MILL	07/03/81	0	2,000	1	5	0	0	0	2,000	0	
MACH 173	645 SURFACE GRINDER	07/03/81	0	2,000	1	5	0	0	0	2,000	0	
MACH 174	646 LATHE	07/03/81	0	4,500	1	5	0	0	0	4,500	0	
MACH 175	647 LATHE	07/03/81	0	4,500	1	5	0	0	0	4,500	0	

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Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Book Depreciation		Book Depreciation		Net Book Value	Date Disposed
						Month	YTD	YTD	YTD		
MACH	176	648 2 ARBOR PRESSES	07/03/81	0	1,100	1	5	0	0	1,100	0
MACH	177	649 31 DRILL PRESSES	07/03/81	0	5,100	1	5	0	0	5,100	07/01/97
MACH	179	650 SCREWMATION	07/03/81	0	900	1	5	0	0	900	0
MACH	180	651 4 PUNCH PRESSES	07/03/81	0	400	1	5	0	0	400	0
MACH	181	652 5 OSCILLOSCOPES	07/03/81	0	5,450	1	5	0	0	5,450	0
MACH	182	653 2 DATA REC TRR	07/03/81	0	100	1	5	0	0	100	0
MACH	183	654 POWER SUPPLY	07/03/81	0	1,000	1	5	0	0	1,000	0
MACH	184	655 THERMOLATER	07/03/81	0	1,000	1	5	0	0	1,000	0
MACH	185	656 MAT DRYER-WHA DN	07/03/81	0	350	1	5	0	0	350	0
MACH	186	657 LG MAT HOPPER	07/03/81	0	250	1	5	0	0	250	0
MACH	187	658 REGRINDER	07/03/81	0	2,500	1	5	0	0	2,500	0
MACH	188	659 HOPPER LOADER	07/03/81	0	300	1	5	0	0	300	0
MACH	189	660 MTG PADS	07/03/81	0	125	1	5	0	0	125	0
MACH	190	661 WASHER	07/03/81	0	200	1	5	0	0	200	0
MACH	191	662 CHERRY POP RMT	07/03/81	0	50	1	5	0	0	50	0
MACH	192	663 OVEN	07/03/81	0	50	1	5	0	0	50	0
MACH	193	664 3 MULTIMETERS	07/03/81	0	2,500	1	5	0	0	2,500	0
MACH	194	665 MAGNETIC	07/03/81	0	700	1	5	0	0	700	0
MACH	195	666 1 AIR PATCHES	07/03/81	0	200	1	5	0	0	200	0
MACH	196	667 POTING EQUIPMNT	07/03/81	0	400	1	5	0	0	400	0
MACH	197	668 BOLD TESTER	07/03/81	0	200	1	5	0	0	200	0
MACH	199	669 HARDNESS TESTER	07/03/81	0	400	1	5	0	0	400	0
MACH	199	670 ARBOR PRESS	07/03/81	0	200	1	5	0	0	200	0
MACH	200	671 VOLTAGE SALS	07/03/81	0	200	1	5	0	0	200	0
MACH	201	672 GUSSEMER	07/03/81	0	300	1	5	0	0	300	0
MACH	202	673 LIGHTABLE	07/03/81	0	50	1	5	0	0	50	0
MACH	203	674 CURRENT PROBE	07/03/81	0	500	1	5	0	0	500	0
MACH	204	675 CURRENT PROBE	07/03/81	0	300	1	5	0	0	300	0
MACH	205	676 POWER SUPPLY	07/03/81	0	100	1	5	0	0	100	0
MACH	206	677 DIGITAL VLT MTR	07/03/81	0	200	1	5	0	0	200	0
MACH	207	678 SWEED GENERATOR	07/03/81	0	350	1	5	0	0	350	0
MACH	208	679 DIST CURVE TEST	07/03/81	0	350	1	5	0	0	350	0
MACH	209	680 3 0 TRANSFORMER	07/03/81	0	150	1	5	0	0	150	0
MACH	210	681 DIGITAL THERM	07/03/81	0	150	1	5	0	0	150	0
MACH	211	682 MOD 150 GENERAT	07/03/81	0	1,300	1	5	0	0	1,300	0
MACH	212	683 5" VISE	07/03/81	0	200	1	5	0	0	200	0
MACH	213	684 POSTAGE MACHINE	07/03/81	0	50	1	5	0	0	50	0
MACH	214	685 DRYR TC BOLD MAC	07/03/81	0	300	1	5	0	0	300	0
MACH	215	686 CROSS DRILL ATT	07/03/81	0	1,000	1	5	0	0	1,000	0
MACH	216	687 DECOLLATOR	07/03/81	0	150	1	5	0	0	150	0
MACH	217	688 2 APPLICATORS	07/03/81	0	650	1	5	0	0	650	0
MACH	218	689 ELEC TERM FEEDR	07/03/81	0	750	1	5	0	0	750	0
MACH	219	690 IN-LINE MTR CHK	07/03/81	0	150	1	5	0	0	150	0
MACH	220	691 4 PNEV SCREWDVR	07/03/81	0	200	1	5	0	0	200	0
MACH	221	692 COMMANDER ADAPR	07/03/81	0	190	1	5	0	0	190	0

Asst	Asset	Date	Salvage	Book	Jk Lf		Book Depreciation			Net	
					Depr	Used	Month	MTD	YTD	Book	Date
	Number Description	Acquired	Value	Cost	Meth	Wr	Mo			Value	Disposed
MACH	222 693 1 PAKKS	07/03/81	0	700	1	5	0	0	0	700	0
MACH	223 694 GRINDER	07/03/81	0	100	1	5	0	0	0	100	0
MACH	224 695 AIR M/L ASMR	07/03/81	0	50	1	5	0	0	0	50	0
MACH	225 696 TACH ADAPTER	07/03/81	0	300	1	5	0	0	0	300	0
MACH	226 697 MAXI MACHINE	07/03/81	0	50	1	5	0	0	0	50	0
MACH	227 698 DMN W/BATCHMILLP	07/03/81	0	200	1	5	0	0	0	200	0
MACH	228 699 DMN W/LOWDEMS	07/03/81	0	200	1	5	0	0	0	200	0
MACH	229 700 S PREV SCRWDRVS	07/03/81	0	300	1	5	0	0	0	300	0
MACH	230 701 MICROMETER	07/03/81	0	125	1	5	0	0	0	125	0
MACH	231 702 SCALE	07/03/81	0	450	1	5	0	0	0	450	0
MACH	232 703 PLUG-IN EXP SCP	07/03/81	0	350	1	5	0	0	0	350	0
MACH	233 704 BELLOWS OPL PPS	07/03/81	0	300	1	5	0	0	0	300	0
MACH	234 707 CALENDAR TIMER	07/31/81	0	245	1	7	0	0	0	245	0
MACH	235 708 FRT ON HOLDER	08/31/81	0	1,440	1	7	0	0	0	1,440	0
MACH	236 709 HOLDER	07/31/81	0	4,066	1	7	0	0	0	4,066	0
MACH	237 710 S&S PUNCH PRESS	10/31/81	0	41,769	1	7	0	0	0	41,769	0
MACH	238 711 AMER CRV P PRESS	10/31/81	0	360	1	7	0	0	0	360	0
MACH	239 712 FRT IN P PRESS	11/30/81	0	400	1	7	0	0	0	400	0
MACH	240 713 OIL FILTER	08/31/81	0	1,160	1	7	0	0	0	1,160	0
MACH	241 714 HONING MACHINE	08/31/81	0	4,388	1	7	0	0	0	4,388	0
MACH	242 715 COIL WINDING	08/30/81	0	2,166	1	7	0	0	0	2,166	0
MACH	243 716 SUPER MAN MACH	08/30/81	0	1,300	1	7	0	0	0	1,300	0
MACH	244 717 SERVO POWER UNIT	10/31/81	0	300	1	7	0	0	0	300	0
	718 INDEKING TABLE	08/30/81	0	3,160	1	7	0	0	0	3,160	0
	719 DICHWASHER	10/31/81	0	1,060	1	7	0	0	0	1,060	0
MACH	247 720 LEAD FRNG MACH	10/31/81	0	781	1	7	0	0	0	781	0
MACH	248 721 DESOLDER STAIN	11/30/81	0	399	1	7	0	0	0	399	0
MACH	249 722 COOLANT RMP TNR	11/30/81	0	234	1	7	0	0	0	234	0
MACH	250 723 DRAFTING EQUIP	11/31/81	0	450	1	7	0	0	0	450	0
MACH	251 724 COLUMN PRESS	01/31/82	0	967	1	7	0	0	0	967	0
MACH	252 725 SHELVING	02/29/82	0	1,566	1	7	0	0	0	1,566	0
MACH	253 726 LCR BRIDGE	02/28/82	0	365	1	7	0	0	0	365	0
MACH	254 727 C SCOPE /PROBE	02/28/82	0	652	1	7	0	0	0	652	0
MACH	255 728 TETRONIX PROBE	02/28/82	0	398	1	7	0	0	0	398	0
MACH	256 729 BANSAW	02/28/82	0	392	1	7	0	0	0	392	0
MACH	257 730 ENGINE	02/28/82	0	681	1	7	0	0	0	681	0
MACH	258 731 6PHL TEL TP DISP	02/24/82	0	725	1	5	0	0	0	725	0
MACH	259 732 WELLS OP FRY CKR	03/23/82	0	416	1	5	0	0	0	416	0
MACH	260 733 EOPT DESK TRUCK	03/03/82	0	490	1	5	0	0	0	490	0
MACH	261 734 COIL WNDG MACH	03/18/82	0	19,490	1	5	0	0	0	19,490	0
MACH	262 735 CS6 WR STR CT MA	05/07/82	0	3,000	1	5	0	0	0	3,000	0
MACH	263 736 CS9 WR SEP CT MA	06/24/82	0	16,457	1	5	0	0	0	16,457	0
MACH	264 737 PAL JK W/SCS PL	07/01/82	0	513	1	5	0	0	0	513	0
MACH	265 738 ROOF EXHST FAN	06/29/82	0	214	1	5	0	0	0	214	0
MACH	266 739 DIELE DRILL SWR	07/21/82	0	395	1	5	0	0	0	395	0

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Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Dk Lf		Book Depreciation			Net	
					Dep't	Users	Month	MTD	LYD	Book Value	Date Disposed
MACH 067	740 HLD MC ARB 1 HST	09/01/82	0	107	1	5	0	0	0	107	0
MACH 068	741 PPEC DIE SET	09/09/82	0	113	1	5	0	0	0	113	0
MACH 069	742 AIR FWR ARB PPS	12/03/82	0	117	1	5	0	0	0	117	0
MACH 070	743 MORTON REG WHL	07/07/82	0	1,327	1	5	0	0	0	1,327	0
MACH 071	744 TIN ENTRES GRND	12/03/83	0	52,392	1	5	0	0	0	52,392	0
MACH 072	745 OPTCL COMPACTR	11/07/83	0	1,260	1	5	0	0	0	1,260	0
MACH 073	746 FRONT FORM TOOL	01/07/83	0	208	1	5	0	0	0	208	0
MACH 074	747 SHD HLD WR STP	02/17/83	0	553	1	5	0	0	0	553	0
MACH 075	748 BAR STOCK FEEDR	02/17/83	0	1,180	1	5	0	0	0	1,180	0
MACH 076	749 FELTS INSRT MACH	01/24/83	0	517	1	5	0	0	0	517	0
MACH 077	750 2 SCREW MACHINES	05/31/83	0	25,313	1	5	0	0	0	25,313	0
MACH 078	751 MICROMR #52476	06/03/83	0	329	1	5	0	0	0	329	0
MACH 079	752 SHD BLSTR CABNT	06/08/83	0	967	1	5	0	0	0	967	0
MACH 080	753 PNEUMTC SCRRVR	06/07/83	0	197	1	5	0	0	0	197	0
MACH 081	754 CHK W/MT PLATE	06/11/83	0	1,314	1	5	0	0	0	1,314	0
MACH 082	755 RAPID AIR FEEDR	06/01/83	0	1,458	1	5	0	0	0	1,458	0
MACH 083	756 BRINDER FEEDER	07/01/83	0	2,310	1	5	0	0	0	2,310	0
MACH 084	757 DRVR INJC MOLDG	06/07/83	0	4,799	1	5	0	0	0	4,799	0
MACH 085	758 LOADER/INJ MOLD	06/07/83	0	336	1	5	0	0	0	336	0
MACH 086	759 LDR INJ HOLDING	06/07/83	0	799	1	5	0	0	0	799	0
MACH 087	760 MAC TRY ADP HLD	06/07/83	0	282	1	5	0	0	0	282	0
MACH 088	761 SHANKIN SHRWRF	06/10/83	0	14,323	1	5	0	0	0	14,323	0
MACH 089	762 BRON TABLE	12/09/83	0	1,014	1	5	0	0	0	1,014	0
MACH 090	763 1-401-10 TURN	06/05/83	0	429	1	5	0	0	0	429	0
MACH 091	764 DRILLING MACH	05/31/83	0	3,334	1	5	0	0	0	3,334	0
MACH 092	765 PYROMETER	05/31/83	0	202	1	5	0	0	0	202	0
MACH 093	766 CHUCK CONTROL	05/31/83	0	334	1	5	0	0	0	334	0
MACH 094	767 BAR FEEDER	05/31/83	0	375	1	5	0	0	0	375	0
MACH 095	768 DEW PT METER	05/31/83	0	551	1	5	0	0	0	551	0
MACH 096	769 MAGNA FLUX METER	05/31/83	0	5,340	1	5	0	0	0	5,340	0
MACH 097	770 TOOLS	05/31/83	0	400	1	5	0	0	0	400	0
MACH 098	771 POWER VISE	05/31/83	0	900	1	5	0	0	0	900	0
MACH 099	772 3/4 HP MOTOR	05/31/83	0	389	1	5	0	0	0	389	0
MACH 300	773 1976 CLK TRSLFT	09/01/83	0	7,403	1	5	0	0	0	7,403	0
MACH 301	774 INSTALLATION MAC	09/12/83	0	2,538	1	5	0	0	0	2,538	0
MACH 302	775 4 PNMC SCREVERS	09/12/83	0	1,442	1	5	0	0	0	1,442	0
MACH 303	776 STEEL RACKING	09/29/83	0	3,393	1	5	0	0	0	3,393	0
MACH 304	777 VTA / MOLD MACH	09/22/83	0	313	1	5	0	0	0	313	0
MACH 305	778 2 ENERPACS	09/30/83	0	450	1	5	0	0	0	450	0
MACH 306	779 B&S COOLANT PMP	09/29/83	0	295	1	5	0	0	0	295	0
MACH 307	780 2 EXHAUST HOODS	10/13/83	0	627	1	5	0	0	0	627	0
MACH 308	781 REGAL STX STRT	11/01/83	0	4,529	1	5	0	0	0	4,529	0
MACH 309	782 B&W BAR FS USED	12/30/83	0	2,000	1	5	0	0	0	2,000	0
MACH 310	783 WAREHOUSE LADR	11/02/83	0	441	1	5	0	0	0	441	0
MACH 311	784 BORING&PACS HD	11/01/83	0	643	1	5	0	0	0	643	0

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Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lt		Book Depreciation			Net	
					Depr Meth	Used Cr No	Month	WTD	MTD	Book Value	Date Disposed
MACH 312	785 7 1/4"SKILL SAW	10/13/83	0	219	1	5	0	0	0	219	0
MACH 313	796 WAREHOUSE LADDER	10/19/83	0	441	1	5	0	0	0	441	0
MACH 314	737 2 DRILL PRESSES	10/11/83	0	2,001	1	5	0	0	0	2,001	0
MACH 315	798 INVERTING HEAD	10/03/83	0	225	1	5	0	0	0	225	0
MACH 316	789 ALMCO VIB MACH	01/31/84	0	12,334	1	5	0	0	0	12,334	0
MACH 317	790 5 SMOG HOGS	10/19/83	0	19,905	1	5	0	0	0	19,905	0
MACH 318	791 PLATFORM TRUCKS	01/01/84	0	1,500	1	5	0	0	0	1,500	0
MACH 319	792 STEEL TBL/DRILL	02/09/84	0	541	1	5	0	0	0	541	0
MACH 320	793 R&L MICROSCOPE	02/09/84	0	1,034	1	5	0	0	0	1,034	0
MACH 321	794 SKIN BAKER MACH	02/08/84	0	6,539	1	5	0	0	0	6,539	0
MACH 322	795 SHELVING	02/08/84	0	9,290	1	5	0	0	0	9,290	0
MACH 323	796 WICKMAN SCRW MAC	04/20/84	0	36,036	1	5	0	0	0	36,036	0
MACH 324	797 DBL SIDE ETCHER	01/30/84	0	730	1	5	0	0	0	730	0
MACH 325	798 INT MLD PTS MGS	01/29/84	0	6,199	1	5	0	0	0	6,199	0
MACH 326	799 TELE JOB BOOM	01/20/84	0	539	1	5	0	0	0	539	0
MACH 327	800 WOODEN DUCK BGS	01/22/84	0	2,913	1	5	0	0	0	2,913	0
MACH 328	801 PIGEON HOLE CAB	04/10/84	0	1,239	1	5	0	0	0	1,239	0
MACH 329	802 COMPRESSOR BENG	05/21/84	0	22,389	1	5	0	0	0	22,389	0
MACH 330	803 2 TPE DIS MACH	05/23/84	0	1,190	1	5	0	0	0	1,190	0
MACH 331	804 TOOL IRIS	06/19/84	0	6,355	1	5	0	0	0	6,355	0
MACH 332	805 WDM SAN GRINDER	07/31/84	0	23,344	1	5	0	0	0	23,344	0
MACH 333	806 SHPIN TME BLOCK	07/27/84	0	1,345	1	5	0	0	0	1,345	0
MACH 334	807 FACEMILE MACH	08/01/84	0	2,009	1	5	0	0	0	2,009	0
MACH 335	808 ELBO HST TRANGER	08/13/84	0	361	1	5	0	0	0	361	0
MACH 336	809 DISBURDGE TESTER	08/10/84	0	2,297	1	5	0	0	0	2,297	0
MACH 337	810 RMCO/FLA LATHE	08/10/84	0	5,182	1	5	0	0	0	5,182	0
MACH 338	811 HARDNESS TESTER	08/11/84	0	2,386	1	5	0	0	0	2,386	0
MACH 339	812 TAPE DISP MACH	08/11/84	0	877	1	5	0	0	0	877	0
MACH 340	813 TRONTEL JOB IRNE	08/14/84	0	1,339	1	5	0	0	0	1,339	0
MACH 341	814 ROLLING LADDERS	10/31/84	0	715	1	5	0	0	0	715	0
MACH 342	815 PPS BRACES, BMS	10/31/84	0	3,381	1	5	0	0	0	3,381	0
MACH 343	816 PALLET JACK	10/31/84	0	264	1	5	0	0	0	264	0
MACH 344	817 TCH WPK STATION	11/30/84	0	1,397	1	5	0	0	0	1,397	0
MACH 345	818 HT TREAT FACILITY	11/30/84	0	100,915	1	7	0	0	0	100,915	0
MACH 346	819 CGSBL RL/EN MCH	12/29/84	0	17,348	1	5	0	0	0	17,348	0
MACH 347	820 BOLDO PL SCALE	01/26/85	0	6,393	1	5	0	0	0	6,393	0
MACH 348	821 SHELVING	01/31/85	0	1,441	1	5	0	0	0	1,441	0
MACH 349	822 CROSSBRS/SHELVG	01/13/85	0	1,864	1	5	0	0	0	1,864	0
MACH 350	823 LR HYD SCREWDRV	01/11/85	0	502	1	3	0	0	0	502	0
MACH 352	825 CRNE SCL #1000	01/11/85	0	764	1	5	0	0	0	764	0
MACH 353	826 1)COIL FEEDERS	02/29/85	0	6,444	1	5	0	0	0	6,444	0
MACH 354	828 2)CMSFT GRNDERS	02/28/85	0	119,390	1	7	0	0	0	119,390	0
MACH 355	829 MATSU PNCE PRS	02/28/85	0	65,036	1	7	0	0	0	65,036	0
MACH 356	830 SHELVING	02/28/85	0	4,525	1	5	0	0	0	4,525	0
MACH 357	831 AIR DRLL FIXTURE	02/28/85	0	16,281	1	5	0	0	0	16,281	0

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1. Book Depreciation Report

Depreciation Calculated from: 8/01/97 to: 1/31/98

Prepared by: Tecca

Time: 06:16:15PM

Date: 02/09/1998

Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed
						Depr Meth	Used Yr Mo	Month	MTD	LYD		
MACH	358	312 AIDA RICH PRESS	01/31/85	0	360	12	5	0	0	360	0	
MACH	359	303 FORM & CUT MACH	02/31/85	0	6,712	12	5	0	0	6,712	0	
MACH	360	334 FEED MECHANISM	03/31/85	0	468	12	5	0	0	468	0	
MACH	361	335 FURNACE HEATERS	03/31/85	0	1,325	12	5	0	0	1,325	0	
MACH	362	336 CONTROL BOX	03/31/85	0	48	1	5	0	0	48	0	
MACH	363	337 DRILL FIX TABLE	03/31/85	0	971	12	5	0	0	971	0	
MACH	364	338 FORK LIFT	03/31/85	0	3,730	12	5	0	0	3,730	0	
MACH	365	341 ETCH BOOZER	04/10/85	0	1,325	12	5	0	0	1,325	0	
MACH	366	342 PRESS PD W/COSEFT	05/31/85	0	6,094	12	5	0	0	6,094	0	
MACH	367	343 GRAPHIC DRY LTHE	05/31/85	0	5,251	12	5	0	0	5,251	0	
MACH	368	344 ROYAL COPIER	05/31/85	0	12,161	12	5	0	0	12,161	0	
MACH	369	345 BAR SUPP/GUIDE	07/31/85	0	7,473	12	5	0	0	7,473	0	
MACH	370	346 BAR J FORKLIFT	07/31/85	0	600	12	5	0	0	600	0	
MACH	371	347 DRILL GRINDER	09/30/85	0	1,105	12	5	0	0	1,105	0	
MACH	372	348 POWER FEED	09/30/85	0	494	12	5	0	0	494	0	
MACH	373	349 SLIDE FR AIDA PR	09/30/85	0	3,470	12	5	0	0	3,470	0	
MACH	374	350 MAZAK MICRO DSK	09/30/85	0	2,007	12	5	0	0	2,007	0	
MACH	375	351 PARKO TANK	10/31/85	0	379	12	5	0	0	379	0	
MACH	376	352 DAYTON HEARSEPS	10/31/85	0	1,375	12	5	0	0	1,375	0	
MACH	377	353 WACING CENTER	10/30/85	0	28,330	12	5	0	0	28,330	0	
MACH	378	354 FRANKLIN SEALER	11/31/85	0	12,331	12	5	0	0	12,331	0	
MACH	379	355 PUSH ROD MACHINE	02/03/86	0	3,493	12	5	0	0	3,493	0	
MACH	380	356 EJECTOMAT	02/03/86	0	411	1	5	0	0	411	0	
MACH	381	357 SNCH PRESS ADDIT	04/30/86	0	373	12	5	0	0	373	0	
MACH	382	358 CAMSHAFT ADDTN	03/31/86	0	1,000	12	5	0	0	1,000	0	
MACH	383	359 RADIAL RIVETER	03/31/86	0	4,341	1	5	0	0	4,341	0	
MACH	384	360 CHEVALR GRINDER	04/30/86	0	15,009	1	5	0	0	15,009	0	
MACH	385	361 UNISON GR FIXTR	04/30/86	0	5,514	1	5	0	0	5,514	0	
MACH	386	362 B&S SCREW MACH	06/30/86	0	4,759	1	5	0	0	4,759	0	
MACH	387	363 MAIL MACHINE	07/31/86	0	1,134	1	5	0	0	1,134	0	
MACH	388	364 WEIGHT PLATE	07/31/86	0	1,147	1	5	0	0	1,147	0	
MACH	389	365 AIR COMPRESSOR	07/31/86	0	5,229	1	5	0	0	5,229	0	
MACH	390	366 SAFEGUARD (359)	07/31/86	0	1,408	1	5	0	0	1,408	0	
MACH	391	367 RN-100 RIVETER	09/30/86	0	3,302	1	5	0	0	3,302	0	
MACH	392	368 SHRP SF-7100 CP	09/30/86	0	1,034	1	5	0	0	1,034	0	
MACH	393	369 GRINDING EQUIP	09/30/86	0	5,376	1	5	0	0	5,376	0	
MACH	394	370 BRIDGEPORT MILL	10/31/86	0	3,278	1	5	0	0	3,278	0	
MACH	395	371 TIG WELDER	10/31/86	0	2,043	1	5	0	0	2,043	0	
MACH	396	372 FLUTE CM/IND PL	10/31/86	0	353	1	5	0	0	353	0	
MACH	397	373 LATHE-10X16STEB	11/30/86	0	500	1	5	0	0	500	0	
MACH	398	374 WCMCN UPDTE 796	11/30/86	0	3,745	1	5	0	0	3,745	0	
MACH	399	375 ACROLOK M-15L	12/31/86	0	31,578	1	5	0	0	31,578	0	
MACH	400	376 MAZAK QCK TRN 3	12/31/86	0	50,410	1	5	0	0	50,410	0	
MACH	401	377 PAPER FLD MACH	12/31/86	0	1,373	1	5	0	0	1,373	0	
MACH	402	378 SERVO PWER FEED	12/31/86	0	606	1	5	0	0	606	0	

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Asset #	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Dep'n %		Book Depreciation			Book Value	Date Disposed
						Yr	Mo	Month	MTD	YTD		
MACH	403	379	12/23/97	0	185	1	5	0	0	185	0	
MACH	404	380	12/23/97	0	519	1	5	0	0	519	0	
MACH	405	301	12/23/97	0	2,544	1	5	0	0	2,544	0	
MACH	406	302	12/23/97	0	2,314	1	5	0	0	2,314	0	
MACH	407	383	03/31/97	0	2,360	1	5	0	0	2,360	0	
MACH	409	385	04/30/97	0	3,243	12	5	0	0	3,243	0	
MACH	410	386	05/11/97	0	11,049	12	5	0	0	11,049	0	
MACH	411	387	06/30/97	0	327	12	5	0	0	327	0	
MACH	412	388	07/31/97	0	57,255	12	5	0	0	57,255	0	
MACH	413	389	07/31/97	0	34,035	12	5	0	0	34,035	0	
MACH	414	390	08/31/97	0	58,547	12	5	0	0	58,547	0	
MACH	415	391	09/30/97	0	57,320	12	5	0	0	57,320	0	
MACH	416	392	09/30/97	0	5,300	12	5	0	0	5,300	0	
MACH	417	393	10/31/97	0	5,219	12	5	0	0	5,219	0	
MACH	418	394	11/30/97	0	5,364	12	5	0	0	5,364	0	
MACH	419	395	11/30/97	0	7,381	12	5	0	0	7,381	0	
MACH	420	396	12/31/97	0	105,296	12	5	0	0	105,296	0	
MACH	421	397	12/31/98	0	354	12	5	0	0	354	0	
MACH	422	398	12/31/98	0	44,380	12	5	0	0	44,380	0	
MACH	423	399	12/31/98	0	13,314	12	5	0	0	13,314	0	
MACH	424	300	12/31/98	0	57,170	12	5	0	0	57,170	0	
MACH	425	301	12/31/98	0	33,351	12	5	0	0	33,351	0	
MACH	426	302	04/30/98	0	1,302	12	5	0	0	1,302	0	
MACH	427	303	04/30/98	0	3,334	12	5	0	0	3,334	0	
MACH	428	304	04/30/98	0	4,389	12	5	0	0	4,389	0	
MACH	429	305	05/31/98	0	19,338	12	5	0	0	19,338	0	
MACH	430	306	05/30/98	0	2,714	12	5	0	0	2,714	0	
MACH	431	307	06/30/98	0	103,350	12	5	0	0	103,350	0	
MACH	432	308	06/30/98	0	29,352	12	5	0	0	29,352	0	
MACH	433	309	06/30/98	0	3,311	12	5	0	0	3,311	0	
MACH	434	310	06/30/98	0	4,490	12	5	0	0	4,490	0	
MACH	435	311	08/31/98	0	26,315	12	5	0	0	26,315	0	
MACH	436	312	04/30/98	0	4,770	12	5	0	0	4,770	0	
MACH	437	313	08/31/98	0	102,396	12	5	0	0	102,396	0	
MACH	438	314	08/31/98	0	3,417	12	5	0	0	3,417	0	
MACH	439	315	03/31/98	0	1,482	12	5	0	0	1,482	0	
MACH	440	316	03/31/98	0	1,482	12	5	0	0	1,482	0	
MACH	441	317	06/30/98	0	1,346	12	5	0	0	1,346	0	
MACH	442	318	11/30/98	0	12,720	12	5	0	0	12,720	0	
MACH	443	319	11/30/98	0	102,531	12	5	0	0	102,531	0	
MACH	444	320	12/31/98	0	125,100	12	5	0	0	125,100	0	
MACH	445	321	01/31/99	0	103,131	12	5	0	0	103,131	0	
MACH	446	322	03/31/99	0	6,155	12	5	0	0	6,155	0	
MACH	447	323	03/31/99	0	9,440	12	5	0	0	9,440	0	
MACH	448	324	03/31/99	0	3,279	12	5	0	0	3,279	0	

Asset C	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation Month	ETD	LTD	Net	
						Depn Meth	Used Yr Mo				Book Value	Date Disposed
MACH	449	PDS MGR 18/40 MCHCT	08/01/89	0	70,000	12	5	0	0	70,000	0	
MACH	450	PDS MGR 22/10 MCHCT/A	04/10/89	0	151,001	12	5	0	0	151,001	0	
MACH	451	P27 MOLDING COOLING T	04/10/89	0	23,148	12	5	0	0	23,148	0	
MACH	452	P29 SCISSOR LFT TPK	07/31/89	0	6,042	12	5	0	0	6,042	0	
MACH	453	P30 MCHMAN SCRMCH 1	08/31/89	0	74,288	12	5	0	0	74,288	0	
MACH	454	P31 MCHMAN SCRMACH 1	08/31/89	0	74,288	12	5	0	0	74,288	0	
MACH	455	P33 HARDNG INC CHKR	08/31/89	0	53,348	12	5	0	0	53,348	0	
MACH	456	P34 MCHMAN THRDATCH	08/31/89	0	2,120	12	5	0	0	2,120	0	
MACH	457	P35 SURFACE GRDR-MFD	08/31/89	0	4,240	12	5	0	0	4,240	0	
MACH	458	P36 CELEVL CHP SPNR	08/31/89	0	3,445	12	5	0	0	3,445	0	
MACH	459	P37 BR FEED MAGLDR	08/31/89	0	2,385	12	5	0	0	2,385	0	
MACH	460	P38 PGSRD SCRW MACH	08/31/89	0	3,710	12	5	0	0	3,710	0	
MACH	461	P39 PGSRD SCRW MACH	08/31/89	0	3,710	12	5	0	0	3,710	0	
MACH	462	P40 ELDCRADO EN DPL	09/30/89	0	19,680	12	5	0	0	19,680	0	
MACH	463	P41 KOPFER BR HEBBER	09/30/89	0	20,240	12	5	0	0	20,240	0	
MACH	464	P42 MCHMN DRL ATTCH	09/30/89	0	2,311	12	5	0	0	2,311	0	
MACH	465	P43 MCHMN DRL ATTCH	09/30/89	0	2,310	12	5	0	0	2,310	0	
MACH	466	P44 DRD CHN FORMLFT	10/31/89	0	15,368	12	5	0	0	15,368	0	
MACH	467	P45 HRPSSD AIR DRY	10/31/89	0	4,470	12	5	0	0	4,470	0	
MACH	468	P46 MCHMN SCR MACHN	10/31/89	0	75,487	12	5	0	0	75,487	0	
MACH	469	P47 MCHMN SCR MACHN	10/31/89	0	75,487	12	5	0	0	75,487	0	
MACH	470	P48 RYON DETUNG MCH	10/31/89	0	40,810	12	5	0	0	40,810	0	
MACH	471	P49 M11 BRNDR	11/30/89	0	24,370	12	5	0	0	24,370	0	
MACH	472	P50 PCHOFF 1/8SEWCK	11/30/89	0	5,214	12	5	0	0	5,214	0	
MACH	473	P51 SKIN MACHINE	11/30/89	0	3,283	12	5	0	0	3,283	0	
MACH	474	P52 DATA INSTRUMENT	11/30/89	0	5,375	12	5	0	0	5,375	0	
MACH	475	P53 STARTER KIT	11/30/89	0	5,150	12	5	0	0	5,150	0	
MACH	476	P54 SCHPADER	11/30/89	0	4,125	12	5	0	0	4,125	0	
MACH	477	P55 FLUID HEARTH	12/05/89	0	50,515	12	5	0	0	50,515	0	
MACH	478	P56 FRAME MOVR MODL	12/03/89	0	21,592	12	5	0	0	21,592	0	
MACH	479	P57 TYP A STSSRC002	12/04/89	0	2,354	12	5	0	0	2,354	0	
MACH	480	P58 SHKLN L-SEALER	12/03/89	0	10,134	12	5	0	0	10,134	0	
MACH	481	P59 SHKLN TUNNEL	01/09/90	0	18,783	12	5	0	0	18,783	0	
MACH	482	P60 BESSLR SHKLN VR	02/16/90	0	6,489	12	5	0	0	6,489	0	
MACH	708	HAAS SSC PROG INDRR	03/05/90	0	4,235	1	5	0	0	4,235	0	
MACH	709	MDL S-15 SOLV REC SY	03/07/90	0	12,663	1	5	0	0	12,663	0	
MACH	710	SCOTERS (2)& ASSEYDR	04/14/90	0	5,392	1	5	0	0	5,392	0	
MACH	711	HANNAN MDL 620 DICTR	05/03/90	0	14,984	1	5	0	0	14,984	1	
MACH	712	HANNAN SKIN MACHINE	06/12/90	0	8,549	1	5	0	0	8,549	0	
MACH	713	MULTIPLX 600 LATHE	11/01/90	0	397,500	1	5	0	0	397,500	0	
MACH	714	POWER SUPPLY	12/10/90	0	4,490	1	5	0	0	4,490	0	
MACH	715	DRILL GRINDER	01/02/91	0	5,274	1	5	0	0	5,274	0	
MACH	723	METER MK DISP MACH	05/20/91	0	8,321	1	5	0	0	8,321	0	
MACH	724	OSCILLOSCOPE WV PKG	05/03/91	0	10,954	1	5	0	0	10,954	0	
MACH	726	1-IN LODESTR HOIST	05/03/91	0	3,173	1	5	0	0	3,173	0	

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Asset Number	Description	Date Acquired	Salvage Value	Book Cost	3k Lt		Book Depreciation			Net	
					Depr Meth	Used Fr No	Month	MTD	YTD	Book Value	Date Disposed
MACH 730	HEAT TREAT FURNACE	12/03/91	0	3,315	1	5	0	0	0	3,315	0
MACH 736	BUBBLER SEALER	03/20/92	0	3,442	1	5	0	0	0	3,442	0
MACH 737	HRAS ROTARY INDEXER	03/21/92	0	5,366	1	5	0	0	0	5,366	0
MACH 738	TANKS, STRIP HEATER	05/04/92	0	4,234	1	5	0	0	142	4,234	0
MACH 740	R-1-C BRIDGE & CABLE	05/13/92	0	2,615	1	5	0	0	97	2,615	0
MACH 742	RETROFIT - CONVEYOR	06/04/92	0	5,928	1	5	0	0	344	6,323	0
MACH 747	GUNDRILL REBUILD&MOD	11/02/92	0	14,534	1	5	0	0	1,350	14,634	0
MACH 748	5-15 ROTARY TABLE	11/11/92	0	10,723	1	5	0	0	1,429	10,723	0
MACH 749	BALER MODEL CONT-50	05/08/92	0	7,585	1	5	0	0	253	7,585	0
MACH 750	COMPACTOR MOD. 11-C	05/08/92	0	13,707	1	5	0	0	457	13,705	2
MACH 755	H-TYPE TAPPER	03/02/93	0	2,705	1	5	0	45	496	2,860	45
MACH 756	DISTR. BUSHING PRESS	03/08/93	0	3,291	1	5	0	55	603	3,235	56
MACH 758	AUTOSET FEEDER	04/21/93	0	2,387	1	5	0	40	434	2,387	30
MACH 762	SCREW MACHINE REPAIR	05/14/93	0	2,326	1	5	0	47	513	2,584	142
MACH 763	SPIN FIXTURE & ACCESS	05/25/93	0	15,749	1	5	0	262	2,307	14,362	797
MACH 767	TYPE C-GRINDER	08/01/93	0	3,763	1	5	0	63	690	3,380	375
MACH 769	OUTGSTRIP MACHINE	11/01/93	0	15,391	1	5	0	160	2,353	13,351	2,340
MACH 770	PCB LEAD TRIMMER	11/15/93	0	2,369	1	5	0	44	489	2,369	400
MACH 771	SURFACE GRINDER	12/01/93	0	4,560	1	5	0	75	434	4,790	750
MACH 772	PICK & PLACE SYSTEM	12/10/93	0	27,024	1	5	0	101	6,325	31,321	5,023
MACH 773	REPAIR SCREW MACHINE	03/05/94	0	3,337	1	5	0	37	1,071	4,384	1,173
MACH 774	SPITAL STENCIL PRINT	12/29/93	0	4,234	1	5	0	72	798	1,509	723
MACH 781	OSCILLOSCOPE TDS310	01/10/94	0	2,115	1	5	0	32	371	2,344	371
MACH 782	LATHE W/STAND	01/14/94	0	3,559	1	5	0	60	653	2,309	651
MACH 784	BOOSTER/APPLICATOR	02/08/94	0	5,333	1	5	0	49	379	4,172	1,366
MACH 785	MODEL 14H MILL MACH.	02/13/94	0	10,607	1	5	0	177	1,344	11,484	2,123
MACH 787	WPTC-16 FURNACE	03/03/94	0	10,391	1	5	0	171	1,386	8,369	2,233
MACH 791	AUTO MAGAZINE LOADER	05/07/94	0	9,263	1	5	0	105	1,717	7,324	2,139
MACH 792	RA88 3-POS. FEEDER	05/01/94	0	3,126	1	5	0	34	586	2,343	653
MACH 793	RA88 3-POS. FEEDER	06/01/94	0	3,196	1	5	0	34	586	2,343	653
MACH 794	RA41C 3-POS. FEEDER	06/01/94	0	2,449	1	5	0	41	449	1,797	652
MACH 795	SCREW MACH.S/N 16112	06/20/94	0	71,310	1	5	0	1,197	13,165	52,361	19,149
MACH 796	SCREW MACH.A/N 16441	06/20/94	0	71,310	1	5	0	1,197	13,165	52,361	19,149
MACH 797	GRINDER MODEL 75	06/17/94	0	5,471	1	5	0	108	1,186	4,745	1,726
MACH 798	SCRAP CHIP COMPACTOR	06/24/94	0	3,730	1	5	0	62	684	2,736	394
MACH 799	THERMAL TRANSMITTER	06/27/94	0	3,838	1	5	0	64	704	2,815	1,022
MACH 802	WICKMAN SCREW MACH.	09/02/94	0	3,574	1	5	0	62	674	2,512	1,152
MACH 803	MOLD MACH. MANIFOLD	09/15/94	0	2,958	1	5	0	50	543	2,923	935
MACH 804	5 TON A/C UNIT	09/16/94	0	3,754	1	5	0	62	688	2,566	1,198
MACH 807	COIL WINDING MACHINE	11/14/94	0	5,978	1	5	0	99	1,096	3,387	2,091
MACH 808	612 ELEC. DISCHARGE	12/30/94	0	24,274	1	5	0	404	4,450	15,374	3,200
MACH 809	CNC VERT. TAPPING	12/30/94	0	54,895	1	5	0	1,381	11,897	41,100	23,796
MACH 910	EC SERVA INDEXER	12/01/94	0	5,366	1	5	0	35	929	3,208	1,358
MACH 911	PARTS WASHER	12/30/94	0	24,687	1	5	0	412	4,526	15,534	9,351
MACH 912	FLUKE 96 SCOPMETER	12/09/94	0	2,154	1	5	0	36	395	1,365	789

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Asset	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Ex Lf		Book Depreciation			Net	
						Depr Meth	Use Cr No	Month	MTD	YTD	Book Value	Date Disposed
MACH	115	GRINDER 3/4 17-1030	03/14/95	0	34,021	1	5 0	597	6,237	19,345	14,175	
MACH	116	SPEEDS FILTER SYSTEM	04/14/95	0	1,170	1	5 0	36	313	1,310	1,462	
MACH	117	POINT DIE P/N 150433	03/31/95	0	2,328	1	5 0	49	337	1,709	1,019	
MACH	118	SC INDEXER W/CONTROL	03/31/95	0	6,105	1	5 0	103	1,105	3,579	2,556	
MACH	119	GRINDER MODEL 75	04/15/95	0	10,500	1	5 0	175	1,930	5,971	4,566	
MACH	120	MT05-1 PROGRAMMER	04/03/95	0	2,349	1	5 0	39	431	1,330	1,017	
MACH	121	SENDER/SCOTER DT200	04/05/95	0	3,322	1	5 0	56	509	1,382	1,440	
MACH	122	TAPE & REEL FEEDERS	04/28/95	0	4,043	1	5 0	71	779	2,405	1,838	
MACH	123	RTSC COLLET INDEXER	05/01/95	0	5,327	1	5 0	39	976	2,923	2,399	
MACH	124	FORKLIFT MOD FG153LP	05/11/95	0	13,373	1	5 0	212	2,545	7,614	5,214	
MACH	125	3 TON A/C UNIT	06/14/95	0	2,097	1	5 0	40	439	1,077	1,120	
MACH	126	TENSION DERELER	06/15/95	0	2,685	1	5 0	45	492	1,432	1,253	
MACH	127	PARKER HYDRAULIC PMP	06/07/95	0	2,361	1	5 0	50	543	1,579	1,382	
MACH	129	MAGNETIZER MOD 7500	06/20/95	0	20,066	1	5 0	335	1,579	10,702	9,364	
MACH	129	GEAR CHECK FIXTURE	06/01/95	0	2,322	1	5 0	33	370	1,077	945	
MACH	131	HYDRAULIC GAP PRESS	07/12/95	0	3,735	1	5 0	63	585	1,330	1,005	
MACH	135	SCALE	09/13/95	0	1,630	1	5 0	17	209	783	342	
MACH	136	FLOOR SCALE	09/14/95	0	4,371	1	5 0	33	311	2,402	2,569	
MACH	137	AUTO WRAPPER SCALE	09/14/95	0	2,313	1	5 0	111	1,434	1,710	1,033	
MACH	140	HARVEY TECH DEVICES	11/29/95	0	1,104	1	5 0	33	330	1,404	1,740	
Mach	144	35 HP Milling Mach.	03/01/96	0	19,165	1	5 0	456	3,047	11,130	17,996	
Mach	145	35 HP Milling Mach.	03/01/96	0	20,199	1	5 0	336	1,703	7,743	12,456	
Mach	146	35 Radius Grinder	03/01/96	0	1,705	1	5 0	33	385	1,400	2,304	
M	148	Digital Tester #500T	04/02/96	0	11,393	1	5 0	193	1,144	4,033	7,405	
M	149	HAAS#50 Head & Cont.	05/01/96	0	5,366	1	5 0	39	1,075	2,350	3,314	
Mach	150	Tape & Reel Feeders	07/11/96	0	3,293	1	5 0	33	302	1,140	2,243	
Mach	155	Rebuild Mazak Spindle	10/01/96	0	3,999	1	5 0	150	1,350	2,400	3,599	
Mach	158	Magneto Test Stand	02/01/97	0	4,553	1	5 0	77	353	931	3,702	
Mach	159	Permsror press B5555	02/01/97	0	5,901	1	5 0	99	1,096	1,196	4,785	
MACH	175	Rbid Bridgeport mil 370	04/01/97	0	7,013	1	5 0	112	1,019	1,019	5,394	
MACH	178	Repr. Tshudin Grindr	04/01/97	0	3,493	1	5 0	58	392	532	2,911	
Mach	1100	Komatsu Forklift MPF15	02/13/97	0	17,921	1	5 0	203	3,129	3,404	13,617	
Mach	1101	Power Generator	02/13/97	0	53,324	1	7 0	635	6,393	7,407	45,917	
Mach	1102	Plastic Tumbler	04/01/97	0	3,178	1	5 0	53	530	530	2,648	
Mach	1103	Oil Heater	04/01/97	0	4,339	1	5 0	81	307	307	4,032	
mach	1111	HAAS Head, Controls	11/25/97	0	5,902	1	5 0	98	295	295	5,607	
mach	1112	Proj L, Coil Cases	12/01/97	0	18,453	1	5 0	307	515	615	17,838	
mach	1113	Proj S, Cam Sleeve	12/01/97	0	3,678	1	5 0	52	123	123	3,555	
mach	1114	Proj U, Rebid Grinder	12/01/97	0	2,115	1	5 0	35	70	70	2,045	
				0	5,184,034			13,055	143,461	4,359,738	344,296	

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Asset #	Asset Number	Description	Date Acquired	Purchase Price	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed	
						Depr Meth	Used Cr No	Month	YTD	STD			
SOFT	574	1001	COMP EQUIP	10/01/92	0	32,103	12	7	0	0	0	32,103	0
SOFT	575	1002	IBM SFTWARE	09/01/93	0	1,250	1	5	0	0	0	1,250	0
SOFT	576	1004	BANK DISC	10/01/93	0	735	1	5	0	0	0	735	0
SOFT	577	1005	DALSY PRINTER	01/31/94	0	1,202	1	5	0	0	0	1,202	0
SOFT	578	1006	PRCD CST SFTWR	14/30/94	0	700	1	5	0	0	0	700	0
SOFT	579	1008	SOFTWARE	06/30/94	0	3,000	1	5	0	0	0	3,000	0
SOFT	590	1009	DATA DISP STN	07/31/94	0	1,493	1	5	0	0	0	1,493	0
SOFT	591	1010	SOFTWARE	07/31/94	0	500	1	5	0	0	0	500	0
SOFT	582	1011	SFTW-SETUP PC	08/31/94	0	583	1	5	0	0	0	583	0
SOFT	583	1012	UPDTE SYSTEMS	09/30/94	0	5,000	1	5	0	0	0	5,000	0
SOFT	584	1013	PRINTER	11/30/94	0	730	1	3	0	0	0	730	0
SOFT	585	1014	TERM-DISCON	01/31/95	0	3,200	1	5	0	0	0	3,200	0
SOFT	586	1015	PERLL SOFTWARE	01/31/95	0	3,030	1	5	0	0	0	3,030	0
SOFT	587	1016	AT&T PRS COMPT	01/31/95	0	5,721	1	5	0	0	0	5,721	0
SOFT	588	1017	EMRISCH PC SWR	02/29/95	0	434	1	5	0	0	0	434	0
SOFT	589	1018	COMPAQUE	03/31/95	0	4,510	12	5	0	0	0	4,510	0
SOFT	590	1019	G/L PCWAGE	03/31/95	0	1,500	12	5	0	0	0	1,500	0
SOFT	591	1020	OKIDATA PRINTER	04/30/95	0	2,000	12	5	0	0	0	2,000	0
SOFT	592	1021	HARDVARK MAINT	05/31/95	0	100	12	5	0	0	0	100	0
SOFT	593	1023	HWRTWARE	05/31/95	0	585	12	5	0	0	0	585	0
SOFT	594	1024	MS WORD DISC	09/30/95	0	3,100	12	7	0	0	0	3,100	0
SOFT	595	1025	IBM PRT DRAFT	10/31/95	0	32,776	12	7	0	0	0	32,776	0
SOFT	596	1026	MR MP DB INV	09/30/95	0	13,000	12	5	0	0	0	13,000	0
SOFT	597	1027	LINE PRINTER	06/30/96	0	3,302	1	5	0	0	0	3,302	0
SOFT	598	1028	MERGE PROTECT	07/31/96	0	210	1	5	0	0	0	210	0
SOFT	599	1029	GEORGIA PC	07/31/96	0	1,695	1	5	0	0	0	1,695	0
SOFT	600	1031	PC EMULATOR CD	09/30/96	0	395	1	5	0	0	0	395	0
SOFT	601	1032	CLITCH DESIGNER	09/30/96	0	770	1	5	0	0	0	770	0
SOFT	602	1033	PC DWNLD UTILL	11/30/96	0	400	1	5	0	0	0	400	0
SOFT	603	1034	IBM-3860 SYS36	01/31/97	0	74,380	1	5	0	0	0	74,380	0
SOFT	604	1035	APPL II CPU	10/31/96	0	1,314	1	5	0	0	0	1,314	0
SOFT	605	1036	PDB MODULE	02/23/97	0	3,300	1	5	0	0	0	3,300	0
SOFT	606	1037	DOC-MNT SYS 16	02/23/97	0	910	1	5	0	0	0	910	0
SOFT	607	1038	D/IO TERMINALS	02/23/97	0	2,220	1	5	0	0	0	2,220	0
SOFT	608	1039	IBM 5260 PRINTER	05/31/97	0	12,879	12	5	0	0	0	12,879	0
SOFT	609	1040	HARRIS 16 SFTW	05/31/97	0	11,448	12	5	0	0	0	11,448	0
SOFT	610	1041	FAST DRFT BUFT	05/31/97	0	5,298	12	5	0	0	0	5,298	0
SOFT	611	1042	MAC SE-ENG MGR	11/30/97	0	3,946	12	5	0	0	0	3,946	0
SOFT	612	1044	APPLE IHWCDME	12/31/97	0	4,592	12	5	0	0	0	4,592	0
SOFT	613	1045	APPLE CPU/ACC	12/31/97	0	3,222	12	5	0	0	0	3,222	0
SOFT	615	1047	APP MAC CPUSLS	01/31/98	0	3,222	12	5	0	0	0	3,222	0
SOFT	616	1048	MACIHW/RODMEMF	02/29/98	0	5,579	12	5	0	0	0	5,579	0
SOFT	617	1049	APP CPU/ENGR	02/29/98	0	4,928	12	5	0	0	0	4,928	0
SOFT	618	1050	APPLE CPU CSTA	03/31/98	0	2,762	12	5	0	0	0	2,762	0
SOFT	619	1052	MACIHW/ACC-SLS	04/30/98	0	5,443	12	5	0	0	0	5,443	0

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ASSET	Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Month	Book Depreciation		Net Book Value	Date Disposed
						Depr Meth	Used Cr No		MTD	STD		
SOFT	620	1053 MACII-FIN ACCT	05/31/88	0	4,328	12	5	0	0	1,903	0	
SOFT	621	1054 APPLE MACII-EG	07/31/88	0	6,774	12	5	0	0	6,774	0	
SOFT	622	1055 APPLE MACSE-PA	05/31/88	0	1,762	12	5	0	0	1,762	0	
SOFT	623	1056 I/O TERM W/100	05/31/88	0	343	12	5	0	0	343	0	
SOFT	624	1057 I/O TERM W/100	05/31/88	0	343	12	5	0	0	343	0	
SOFT	625	1058 I/O TERM W/100	06/30/88	0	343	12	5	0	0	343	0	
SOFT	626	1059 EPRMAC SPCT/MN	04/30/88	0	4,093	12	5	0	0	4,093	0	
SOFT	628	1061 APPLE DESKTC 3	05/31/88	0	1,157	12	5	0	0	1,157	0	
SOFT	629	1062 MACSE500-PR TC	09/30/88	0	3,222	12	5	0	0	3,222	0	
SOFT	630	1063 MACIHD20-ADM	09/30/88	0	6,358	12	5	0	0	6,358	0	
SOFT	631	1064 MACII800K WPR	09/30/88	0	4,927	12	5	0	0	4,927	0	
SOFT	632	1065 MACSE20-ACCTNG	09/30/88	0	2,761	12	5	0	0	2,761	0	
SOFT	633	1066 LSRWRTR PRTR	12/31/88	0	3,405	1	5	0	0	3,405	0	
SOFT	634	1067 MACIIM ENGNG	09/30/88	0	6,398	12	5	0	0	6,398	0	
SOFT	635	1068 MACSE402MB-RCH	11/30/88	0	4,383	12	5	0	0	4,383	0	
SOFT	636	1069 IBM36-HEM TAPE	05/31/89	0	6,312	12	5	0	0	6,312	0	
SOFT	637	1070 LANG HCU PPOG	03/31/89	0	2,131	12	5	0	0	2,131	0	
SOFT	638	1072 MACSE CRT W/C	03/31/89	0	2,316	12	5	0	0	2,316	0	
SOFT	639	1073 MACSE 3LE CRT	08/31/89	0	2,225	12	5	0	0	2,225	0	
SOFT	641	1073 MACSE IN STOR	08/31/89	0	2,225	12	5	0	0	2,225	0	
SOFT	642	1073 MACSE - IN STK	08/31/89	0	2,702	12	5	0	0	2,702	0	
SOFT	643	1083 MACIHD40 STR	09/30/89	0	3,450	12	5	0	0	3,450	0	
SOFT	644	1084 LSRWRTRII	09/30/89	0	6,215	12	5	0	0	6,215	0	
SOFT	645	1085 MACSE/40 C/C	09/30/89	0	3,149	12	5	0	0	3,149	0	
SOFT	646	1086 MACSE/40 STR	09/30/89	0	2,398	12	5	0	0	2,398	0	
SOFT	647	1087 MACSE10MB STR	08/30/89	0	2,647	12	5	0	0	2,647	0	
SOFT	648	1088 MACSE10MB STR	09/30/89	0	2,647	12	5	0	0	2,647	0	
SOFT	649	1089 LSRWRTR PRTR	10/31/89	0	6,216	12	5	0	0	6,216	0	
SOFT	650	1090 MAC II	12/27/89	0	4,155	12	5	0	0	4,155	0	
SOFT	651	1091 MAC II	12/27/89	0	4,155	12	5	0	0	4,155	0	
SOFT	654	1094 LASERWRITER	11/31/89	0	6,316	12	5	0	0	6,316	0	
SOFT	655	1095 HP DRAFT MSTR I	11/27/89	0	6,754	12	5	0	0	6,754	0	
SOFT	700	MAC SE CPU 874327EM	12/12/90	0	2,400	1	5	0	0	2,400	0	
SOFT	701	BATTERY PACK FOR CMP	10/26/90	0	6,883	1	5	0	0	6,883	0	
SOFT	702	MAC II CML/40 FC0509	10/23/90	0	2,379	1	5	0	0	2,379	0	
SOFT	703	MAC SE 2/40	04/30/90	0	2,607	1	5	0	0	2,607	0	
SOFT	704	MAC SE 20MB F9293UF	04/19/90	0	2,119	1	5	0	0	2,119	0	
SOFT	705	MAC II CML/40 91926	03/08/90	0	4,027	1	5	0	0	4,027	0	
SOFT	727	AP LSRWRTR CMO46ETA	05/14/91	0	3,709	1	5	0	0	3,709	0	
SOFT	728	MACIICK FPY F10268EL	05/24/91	0	3,074	1	5	0	0	3,074	0	
SOFT	729	MACIICK FPY F10268EA	05/24/91	0	3,074	1	5	0	0	3,074	0	
SOFT	730	5360 SYSTEM UNIT	07/06/91	0	2,390	1	5	0	0	2,390	0	
SOFT	741	UPS PANEL/FREIGHT	06/01/92	0	2,610	1	5	0	130	2,610	0	
SOFT	764	APP QUADRA 300 3/230	06/12/93	0	7,067	1	5	0	118	1,295	6,894	473
SOFT	776	APPLE QUADRA 300	12/22/93	0	2,615	1	5	0	43	479	2,179	436

Asset C	Asset Number	Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed	
						Depr Meth	Used Ln No	Month	FTD	LTD			
SOFT	777	APPLE QUADRA 300	12/13/93	0	2,515	1	5	0	43	479	2,179	436	
SOFT	778	APP QUADRA 300	01/01/94	0	2,515	1	5	0	43	479	2,135	480	
SOFT	779	APP QUADRA 300	01/01/94	0	2,515	1	5	0	43	479	2,135	480	
SOFT	780	NECL40 PHONE SYSTEM	01/13/94	0	7,925	1	5	0	131	1,435	6,391	1,434	
SOFT	783	QUADRA 350 3/100	01/01/94	0	3,335	1	5	0	54	703	2,638	758	
SOFT	788	APP QUADRA 350	01/19/94	0	3,332	1	5	0	55	610	2,508	724	
SOFT	790	SHAR 2060 COPIER	04/15/94	0	19,743	1	5	0	329	3,520	15,138	4,505	
SOFT	805	MB-BLS-75 COMPUTER	11/02/94	0	2,551	1	5	0	42	469	1,564	397	
SOFT	813	BACKUP DRIVE SYSTEM	12/22/94	0	4,255	1	5	0	71	782	2,701	1,564	
SOFT	839	MICROSTATION MAC	10/06/95	0	9,511	1	5	0	158	1,743	4,437	5,074	
SOFT	842	MS 95 UPGRADE (PC)	01/19/96	0	2,542	1	5	0	44	484	1,100	1,542	
SOFT	852	Apple Power Mac 5100	08/01/96	0	3,798	1	5	0	54	697	1,140	2,558	
SOFT	853	Apple Power Mac 5100	08/01/96	0	3,798	1	5	0	54	697	1,140	2,558	
SOFT	871	(2) ProlineaMT 4/333	02/28/97	0	3,387	1	5	0	67	731	797	1,190	
SOFT	872	Power Mac 5100	02/28/97	0	2,228	1	5	0	37	409	446	1,782	
SOFT	873	(2) Prolinea MT 4/56	02/28/97	0	2,234	1	5	0	39	428	457	1,867	
SOFT	874	(2) ProlineaMT 4/333	02/28/97	0	2,502	1	5	0	44	477	520	2,292	
SOFT	1108	PowerMac 950/200 32m	15/14/97	0	4,907	1	5	0	42	729	729	4,198	
SOFT	1109	PowerMac 950/200 32m	15/14/97	0	4,907	1	5	0	42	729	729	4,198	
					500,381				1,563	19,104	359,167	41,026	
TOOL	483	400 HOLD FOR JAPS	07/31/81	0	15,350	1	1	0	0	0	15,350	0	
TOOL	484	401 TOOLING 41574	11/30/81	0	1,596	1	1	0	0	0	1,596	0	
TOOL	485	402 TOOLING 41724	12/31/81	0	3,100	1	1	0	0	0	3,100	0	
TOOL	486	403 TACH 42000	01/31/82	0	3,000	1	1	0	0	0	3,000	0	
TOOL	487	404 CRANK RSD 41306	11/31/82	0	3,000	1	1	0	0	0	3,000	0	
TOOL	488	405 HOLD LDING TYER	09/30/81	0	2,000	1	1	0	0	0	2,000	0	
TOOL	489	406 4PRG GRADIESW/L	04/09/82	0	17,000	1	5	0	0	0	17,000	0	
TOOL	490	407 TOOLING SHT WHEL	07/30/82	0	2,193	1	5	0	0	0	2,193	0	
TOOL	491	408 TOOLING SPRT MAG	04/15/82	0	2,130	1	5	0	0	0	2,130	0	
TOOL	492	409 3 CV/HLD TL HSG	10/13/82	0	22,325	1	5	0	0	0	22,325	0	
TOOL	493	410 TL/41704/ECOL SH	07/02/82	0	1,404	1	5	0	0	0	1,404	0	
TOOL	494	411 TL/60915MAG PCK	08/03/82	0	1,180	1	5	0	0	0	1,180	0	
TOOL	495	412 TOOLING TACH	08/06/82	0	18,000	1	5	0	0	0	18,000	0	
TOOL	496	413 TLNG HSNG 41574	09/10/82	0	1,598	1	5	0	0	0	1,598	0	
TOOL	497	414 61262 CSTNG RBK	09/23/82	0	892	1	5	0	0	0	892	0	
TOOL	498	415 4CXL CAP TOOLNG	09/23/82	0	4,213	1	5	0	0	0	4,213	0	
TOOL	499	416 3CAV/CL CPROL P	10/13/82	0	4,200	1	5	0	0	0	4,200	0	
TOOL	500	417 BULK PURCHASE	07/03/81	0	25,397	1	5	0	0	0	25,397	0	
TOOL	501	418 ANCHOR TOOLING	05/21/83	0	1,250	1	5	0	0	0	1,250	0	
TOOL	502	419 TACH 3 3/8" STL	08/26/83	0	1,500	1	5	0	0	0	1,500	0	
TOOL	503	420 CRANK TRIGGER	08/01/83	0	2,738	1	5	0	0	0	2,738	0	
TOOL	504	421 TLNG ROCKER ARM	08/03/83	0	3,310	1	5	0	0	0	3,310	0	
TOOL	505	422 CHUCK LS WRENCH	12/06/83	0	342	1	5	0	0	0	342	0	

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Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Lf		Book Depreciation			Net Book Value	Date Disposed
					Depr Meth	Use Fr No	Month	YTD	LTD		
TOOL 506	423 DIE FR 18111 BK	01/30/94	0	4,200	1	5	0	0	4,200	0	
TOOL 507	424 AUTO FD DR/SPIN	01/31/94	0	3,725	1	5	0	0	3,725	0	
TOOL 508	425 STR FLT REAMER	04/30/94	0	1,075	1	5	0	0	1,075	0	
TOOL 509	426 TOOL HOLDERS	05/30/94	0	5,500	1	5	0	0	5,500	0	
TOOL 510	427 TL/25500/3000ND	09/30/94	0	5,296	1	5	0	0	5,296	0	
TOOL 511	428 HLD FR 40104-C	10/30/94	0	4,500	1	5	0	0	4,500	0	
TOOL 512	429 DIE F 08P155607	10/30/94	0	4,420	1	5	0	0	4,420	0	
TOOL 513	430 TL-T200000556	11/30/94	0	1,100	1	5	0	0	1,100	0	
TOOL 514	431 TOOL-T200004	11/30/94	0	525	1	5	0	0	525	0	
TOOL 515	432 WRK/STPDM DIE	11/30/94	0	4,230	1	5	0	0	4,230	0	
TOOL 516	433 MASTER BLANKS	12/31/94	0	1,305	1	5	0	0	1,305	0	
TOOL 517	434 GEAR HOB 26034	01/30/95	0	321	1	5	0	0	321	0	
TOOL 518	435 ROTARY INDEX	01/30/95	0	1,396	1	5	0	0	1,396	0	
TOOL 519	436 TL/42609 PL SHO	01/30/95	0	1,304	1	5	0	0	1,304	0	
TOOL 520	437 GEAR HOB 28653	02/23/95	0	327	1	5	0	0	327	0	
TOOL 521	438 CAM MODEL 15817	02/23/95	0	550	1	5	0	0	550	0	
TOOL 522	439 GEAR HOB 21	03/31/95	0	356	12	5	0	0	356	0	
TOOL 523	440 DRILL FINITURE	04/30/95	0	1,000	12	5	0	0	1,000	0	
TOOL 524	441 GEAR	05/30/95	0	362	12	5	0	0	362	0	
TOOL 525	442 DRMDLS/CONSTERS	05/31/95	0	11,350	12	5	0	0	11,350	0	
TOOL 526	443 MOLD REPAIR	05/31/95	0	4,500	12	5	0	0	4,500	0	
TOOL 527	445 DIE FR 2N24348T	06/30/95	0	13,000	12	5	0	0	13,000	0	
TOOL 528	446 CAP DLP HOLDER	06/30/95	0	1,200	12	5	0	0	1,200	0	
TOOL 529	447 TRUE HL SPINDLE	06/30/95	0	1,125	12	5	0	0	1,125	0	
TOOL 530	448 CAM MODELS	07/31/95	0	3,425	12	5	0	0	3,425	0	
TOOL 531	449 TL FR 5V WGEED	07/31/95	0	2,076	12	5	0	0	2,076	0	
TOOL 532	450 DIE 2N 050412	07/31/95	0	1,033	12	5	0	0	1,033	0	
TOOL 533	451 REBUILD MTCN DI	08/31/95	0	1,100	12	5	0	0	1,100	0	
TOOL 534	452 REBLD CRTN DIE	08/31/95	0	1,100	12	5	0	0	1,100	0	
TOOL 535	453 TOOLING 42714	09/30/95	0	352	12	5	0	0	352	0	
TOOL 536	454 MTCHEB PN42766	09/30/95	0	539	12	5	0	0	539	0	
TOOL 537	455 CAM HOLDERS	10/30/95	0	7,200	1	5	0	0	7,200	0	
TOOL 538	456 TOOLING REARGE	11/30/95	0	563	12	5	0	0	563	0	
TOOL 539	457 DIE SET	12/31/95	0	820	12	5	0	0	820	0	
TOOL 540	458 VW RBT MODELS	12/31/95	0	2,300	12	5	0	0	2,300	0	
TOOL 541	459 CAM MODELS	01/31/96	0	4,540	12	5	0	0	4,540	0	
TOOL 542	460 CAM MODELS	04/30/96	0	3,600	1	5	0	0	3,600	0	
TOOL 543	461 CAM BLANKS	04/30/96	0	1,740	1	5	0	0	1,740	0	
TOOL 544	462 CAM MODELS	05/31/96	0	2,000	1	5	0	0	2,000	0	
TOOL 545	463 CAM MODELS	06/30/96	0	1,500	1	5	0	0	1,500	0	
TOOL 546	464 MOLD TL 42714	07/31/96	0	5,858	1	5	0	0	5,858	0	
TOOL 547	465 CAM BLANKS	08/31/96	0	1,335	1	5	0	0	1,335	0	
TOOL 548	466 WORKIN TOOLING	08/31/96	0	1,534	1	5	0	0	1,534	0	
TOOL 549	467 251BLNK END FLT	08/31/96	0	3,114	1	5	0	0	3,114	0	
TOOL 550	468 CUTTING DIE 24CT	10/31/96	0	508	1	5	0	0	508	0	

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Asset	Number	Description	Date Acquired	Salvage Value	Book Cost	Jk 15		Book Depreciation			Book Value	Date Disposed
						Depr Meth	Used Cr Mo	Month	MTD	LYD		
TOOL	551	469 CUTTING DIE MOLT	10/31/96	0	465	1	5	0	0	0	465	0
TOOL	552	470 CUTTING DIE 4 CT	10/31/96	0	433	1	5	0	0	0	433	0
TOOL	553	471 ADV LIMITER MOLD	10/31/96	0	4,770	1	5	0	0	0	4,770	0
TOOL	554	472 PNT PLT DIE WRK	10/30/96	0	1,275	1	5	0	0	0	1,275	0
TOOL	555	473 LINGAM MODELS	11/30/96	0	4,312	1	5	0	0	0	4,312	0
TOOL	556	474 JANDCST DIST HG	11/30/96	0	900	1	5	0	0	0	900	0
TOOL	557	475 3)FD LAM MODELS	12/31/96	0	1,200	1	5	0	0	0	1,200	0
TOOL	558	476 NRE TLNG 61756	12/31/96	0	1,307	1	5	0	0	0	1,307	0
TOOL	559	477 HYFIRE HSG MLD	12/31/96	0	266	1	5	0	0	0	266	0
TOOL	560	478 10)PRFIRE MOLDS	01/31/97	0	27,411	1	5	0	0	0	27,411	0
TOOL	561	479 5)GAM PROFILES	01/31/97	0	2,000	1	5	0	0	0	2,000	0
TOOL	562	481 HYFIRE MLD 4311	04/30/97	0	1,391	12	5	0	0	0	1,391	0
TOOL	563	482 40101 3D CST TL	05/31/97	0	4,595	12	5	0	0	0	4,595	0
TOOL	564	486 UNILT ASSY61672	08/31/97	0	5,763	12	5	0	0	0	5,763	0
TOOL	565	487 COIL BKT MLDBSE	01/31/98	0	2,713	12	5	0	0	0	2,713	0
TOOL	566	488 FUEL PMP MOLDS	03/31/98	0	11,391	12	5	0	0	0	11,391	0
TOOL	567	489 HYFIRE MLD 40139	04/30/98	0	1,500	12	5	0	0	0	1,500	0
TOOL	568	490 HYFIRE MLD 40994	04/30/98	0	5,200	12	5	0	0	0	5,200	0
TOOL	569	491 NGCPADAPTYMLDBSE	09/30/98	0	4,138	12	5	0	0	0	4,138	0
TOOL	570	492 FUEL FILTER-ALERT	03/31/99	0	3,730	12	5	0	0	0	3,730	0
TOOL	571	493 TOOL #44301	01/15/90	0	3,308	12	5	0	0	0	3,308	0
TOOL	572	494 TL #42555-42388	01/09/90	0	17,157	12	5	0	0	0	17,157	0
TOOL	573	495 SERCTR #43893	01/15/90	0	3,750	12	5	0	0	0	3,750	0
TOOL	576	TOOLING FOR P/N44000	03/15/90	0	2,344	1	5	0	0	0	2,344	0
TOOL	577	MOLD BASE 1012A-0002	05/13/90	0	1,398	1	5	0	0	0	1,398	0
TOOL	578	SCHURDER GR FEED 3131	05/12/90	0	4,374	1	5	0	0	0	4,374	0
TOOL	579	MOLD BASE KK	06/01/90	0	1,805	1	5	0	0	0	1,805	0
TOOL	580	CAVITY MOLD FOR HYFR	01/25/91	0	7,350	1	5	0	0	0	7,350	0
TOOL	581	DIE T-12908	02/03/91	0	21,176	1	5	0	0	0	21,176	0
TOOL	582	SHUTTER WHEEL	10/07/91	0	5,252	1	5	0	0	0	5,252	0
TOOL	583	UNILITE THERMOCLAD	01/07/92	0	4,484	1	5	0	0	0	4,484	0
TOOL	584	ALUM. IMPACT EXTEN.	01/20/92	0	3,160	1	5	0	0	0	3,160	0
TOOL	585	DISTRIBUTOR PCB	01/20/92	0	3,630	1	5	0	0	0	3,630	0
TOOL	586	TOOLING FOR P/N44732	07/28/92	0	2,569	1	5	0	0	177	2,569	0
TOOL	587	TOOLING P/N40764	08/01/92	0	2,402	1	5	0	0	200	2,400	2
TOOL	588	HEICOIL ADAPTER MOLD	08/01/92	0	4,735	1	5	0	0	395	4,735	0
TOOL	589	HEI COIL COVER MOLD	10/01/92	0	4,116	1	5	0	0	480	4,115	1
TOOL	590	HEMI INSULATOR MOLD	01/27/93	0	4,734	1	5	0	0	788	4,734	0
TOOL	591	P/N 271772 BANJO FIT	01/29/93	0	4,975	1	5	0	1	813	4,975	0
TOOL	592	DIE P/N 45077 HYFIRE	02/18/93	0	2,264	1	5	0	37	414	2,264	0
TOOL	593	ROCKER APM TOOLIN	03/23/93	0	8,942	1	5	0	149	1,639	8,791	151
TOOL	594	TOOLS 580 TACHOMETER	05/01/93	0	29,224	1	5	0	487	5,358	27,764	1,460
TOOL	595	CAP MOLD(P/N45210)	05/21/93	0	5,498	1	5	0	109	1,192	5,175	323
TOOL	596	SUPER MAG K TOOLING	05/14/93	0	2,530	1	5	0	42	464	2,404	126
TOOL	597	RET. MOLD P/N45211	07/30/93	0	4,406	1	5	0	74	808	4,038	368

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ASSET	ASSET NUMBER	DESCRIPTION	DATE ACQUIRED	SAVAGE VALUE	BOOK COST	3k Lf		BOOK DEPRECIATION			NET BOOK VALUE	DATE DISPOSED
						DEPR MECH	USED Yr Mo	MONTH	YTD	STD		
TOOL	766	TOOLS FOR RUB BLOCK	08/02/93	0	3,050	1	5	0	51	559	2,745	305
TOOL	775	TOOLING FOR WASHER	12/06/93	0	2,352	1	5	0	39	431	1,959	393
TOOL	786	MOLD-TERM. CONNECTOR	02/03/94	0	2,439	1	5	0	40	447	1,952	487
TOOL	789	MAG MOLD BASE MOLD	04/30/94	0	12,347	1	5	0	214	2,355	9,348	2,999
TOOL	800	POINT BRACKET DIE	09/15/94	0	3,022	1	5	0	51	554	2,064	958
TOOL	801	681 TACHMETER	09/01/94	0	9,982	1	5	0	167	1,830	6,320	3,162
TOOL	806	PORT PLATE P/N44240	11/19/94	0	3,400	1	5	0	140	1,540	5,460	2,940
TOOL	830	4 CAVITY MOLD	06/13/95	0	9,743	1	5	0	153	2,787	5,198	4,545
TOOL	834	4 CAV. PERM. MOLD	08/10/95	0	8,011	1	5	0	123	1,468	4,004	4,007
TOOL	838	REV B LAMINATION	09/22/95	0	3,970	1	5	0	66	728	1,919	2,051
TOOL	843	BLANK/DRAW DIE	01/02/96	0	5,950	1	5	0	99	1,091	2,479	3,471
TOOL	847	Die Chg. Pin#28552-2	03/01/96	0	4,804	1	5	0	80	881	1,842	2,962
TOOL	854	Tool/Revise Forg.P/N	09/05/96	0	2,776	1	5	0	47	509	787	1,989
TOOL	856	Mold,YH Adv Key#5789	10/01/96	0	5,207	1	5	0	104	1,138	1,555	4,352
TOOL	857	Mold,FromstrCoilCase	10/01/96	0	30,708	1	5	0	512	5,630	8,189	22,519
TOOL	860	Die P/N 45850 Stp P1	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	861	Die P/N 45851 Stp P1	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	862	Die P/N 45852 Drv P1	02/01/97	0	2,355	1	5	0	22	250	273	1,092
TOOL	863	Die P/N 45852 Drv P1	02/01/97	0	2,355	1	5	0	22	250	273	1,092
TOOL	864	Die P/N 45873 Adv P1	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	865	Die P/N 45874R SprPr	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	866	Die P/N 45874L SprPr	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	867	Die P/N 44443 B Plate	02/01/97	0	2,731	1	5	0	45	500	545	2,186
TOOL	1104	Mold 4cavity pn289345	04/01/97	0	3,325	1	5	0	138	1,387	1,387	7,338
TOOL	1105	Mold 4cavity pn44385	04/01/97	0	4,484	1	5	0	74	747	747	3,737
TOOL	1110	Mold,Shuttle pn29211	09/22/97	0	3,000	1	5	0	94	417	417	4,583
				0	598,397				3,437	39,327	507,568	91,329
TRAN	590	108 MILLER - FD VAN	10/30/84	0	18,761	1	5	0	0	0	18,761	0
TRAN	591	111 1982 DATS-RSTPL	10/31/88	0	6,175	12	5	0	0	0	6,175	0
TRAN	592	112 RCG SVC TRLR VN	01/31/89	0	119,414	12	5	0	0	0	119,414	0
TRAN	593	113 RACSV TRCTR RIG	03/31/89	0	24,507	12	5	0	0	0	24,507	0
TRAN	594	114 CELLULAR PHNE	07/31/89	0	3,175	12	5	0	0	0	3,175	0
TRAN	706	RACE TRUCK REPAIRS	01/04/91	0	16,222	1	5	0	0	0	16,222	0
TRAN	707	RACE TRUCK REPAIRS	01/15/91	0	4,546	1	5	0	0	0	4,546	1
TRAN	831	'88 CHEVY CAMARO	06/26/95	0	8,860	1	5	0	147	1,624	4,725	4,135
TRAN	832	'92 FORD MUSTANG	06/26/95	0	9,315	1	5	0	156	1,708	4,968	4,347
TRAN	841	PERFORMANCE TRAILER	12/22/95	0	20,580	1	5	0	343	3,773	8,913	11,662
TRAN	1106	94 IntentionalTractor	11/08/93	0	38,397	1	5	0	640	7,039	32,637	5,760
				0	269,952				1,286	14,144	244,047	25,905
GRAND TOTALS:				0	3,762,145				25,347	280,347	7,163,172	1,598,973
LESS: DISPOSITIONS				0	9,150				0	0	9,150	0
NET TOTALS:				0	3,752,995				25,347	280,347	7,154,022	1,598,973

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ASSET	Asset	Description	Date	Salvage	Book	Bk Lf		Book Depreciation			Net	
						Acquired	Value	Cost	Depr Meth	Used Cr No	Month	MTD
BLDG	1	300 WALL-CRM TR AR	09/02/82	0	312	1	5	0	0	0	312	0
BLDG	2	301 PLUMBING CRM AR	11/24/82	0	307	1	5	0	0	0	307	0
BLDG	3	302 ELECT INSTALL	08/24/82	0	37,421	1	5	0	0	0	37,421	0
				0	38,040				0	0	38,040	0
FURN	32	1 DESK	04/23/82	0	50	1	5	0	0	0	50	0
FURN	33	1 CABINETS	04/23/82	0	450	1	5	0	0	0	450	0
FURN	34	3 SHELVES & DESKS	04/23/82	0	250	1	5	0	0	0	250	0
FURN	35	4 CALC & TYPEWRITER	04/23/82	0	350	1	5	0	0	0	350	0
FURN	36	5 FILES & CHAIRS.	04/23/82	0	150	1	5	0	0	0	150	0
FURN	37	5 CALCULATORS	04/23/82	0	200	1	5	0	0	0	200	0
FURN	38	7 CALCULATOR	04/23/82	0	50	1	5	0	0	0	50	0
FURN	39	8 RECORD FILE	04/23/82	0	50	1	5	0	0	0	50	0
FURN	40	9 TELEPHONE SYSTEM	04/23/82	0	1,750	1	5	0	0	0	1,750	0
FURN	41	10 OFFICE CHAIRS	04/23/82	0	550	1	5	0	0	0	550	0
FURN	42	11 DISPLAY - 1	04/23/82	0	450	1	5	0	0	0	450	0
FURN	43	12 DISPLAY - 2	04/23/82	0	300	1	5	0	0	0	300	0
FURN	44	13 MAXLINE BDRM FIE	02/15/83	0	463	1	5	0	0	0	463	0
				0	5,463				0	0	5,463	0
MACH	4	501 MISC ERSON	04/23/82	0	14,847	1	5	0	0	0	14,847	0
MACH	5	502 FRKLET & BELVES	04/23/82	0	5,372	1	5	0	0	0	5,372	0
MACH	6	504 LHM GRINDER	04/23/82	0	1,323	1	5	0	0	0	1,323	0
MACH	7	505 OPTICAL CHECKER	04/23/82	0	2,348	1	5	0	0	0	2,348	0
MACH	8	506 2)CAM GRINDERS	04/23/82	0	11,463	1	5	0	0	0	11,463	0
MACH	9	507 DR BIT SHARPENR	04/23/82	0	182	1	5	0	0	0	182	0
MACH	10	508 SHOP HEATER	04/23/82	0	1,274	1	5	0	0	0	1,274	0
MACH	11	509 MULTI SPINDLE	04/23/82	0	3,919	1	5	0	0	0	3,919	0
MACH	12	510 SHELVING	04/23/82	0	1,274	1	5	0	0	0	1,274	0
MACH	13	511 COMPRESSOR	04/23/82	0	1,274	1	5	0	0	0	1,274	0
MACH	14	512 COMPRESSOR	04/23/82	0	392	1	5	0	0	0	392	0
MACH	15	513 MISC ASSETS/MCH	04/23/82	0	11,463	1	5	0	0	0	11,463	0
MACH	16	514 2)ML & SCRW MCH	04/23/82	0	10,196	1	5	0	0	0	10,196	0
MACH	17	515 TIME CLOCK & RK	04/23/82	0	254	1	5	0	0	0	254	0
MACH	18	516 2)STORM RESTS	04/23/82	0	892	1	5	0	0	0	892	0
MACH	19	517 EXTERINARY REPAIR	04/23/82	0	10,196	1	5	0	0	0	10,196	0
MACH	20	518 MISC	04/23/82	0	1,146	1	5	0	0	0	1,146	0
MACH	21	519 DRILL PRESS	04/23/82	0	254	1	5	0	0	0	254	0
MACH	22	520 RET FROM TOOLS	10/08/82	0	585	1	5	0	0	0	585	0
MACH	23	521 BRC EQUIPMENT	10/24/82	0	131,390	1	5	0	0	0	131,390	0
MACH	24	522 CHARACTER STAMP	02/23/83	0	196	1	5	0	0	0	196	0
MACH	25	523 VAN NORMAN MILL	05/31/89	0	1,442	12	5	0	0	0	1,442	0
MACH	26	524 BERCO CAM GRIND	08/31/89	0	69,981	12	5	0	0	0	69,981	0

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Asset Number	Asset Description	Date Acquired	Salvage Value	Book Cost	Bk Usd			Book Depreciation			Net Book Value	Date Disposed
					Meth	Pr	Mo	Month	YTD	LTD		
MACH 27	325 BERCO CAM GRIND	08/31/89	0	69,981	12	5	0	0	0	69,981	0	
			0	361,354				0	0	361,354	0	
TOOL 28	400 CAM & FRM TOOLS	12/01/82	0	472	1	5	0	0	0	472	0	
TOOL 29	401 ROCKER ARM BAR	02/28/84	0	300	1	5	0	0	0	300	0	
TOOL 30	402 TL CHG ERS LOGO	07/31/85	0	4,100	1	5	0	0	0	4,100	0	
TOOL 31	403 11)CAM MODELS	08/31/88	0	4,707	12	5	0	0	0	4,707	0	
			0	10,079				0	0	10,079	0	
GRAND TOTALS:			0	414,936				0	0	414,936	0	
LESS: DISPOSITIONS			0	0				0	0	0	0	
NET TOTALS:			0	414,936				0	0	414,936	0	

Company limitations ARE enforced.

Schedule 1.1(g)

1. Carson City Business License.
2. Nevada Hazardous Materials Storage Permit.
3. Commercial Wastewater Discharge Permit.
4. Recovery Well Discharge Permit.

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Carson City

201 N. Carson St.
Carson City, NV 89701

U.S. POSTAGE
= 0.20 =

JAN - 9 '98

Total License Fees: 1050.00
License Expires on: 12/31/98
Validated on: 1/07/98

THIS LICENSE IS NOT TRANSFERABLE AND MUST BE DISPLAYED IN A CONSPICUOUS PLACE

Licensee: MALLORY, INC.
Business Location: 550 MALLORY WY
Business Nature: MANUFACT & DISTRIBUTE AUTO PARTS

Restrictions:

THIS BUSINESS MUST CONFORM AND BE SUBJECT TO THE PROVISIONS OF THE ORDINANCES OF CARSON CITY AND THE LAWS OF THE STATE OF NEVADA. ANY CHANGES TO BUSINESS APPLICATION DATA MUST BE REGISTERED BEFORE THEY BECOME EFFECTIVE.

LICENSE # 98-00712

MALLORY, INC.
550 MALLORY WY
CARSON CITY NV 89701

RECEIVED
JAN - 9 1998
BY: _____

27



Carson City

201 N. Carson St.
Carson City, NV 89701

U.S. POSTAGE
= 0.20 =

JAN - 9 '98

Total License Fees: 948.00
License Expires on: 12/31/98
Validated on: 1/07/98

THIS LICENSE IS NOT TRANSFERABLE AND MUST BE DISPLAYED IN A CONSPICUOUS PLACE

Licensee: ERSON GAMS
Business Location: 550 MALLORY WY
Business Nature: MFG. GAMS

Restrictions:

THIS BUSINESS MUST CONFORM AND BE SUBJECT TO THE PROVISIONS OF THE ORDINANCES OF CARSON CITY AND THE LAWS OF THE STATE OF NEVADA. ANY CHANGES TO BUSINESS APPLICATION DATA MUST BE REGISTERED BEFORE THEY BECOME EFFECTIVE.

LICENSE # 98-00863

ERSON GAMS
550 MALLORY WY
CARSON CITY NV 89701

RECEIVED
JAN - 9 1998
BY: _____

TOTAL P.01

100

NEVADA HAZARDOUS MATERIALS STORAGE PERMIT

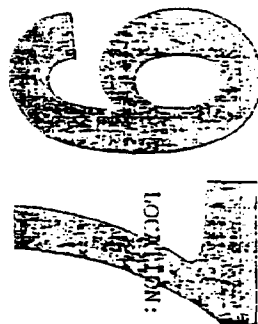
NEVADA STATE FIRE MARSHAL

107 JACOBSEN WAY
CARSON CITY, NEVADA 89711
(702) 687-4290

PERMIT NUMBER
01-97-0025-E

ISSUE NUMBER
01000

ACTIVE: 01/01/97
EXPIRES: 12/31/97



LOCATION: 550 MALLORY WAY
CARSON CITY

CRAIG MULLET
MALLORY INC
550 MALLORY WAY
CARSON CITY NV 89701

CHANGES IN INFORMATION OR MATERIALS
SHALL BE REPORTED WITHIN 90 DAYS.

PLEASE KEEP ORIGINAL PERMIT AVAILABLE ON SITE

101

Carson City Utility Department

Environmental Control Authority
3505 BUTTI WAY; 887-2340

COMMERCIAL WASTEWATER DISCHARGE

PERMIT

NON-TRANSFERABLE

PERMIT NUMBER: 0005

RENEWAL DATE: 09/01/98

FIRM NAME: Mallory Electric

PHONE: 882-6600

ADDRESS: 550 Mallory Way

HAZARD CLASS: 4

FIRM TYPE: Auto Ignitions

TRAP CLEANING FREQUENCY: 3/YR

CATEGORICAL: N/A

SELF-MONITORING: N/A

SIU: N/A

SIC: 3694

Requirements:

Refer to attached discharge limitations.
435 Tumbler interceptor to be pumped out once every 4 mo.

Pretreatment:

Housing, coil, sleeve and deburring processes discharge to clarifiers which are cleaned once/week.

Type of Disposal:

Waste oils and solvents reclaimed by Desert Mtn. Oil.
Waste solids from clarifiers to dumpster.

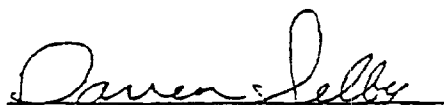
In accordance with Carson City Municipal Code chapter 12.06

Firm Name: Mallory Electric

is hereby authorized to discharge industrial wastewater from the above identified facility and through the outfalls identified herein into the Carson City sewer system in accordance with the conditions set forth in the permit. Permittee must comply with all applicable pretreatment regulations, standards, or requirements under local, State, and Federal laws.

Noncompliance with any term or condition of this permit shall constitute a violation of the Carson City Municipal Code, which can result in Civil and/or Criminal penalties of \$1,000 per day per violation.

Call 887-2340 immediately in case of a slug discharge or any toxic/hazardous discharge that could interfere with the POTW and within 24 hours of becoming aware of a sampling violation. If no answer call 887-2007.


Environmental Control

8-19-97
Date


Recipient

8-19-97
Date

PERMIT TO BE POSTED IN A CONSPICUOUS LOCATION

182



RECEIVED

FEB 28 1996

RECEIVED

Waste Management

Corrective Actions

Federal Facilities

Facsimile 885-0868

Air Quality

Water Quality Planning

Facsimile 587-5396

Located at:

133 W. 7th Lane

Carson City, NV 89710

PETER C. MORROS, Director
DOUGLON, Administrator
TDD 687-1670
TDD 687-1678

Administration
Mining Regulation and Reclamation
Water Pollution Control
Facsimile 687-5856

Address Reply to:
Capitol Complex
Carson City, NV 89710

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION

Capitol Complex
Carson City, Nevada 89710

February 28, 1996

Mr. Daniel L. Harms
Harding Lawson Associates
961 Matley Lane, Suite 110
Reno, NV 89502

RE: Permit # NV0021512 Mallory Incorporated

*Gregg,
This is the
permit for the
wells. It is
re-named every
5 years.*

Dear Mr. Harms:

In accordance with provisions of the Federal Water Pollution Control Act (33 U.S.C. 1251, et. seq.) and the Nevada Water Pollution Control Law Chapter 445, of the Nevada Revised Statutes, the Department of Conservation and Natural Resources, Division of Environmental Protection has reviewed the following application for a permit to discharge:

Discharger

Permit Number

Mallory Inc.

NV0021512

This office published a public notice of our proposed action in the January 2, 1996 edition of the Nevada Appeal. The notice was also sent to interested persons on our mailing list.

After consideration of all comments received during the 30 day comment period, the Division of Environmental Protection is issuing the enclosed permit to Mallory Incorporated. This action does not constitute a significant change from the tentative determinations set forth in the public notice.

Enclosed for your use are the following Discharge Monitoring Report (DMR) forms which must be used for submitting data to this office at the address listed in the permit. Copies of this form can be made and used to report on a quarterly basis as required. The next Discharge Monitoring Report is due on April 28, 1996 and quarterly thereafter. Please send the DMR forms to the attention of Ms. Shannon Bell.

February 28, 1996
Page 2

In accordance with permit condition Part I.A.11 and NAC 445A.232 a review and services annual fee of \$1500.00 is due on July 1, 1996 and will be past due on July 15, 1996.

The permit shall take effect on February 26, 1996. If you have any questions on this matter please feel free to contact me at (702) 687-4670 extension 3147.

Sincerely,



Kauser Jahan, Ph.D., P.E.
Associate Engineer
Bureau of Water Pollution Control

\kj
Enclosures

cc: Mr. Bruce Benson. Mallory Inc.

None

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1. Lease with Harry R. Eberlin.

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AGREEMENT OF LEASE

Section 1: PARTIES

This Agreement of Lease (hereinafter referred to as the "Lease"), dated as of December 15, 1986 and effective as of January 1, 1987 is made by and between the parties Harry R. Eberlin, an individual and resident of the State of California, (hereinafter referred to as "Landlord" and/or "Lessor") and Mallory, Inc., a Nevada Corporation having its principal offices at 610 Newport Center Drive, Suite 1310, Newport Beach, California 92660 (hereinafter referred to as "Tenant" and/or "Lessee"). This Lease shall replace and supersede any and all prior leases made by and between the parties hereto.

Section 2: RECITALS

(a) Landlord is the owner of that certain real property and improvements thereon located in the City of Carson City, County of Carson City, State of Nevada described in Exhibit "A" attached hereto and incorporated herein (hereinafter referred to as the "Premises" and/or "Leased Premises").

(b) There is currently constructed on the Premises certain buildings and related improvements (hereinafter collectively referred to as the "Building").

(c) Landlord is willing to lease the Premises and the Building to Tenant and Tenant is willing to lease the Premises and Building from Landlord on the terms and conditions contained herein. Hereinafter the use of the term "Premises" and/or "Leased Premises" shall be deemed to refer to both the Premises and the Building and the term "Building" shall be deemed to refer to both the Building and the Premises and/or Leased Premises.

Section 3: PREMISES

(a) Landlord, for and in consideration of the rents and covenants herein specified to be paid and performed by Tenant hereby leases to Tenant, and Tenant hereby hires from Landlord, on the terms and conditions and for the purposes herein set forth the Premises, together with the Building and all easements, rights and appurtenances in connection therewith or thereunto belonging.

(b) Landlord hereby leases to Tenant on the terms and conditions set forth in this Lease all the real property and improvements thereon commonly known as 1801 Roop Street and set forth and described in Exhibit "A" attached hereto and incorporated herein in the City of Carson City, County of Carson City, State of Nevada (hereinafter referred to as the "Premises" and/or "Leased Premises"). The improvements thereon shall hereinafter be referred to as the "Building".

Mallory, Inc.
Carson City, NV

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Section 4: CONDITION OF PREMISES

Except as hereinafter provided, by entry hereunder, Tenant accepts the Premises in its present condition and without any representation or warranty by Landlord as to the condition of the Premises.

Section 5: TERM

(b) This Lease shall be for the period of twenty (20) years (hereinafter referred to as the "Term" and/or "Lease Term") commencing on January 1, 1987 and ending on December 31, 2007 unless otherwise terminated or extended in accordance with the provisions of this Lease.

Section 6: RENT

(a) For the period of the Lease Term beginning on January 1, 1987 and ending on December 31, 1987 Tenant agrees to pay Landlord as minimum rent the sum of twenty three thousand nine hundred fifty dollars (\$23,950.00) monthly, in advance, on the first day of each month during this period of the Lease Term.

(b) The monthly rent for each subsequent year shall be calculated as follows: (i) The monthly rent for the second year (hereinafter to be referred to as the "Adjusted Base Rent") shall be the rent of the last month of the first year of the Lease Term, twenty three thousand nine hundred fifty dollars (\$23,950.00), hereinafter to be referred to as the "Base Rent") adjusted to reflect the increase, if any, in the cost of living. Adjustments, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the Reno-Carson City Metropolitan Area, Subgroup "all items" (1967=100) (hereinafter referred to as the "Index"). The Index published as of the month prior to the commencement Date of the Term shall be considered the "Base Index". Such adjustment shall reflect a percentage equal to the percentage increase, if any, in the Index over the Base Index as of the third (3rd) month prior to the end of the first (1st) year of the Lease Term (hereinafter referred to as the "Adjustment Date"). Notwithstanding any subsequent decrease in the Index, the Adjusted Base Rent shall be not less than the Base Rent. (ii) Annually, upon the anniversary of the Adjustment Date, there shall be a further adjustment in the Adjusted Base Rent payable hereunder. The Adjusted Base Rent shall be further increased by a percentage equal to the percentage increase in the Index as of the third (3rd) month prior to the current anniversary of the Adjustment Date over the Index as used in calculating the Adjusted Base Rent for the preceding annual period. Notwithstanding any subsequent decrease in the Index, the Adjusted Base Rent for the current annual period shall not be less than the Adjusted Base Rent for the preceding annual period.

(c) In the event that part of a rent period of the Term shall not be a full calendar month, the rent for that part of the Term shall be prorated so as to reflect the proportion that said rent period bears to the calendar month in which it lies.

(d) In addition, Tenant agrees to pay, as additional rent, such amounts as are specified in this Lease within thirty (30) days of written notice by Landlord of any such additional rent liability.

(e) Tenant shall pay to Landlord, on demand, as additional rent, four percent (4%) of any installments of minimum rental overdue more than fifteen (15) days.

(f) Until further notice from Landlord said minimum rent and any additional rent shall be made payable to Harry R. Eberlin and shall be forwarded to:

Harry R. Eberlin
2889 Way Lane
Corona Del Mar, Ca 92625

Section 7: IMPOSITIONS

(a) During the Term of this lease, Tenant covenants and agrees to pay to Landlord, as rent in addition to all other rent payable hereunder, promptly upon receipt from Landlord of a billing therefor (which billing will be accompanied by evidence that the Impositions described in such notice are then, or will shortly thereafter become, due), all taxes, sewer taxes, excises, license and permit fees, assessments, water rates and charges and other governmental charges, general and special, ordinary and extraordinary, unforeseen, as well as foreseen, of any kind and nature whatsoever, including but not limited to assessments for public improvements or benefits, which prior to or during the term of this Lease are assessed or imposed upon or become due and payable and a lien upon (i) the Leased Premises or any part thereof or any personal property, equipment or other facility used in the operation thereof; or (ii) the rent or income received from subtenants or licensees; or (iii) any use or occupancy of the Leased Premises; or (iv) this transaction or any document to which Tenant is a party creating or transferring an estate or interest in the Leased Premises (all of which taxes, assessments and other governmental charges are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Tenant may pay the same together with any accrued interest on the unpaid balance of such Imposition to Landlord in installments as the same respectively become due; and provided, further, that any Imposition relating to a fiscal period of the taxing authority a part of which period is included within the term of this Lease, shall be prorated as between Landlord and Tenant so that Landlord shall pay the portion of Impositions attributable to any period subsequent to the termination of the term of the Lease or prior to the commencement of this Lease, and Tenant shall pay the portion thereof attributable to any period during the term of this Lease.

(b) If at any time during the Term of this Lease there shall be assessed or imposed, (i) a tax or assessment on the rents received by Landlord or by Tenant in connection with the Leased Premises, or (ii) a tax or assessment (including but not limited to any municipal, state or federal levy) measured by or based in whole or in part upon the value of the Leased Premises and imposed upon Landlord, or (iii) a license fee, tax or assessment measured by the rent payable under this Lease, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in Section 7(a) hereof, and Tenant shall pay and discharge the same as herein provided in respect of the payment of Impositions. The payment to be made by Tenant pursuant to this Section shall be made to Landlord; provided, however that, in the event Landlord fails to pay such Impositions after Tenant has paid the amount thereof to Landlord, Tenant may thereafter pay such Impositions directly to the appropriate taxing authority. Each such tax, assessment, levy, imposition or charge shall be deemed to be an item of additional rent hereunder and Tenant shall be allowed to use such payment as a set-off against future rent. Federal or state income or franchise tax payable by Landlord by reason of the receipt of rents as in this Lease provided shall not be deemed to be included within the term "Impositions" as defined in Section 7(a) hereof.

(c) Subject to the provisions of Section 7(d) hereof, each party covenants to furnish to the other upon written request to so to official receipts of the appropriate taxing authority, or other proof satisfactory to such other party, evidencing the payment thereof.

(d) Tenant shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings but this shall not be deemed or construed in any way as relieving, modifying or extending Tenant's covenant to pay any such Imposition at the time and in the manner in this Section provided, unless (i) the legal proceedings shall operate to prevent the sale of the Leased Premises or any part thereof to satisfy such Imposition prior to final determination of such proceedings; or (ii) Tenant shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings. Landlord shall not be required to join in any such proceedings unless it shall be necessary for it to do so in order to properly prosecute such proceedings and Landlord shall have been fully indemnified to its satisfaction against all costs and expenses in connection therewith; provided, however that Landlord shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Tenant, and Tenant covenants to indemnify and save Landlord harmless from any such costs or expenses.

(e) As between the parties hereto, Tenant alone shall have the duty of attending to, making or filing any declaration, statements or report which may be provided or required by law as the basis of or in connection with the determination, equalization, reduction or payment of any and every Imposition which is to be borne or paid or which may become payable by Tenant under the provisions of this Section, and Landlord shall not be or become responsible to Tenant therefor, nor for the contents of any such declaration, statement or report.

(5) Landlord and Tenant expressly understand and agree that in the event that the tax liabilities encompassed within this or any other section of this Lease are increased due to the actions of the Landlord, the Landlord shall be the sole bearer of this new and additional tax liability for the Term of this Lease or any extension of this Lease pursuant to the terms and provisions hereunder whether it be an increase in rate or an increase in the tax base itself. Actions by the Landlord that may so do shall include but not be limited to; a sale of the Landlord's fee interest in the property, mortgaging of the Landlord's fee interest in the property, any assignment, hypothecation or other transfer, legal or otherwise of the Landlord's fee interest or part thereof in the property, and any transfer by way of inheritance, devise, descent, bequest or succession be it testate or intestate.

Section 8: SURRENDER OF LEASED PREMISES

On the last day of the term hereof, or upon any earlier termination of this Lease pursuant to the terms hereof, or upon any reentry by Landlord upon the Leased Premises pursuant to the provisions hereof, Tenant shall surrender to Landlord the Leased Premises swept and broom clean, in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens and encumbrances, other than those, if any, permitted hereby or otherwise created or consented to by Landlord, and, if requested to do so, shall execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Leased Premises.

Section 9: INSURANCE

(a) Tenant, at its sole cost and expense, shall keep the Building insured during the term of this Lease for the mutual benefit of Landlord and Tenant as named insureds, against loss or damage by fire and lightning and against loss or damage by other risks embraced by coverage of the type now known as the broad form of extended coverage, including but not limited to riot and civil commotion, vandalism and malicious mischief, and against such other risks or hazards as Landlord from time to time reasonably may designate, in amounts sufficient to prevent Landlord or Tenant from becoming a co-insurer under the terms of the applicable policies, but in any event in an amount not less than 90% of the then full replacement costs of the Building (exclusive of the cost of excavations, foundations, and footing below the lowest basement floor) without deduction for physical depreciation; and with not more than ten thousand dollars (\$10,000.00) deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this Section shall contain a "Replacement Cost Endorsement". Such full replacement cost shall be determined from time to time as deemed necessary by the Tenant (except in the event of substantial changes or alterations to the Building undertaken by Tenant as permitted under the provisions hereof) by one of the insurers, or at the option of Tenant, by an appraiser, architect or contractor who shall be mutually and reasonably acceptable to Landlord and Tenant. A copy of any such determination shall

promptly be sent to Landlord upon receipt thereof by Tenant and the insurance maintained in this Section shall be adjusted to ninety percent (90%) of the new full replacement cost.

(b) In addition to the insurance specified in Section 9(a) hereof, Tenant, at its sole cost and expense, but for the mutual benefit of Landlord and Tenant as named insureds, shall maintain:

(i) Comprehensive general liability insurance on an "occurrence basis" against claims for "personal injury", including without limitation, bodily injury, death or property damage, occurring upon, in or about the Leased Premises or any elevators or any escalators therein and on, in or about the adjoining sidewalks, streets, and passageways, such insurance to afford immediate minimum protection, at the time of the inception of this Lease, and at all times during the term hereof, to a limit of not less than one million dollars (\$1,000,000.00) with respect to damage to property and one million dollars (\$1,000,000.00) with respect to personal injury or death to any one or more persons. Such insurance shall also include coverage against liability for bodily injury or property damage arising out of the use, by or on behalf of Tenant, or any other person or organization, or any owned, non-owned, leased or hired automotive equipment in the conduct of any and all operations called for under this Lease.

(ii) Such insurance as shall be required pursuant to the terms hereof in the event of changes to, or alteration of, the Building.

(c) All policies of insurance provided for in this Section shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time be as hereinbefore specified, issued by insurers of recognized responsibility which are authorized to transact fire and casualty insurance in the State of Nevada. Upon the execution of this Lease and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished pursuant to this or other applicable Section, Tenant agrees to provide and Landlord agrees to accept certificates evidencing coverage by policies written by companies licensed to do business in the State of Nevada. Upon written demand of any Mortgagee of the Leased Premises, Tenant shall furnish said Mortgagee duplicates of the certificates given to Landlord under the terms of this Section.

Each policy of insurance procured pursuant to Section 9(a) and subsection (ii) of Section 9(b) shall contain, if obtainable, either (i) a waiver by the insurer of the right of subrogation against any subtenant for negligence of such subtenant, or (ii) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy.

(d) All policies of insurance provided for in Section 9(a) and subsection (ii) of Section 9(b) shall provide for loss thereunder (i) to be adjusted by and payable to Tenant with respect to any particular casualty resulting in damage or destruction not

exceeding ten thousand dollars (\$10,000.00) in the aggregate, or (ii) with respect to any particular casualty resulting in damage or destruction exceeding ten thousand dollars (\$10,000.00) in the aggregate, to be adjusted by Landlord, Tenant and the Mortgagee and payable to Landlord and Tenant or, upon demand of any Mortgagee to said Mortgagee, to be disbursed by any such payee as provided in Section 9(b) hereof. Each such policy of insurance shall include the interest of the Mortgagee, if any, as provided in Section 9(f).

(e) Each such policy or certificate therefor issued by the insurer shall to the extent obtainable contain (i) a provision that no act or omission of Tenant which would otherwise result in forfeiture or reduction of the insurance therein provided shall affect or limit the obligation of the insurance company so to pay, in accordance with Section 9(d) of this Lease, the amount of any loss sustained and (ii) an agreement by the insurer that such policy shall not be cancelled without at least thirty (30) days prior written notice by registered mail to Landlord and to any named Mortgagee.

(f) All policies of insurance required to be furnished by Tenant pursuant to Section 9(a) and subsection (ii) of Section 9(b) shall have attached thereto the Lender's Loss Payable Endorsement (Form 438BFW MS), or its equivalent, or a loss payable clause acceptable to Landlord, for the benefit of any Mortgagee, but the right of any Mortgagee to the payment of insurance proceeds shall at all times be subject to the provisions of this Lease with respect to the application of the proceeds of such insurance.

(g) Tenant shall observe and comply with the requirements of all policies of public liability, fire and other policies of insurance at any time in force with respect to the Leased Premises and Tenant shall also perform and satisfy the requirements of the companies writing such policies so that at all times companies of good standing shall be willing to write or to continue such insurance. Tenant shall, in the event of any violations or attempted violations of the provisions of this Section 9(g) by a subtenant, take steps, immediately upon knowledge of such violation or attempted violation, to remedy or prevent the same as the case may be.

(h) Any insurance provided for in this Lease may be effected by a policy or policies of blanket insurance or may be continued in such form until otherwise required by Landlord, provided, however, that in all other respects, any such policy or policies shall comply with the other provisions of this Lease. In any such case it shall not be necessary to deliver the original of any such blanket policy to Landlord, but Tenant shall deliver to Landlord and to any Mortgagee a certificate or duplicate of such policy in form and content acceptable to Landlord.

(i) Tenant shall furnish Landlord annually, if Landlord shall so request, a certificate signed by an authorized officer of Tenant containing a detailed list of the insurance policies then outstanding and in force on the Leased Premises and stating that such insurance complies with the requirements of this Lease.

Section 10: LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

(a) If Tenant shall at any time fail to pay any Imposition or other charge in accordance with Section 7 hereof, within the time therein permitted or to pay for or maintain any of the insurance policies provided for in Section 9 hereof, within the time therein permitted, or to make any other payment or perform any other act on its part by this Lease, then Landlord, after thirty (30) days' written notice to Tenant (or, in case of any emergency, such notice, or without notice, as may be reasonable under the circumstances) and without waiving or releasing Tenant from any obligation of Tenant hereunder, may (but shall not be required to):

i. Pay such Imposition or other charge payable by Tenant pursuant to the provisions of Section 7 hereof, or

ii. Pay for and maintain such insurance policies provided for in Section 9 hereof, or

iii. Make such other payment or perform such other act on Tenant's part to be made or performed as provided in this Lease, and

iv. may enter upon the Leased Premises for such purpose and take all such action thereon as may be necessary therefore.

(b) All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act (together with interest thereon at the rate of ten (10) percent per annum from the respective dates of Landlord's making of each such payment or incurring of each cost or expenses) shall constitute additional rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord upon written demand.

Section 11: TENANT'S REMEDIES IN THE EVENT OF DEFAULT BY LANDLORD

In the event that Landlord fails to perform any term, covenant, condition or agreement of this Lease and such failure to perform shall continue for more than fifteen (15) days after written notice of such failure to perform, or if such failure to perform can not be reasonably cured within fifteen (15) days and Landlord has not commenced to cure within said fifteen (15) days, then Landlord shall be liable to Tenant for damages sustained by Tenant due to such default by Landlord. Tenant may at Tenant's option elect to perform Landlord's obligations under this Lease if Landlord has failed to so perform. Landlord shall reimburse Tenant for any and all costs incurred by Tenant immediately upon demand by Tenant. Tenant at Tenant's option may elect to set-off said expenditures against future rent payments as they may come due. Tenant may at Tenant's option elect to terminate this Lease in the event of Landlord's default and/or bring a legal action for damages. In the event that Tenant secures a money judgement against Landlord, Tenant shall have the right, if it so elects, to offset said money judgement owed to it by the Landlord against future payments of rent. The rights and remedies reserved to Tenant herein, including those not specifically described herein, shall be cumulative, and, except as otherwise provided by Nevada statutory law, Tenant may pursue any or all of such rights and remedies, whether at the same time or otherwise.

Section 12: USE OF LEASED PREMISES

(a) Tenant may use the Leased Premises for any lawful use.

(b) In the use and occupation of the Leased Premises and conduct of such business thereon, Tenant, at its sole cost and expense, shall promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions, boards, and officers, any national or local Board of Fire Underwriters, or any other body exercising functions similar to those of any of the foregoing, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Leased Premises and the sidewalks and curbs and vaults adjoining the Leased Premises as a direct result of the use or manner of use to which the same is put by Tenant or other occupants thereof, whether or not such law, ordinance, order, rule, regulation or requirement shall necessitate structural changes or improvements, or the removal of any encroachments or projections, ornamental, structural or otherwise, onto or over the streets adjacent to the Leased Premises, or onto or over other property contiguous or adjacent thereto. Tenant shall not cause or maintain any nuisance on the Leased Premises.

(c) Tenant shall have the right to contest by appropriate proceedings, diligently conducted in good faith, in the name of Tenant or Landlord or both, without cost or expense to Landlord, the validity or application of any law, ordinance, order, rule, regulation or requirement of the nature referred to in this Section. If compliance with any such law, ordinance, order, rule, regulation or requirement, may legally be delayed pending the prosecution of any such proceeding without the incurrance of any lien, charge or liability of any kind against the Leased Premises or Tenant's interest therein and without subjecting Tenant or Landlord to any liability, civil or criminal, for failure to so comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding. Even if such lien, charge or civil liability would be incurred by reason of any such delay, Tenant may, with the prior written consent of Landlord, contest as aforesaid and delay as aforesaid, provided that such contest or delay does not subject Landlord to criminal liability, damages or expense and provided that Tenant (i) furnishes to Landlord security, reasonably satisfactory to Landlord, against any loss or injury by reason of such contest or delay, and (ii) prosecutes the contest with due diligence.

Landlord shall not be required to join in any proceedings referred to in this Section unless the provisions of any applicable law, rule or regulations at the time in effect shall require that such proceedings be brought by and/or in the name of Landlord, in which event Landlord shall join in the proceedings or permit the same to be brought in its name if Tenant shall pay all expenses in connection therewith. Tenant may delegate the right to bring any such proceeding to any person or entity having an interest in the Leased Premises or any part thereof.

Section 13: MECHANIC'S LIENS

(a) During the term of this Lease, Tenant shall not permit to remain, and shall promptly discharge, at its cost and expense, all liens, encumbrances and charges (other than liens, encumbrances and charges created by Landlord) upon the Leased Premises or any part thereof; provided, that the existence of any mechanics', laborers', materialmens', suppliers' or vendors' liens or rights thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than ninety (90) days after the performance thereof. Tenant shall, however, have the right to contest with due diligence the validity or amount of any lien or claimed lien, if Tenant shall give to Landlord such security as Landlord may reasonably require to insure payment thereof and prevent any sale, foreclosure or forfeiture of the Leased Premises or any portion thereof by reason of such nonpayment. On final determination of the lien or claim for lien, Tenant shall immediately pay any judgement rendered with all proper costs and charges and shall have the lien released or judgement satisfied at Tenant's own expense, and if Tenant shall fail to do so, Landlord may at its option pay any such final judgement and clear the Leased Premises therefrom. If Tenant shall fail to contest with due diligence the validity or amount of any such lien or claimed lien, or to give Landlord security as hereinabove provided, Landlord may, but shall not be required to, contest the validity or amount of any such lien or claimed lien or settle or compromise the same without inquiring into the validity of the claim or the reasonableness of the amount thereof.

(b) Should any lien be filed against the Leased Premises or should any action of any character affecting the title hereto be commenced, Tenant shall give to Landlord written notice thereof as soon as notice of such lien or action comes to the knowledge of Tenant.

Section 14: REPAIRS AND MAINTENANCE

Tenant covenants and agrees, throughout the term of this Lease, without cost to Landlord, to take good care of the Leased Premises and the sidewalks, curbs, roadways, parking areas and fences, and to keep the same in good order and condition, and shall promptly at Tenant's own cost and expense, make all necessary repairs to the exterior and interior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to keep the Leased Premises in first-class, safe, clean and sanitary condition. When used in this Section, the terms "repairs" shall include replacements or renewals when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the original work. Tenant shall keep and maintain all portions of the Leased Premises and the sidewalks adjoining same in a clean and orderly condition, free of accumulation of dirt and rubbish.

Section 15: RIGHT OF LANDLORD TO INSPECT AND REPAIR

Tenant will permit Landlord and its authorized agents and representatives to enter the Leased Premises at all reasonable times for the purpose of (1) inspecting the same, (2) making any necessary repairs thereto and performing any other work therein or thereon that may be necessary by reason of Tenant's failure to make any such repairs or perform any such other work therein or thereon or to commence the same within thirty (30) days after written notice from Landlord or (3) to perform Landlord's obligations under the terms and provisions of this Lease. Nothing herein shall imply any duty upon the part of Landlord to do any such work unless said work is an affirmative obligation of the Landlord under the terms and provisions of this Lease and performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord may, during the progress of such work in or on the Leased Premises, keep and store therein all necessary materials, tools, supplies and equipment. Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant by reason of the reasonable making of such repairs or the reasonable performance of any such work, on or account of the reasonable bringing of materials, tools, supplies or equipment into or through the Leased Premises during the course thereof and the obligations of Tenant under this Lease shall not be affected thereby.

Section 16: INDEMNIFICATION BY TENANT

Tenant agrees to indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations arising from the conduct or management of or from any work or thing whatsoever done in or about the Leased Premises. Tenant further agrees to indemnify and save Landlord harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising during the term of this Lease from any condition of any building, structure or improvement on the Leased Premises or any street, curb or sidewalk adjoining the Leased Premises, or of any passageways or spaces therein or appurtenant thereto, or arising from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, or any of its agents, contractors, servants, employees, sublessees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring during the term of this Lease, in or about the Leased Premises, or upon the streets or sidewalks and the land adjacent thereto, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceedings brought thereon. In the event that any action or proceeding is brought against Landlord by reason of any matter for which Tenant has hereby agreed to indemnify Landlord, Tenant, upon notice from Landlord, covenants to resist or defend such action or proceeding.

Section 17: LIGHT, HEAT AND POWER

Tenant agrees to pay, or cause to be paid, all charges which are incurred by Tenant or which might be a charge or lien against the Leased Premises, for gas, water, electricity, light, heat or power, telephone or other communication service used, rendered or supplied upon or in connection with the Leased Premises, throughout the term of this Lease, and to indemnify and save Landlord harmless from and against any liability or damages on such account. Tenant shall also procure, or cause to be procured, without cost to Landlord, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Leased Premises of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any such service to and upon the Leased Premises.

Section 18: ALTERATIONS

(a) Tenant shall have the right at any time and from time to time during the Term of this Lease to make, at its sole cost and expense, any changes and any alterations in, to or of the Building, subject, however, in all cases to the following which Tenant covenants to observe and perform:

i. No change or alteration involving in the aggregate a cost of more than ten thousand dollars (\$10,000.00) shall be undertaken without the prior written consent of Landlord (which consent shall not unreasonably be withheld), and until plans and specifications have first been submitted to and approved in writing by Landlord (which approval shall not be unreasonably be withheld).

ii. No change or alteration involving removal of any part of any load-bearing wall, column, girder or other support of the Building (hereinafter to be referred to as a "structural change or alteration") or any change or alteration in connection with any restoration required by Section 19 hereof shall be made without the prior written consent of Landlord (which consent shall not unreasonably be withheld). Every structural change or alteration shall be constructed under the supervision of a licensed architect or a trained professional engineer selected by Tenant and approved in writing by Landlord (which approval shall not be unreasonably withheld), and no such structural change or alteration shall be made except in accordance with plans and specifications and cost estimates prepared and approved in writing by such architect or engineer and approved in writing by Landlord (which approval shall not be unreasonably withheld).

iii. No change or alteration of any type shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all permits and authorizations of any federal, state or municipal government or departments or subdivisions of any of them, having jurisdiction. Landlord shall join in the application for such permits or

authorizations whenever such action is necessary, provided, however, that Landlord shall incur no liability or expense in connection therewith. Any change or alteration shall be made promptly and in a good and workmanlike manner and in accordance with all applicable permits and authorizations and building and zoning laws and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, any national or local Board of Fire Underwriters, or any other body hereafter exercising functions similar to those of any of the foregoing.

iv. During the period of construction of any change or alteration to or of the Building, Tenant shall maintain or cause to be maintained the following insurance:

(1) The comprehensive general liability and property damage insurance provided for in subsection (i) of Section 9(b) shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of Landlord and Tenant as named insureds in connection with any change or alteration permitted pursuant to this Section 18; and

(2) Fire and any other applicable insurance provided for in Section 9 which policy or policies by endorsement thereto, if not then covered under the provisions thereof, shall also insure any change or alteration, including all materials and equipment therefor incorporated in, on or about the Leased Premises (including excavations, foundations, and footings) under a broad form all risks builder's risk completed value form or equivalent thereof; and

(3) Workmen's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against Landlord, Tenant or the Leased Premises, with statutory limits as then required under the laws of the State of Nevada.

The provisions of all applicable subsections of Section 9 of this Lease shall apply to all insurance provided for in this Section.

(b) Tenant has hereto delivered to Landlord plans and specifications for certain proposed alterations and changes to the Building. By execution hereof, Landlord hereby approves the proposed alterations and changes and consents to Tenant making the same.

(c) The failure by the Landlord to approve or disapprove any plans, changes or alterations proposed by the Tenant within thirty (30) days of receipt of said plans, changes or alterations shall be deemed and construed as an approval by the Landlord of said plans, changes or alterations.

(d) Tenant is hereby expressly granted by Landlord the right and consent required to alter the exterior paint scheme of the Premises so as to conform with Tenant's normal exterior paint scheme and logo as used for any and/or all of Tenant's other locations. Tenant is also expressly granted by Landlord the right

and consent required to erect or place upon the premises any and all signs as allowed under any applicable law, rule or regulation as set forth by any government or governmental agency having jurisdiction over the Premises.

Section 19: DESTRUCTION AND RESTORATION

(a) Subject to the provisions of Section 19(d) hereof, in case of damage to or destruction of the Building or any part thereof by fire or other cause, Tenant, at Tenant's sole cost and expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, and irrespective of the amount of any loss, shall restore the same as nearly as possible to their value, condition and character immediately prior to such damage or destruction, if the restoration can be made under existing laws and can be completed within ninety (90) days after the date of destruction. Such restoration shall be commenced with due diligence and in good faith, and prosecuted with due diligence and in good faith, unavoidable delays excepted.

In case of damage to or destruction of the Building by fire or other cause resulting in a loss exceeding in the aggregate of ten thousand dollars (\$10,000.00), Tenant shall promptly give written notice thereof to Landlord.

(b) All insurance money paid as provided in Section 9(d) hereof, on account of any damage or destruction, less the actual cost, fees and expenses, if any, incurred by Tenant, Landlord or any Mortgagee in connection with the adjustment of the loss, which costs, fees and expenses shall be paid to Tenant, Landlord or any Mortgagee shall be applied, subject to the terms of any mortgage, to the payment of the cost of the aforesaid restoration, repairs, replacement, rebuilding or alterations, including the cost of demolition and temporary repairs and for the protection of property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the "restoration"); and shall be paid out from time to time to Tenant or in accordance with its directions, as such restoration progresses upon the written approval of Landlord and the written request of Tenant which shall be accompanied by the following:

1. A certificate signed by Tenant, dated no more than thirty (30) days prior to such request, setting forth the following:

(1) That the sum then requested either has been paid by Tenant, or is justly due to contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for the restoration therein specified, the names and addresses of such persons, a brief description of such services and materials, the several amounts so paid or due to each of said persons in respect thereof, that no part of such expenditures has been or is being made the basis in any previous or then pending request for the withdrawal of insurance money or has been made out of the proceeds of insurance received by Landlord or Tenant, and that the sum then requested does not exceed the value of the services and materials described in the certificate.

(2) That, except for the amount, if any, stated in such certificate to be due for services or materials and except for any amount to be withheld pursuant to a directly related construction contract, there is no outstanding indebtedness known to Tenant, after due inquiry, which is due and payable for labor, wages, materials, supplies or services in connection with such restoration which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialman's statutory or similar lien upon restoration or upon the Leased Premises or any part thereof.

11. Evidence reasonably satisfactory to Landlord, to the effect that there has not been filed with respect to the Leased Premises or any part thereof any vendor's, mechanic's, laborer's, materialman's or other similar lien, which has not been discharged of record, except such as will be discharged by payment of the amount then requested, and to the effect that there has not been filed with respect to the Leased Premises any federal tax or revenue lien, provided, however, that no such opinion shall be required with respect to any such lien which Tenant is disputing in accordance with the provisions of Section 13 hereof.

Upon compliance with the foregoing provisions of this Section 19(b), out of such insurance money there shall be paid to Tenant or the persons named in such certificate the respective amounts stated therein to have been paid by Tenant or to be due them, as the case may be.

If the insurance money at the time held by the recipient designated by Section 9(d) hereof, less the actual cost, fees and expenses, if any, incurred by Landlord in connection with the adjustment of the loss, shall be insufficient in the judgment of Landlord to pay the entire cost of such restoration, Tenant shall pay the deficiency to said recipient, prior to commencement or continuation of construction.

Upon the receipt by said recipient of satisfactory evidence, of the character required by the foregoing provisions of this Section 19(b), that the restoration has fully been completed and paid for in full and that there are no liens of the character referred to therein, and there is no default under the terms, conditions, covenants and agreements of this Lease which can be cured by the payment of money nor any default hereunder which has become an event of default, any balance of the insurance money at the time held by said recipient shall be paid to the Mortgagee or Mortgagees or Landlord of the Leased Premises in their order of priority.

(c) In the event that the Premises is damaged to an extent that either prevents Tenant from conducting its normal form of business or restricts Tenant's ability to conduct its normal form of business, then the minimum rent due and any other amounts due as additional rent under the terms and provisions of this Lease shall be suspended in the event of a total prevention of Tenant's conducting its normal form of business until such time that Tenant can resume its normal form of business or in the event of a restriction in Tenant's ability to conduct its normal form of business, abated in proportion to the ratio that the square footage of the damaged portion of the Premises bears in relation to the square footage of the Building for so long as the restriction continues to exist. Tenant's normal form of business shall be deemed to be that stated in Section 12(a) supra.

(d) Anything contained in this Section 19 to the contrary notwithstanding, if at any time during the Term of this Lease any part of the Building shall be damaged or destroyed by fire or other casualty, Act of God or other causes beyond the reasonable control of Tenant to such an extent that said damage or destruction cannot be repaired within ninety (90) days, Tenant may, at its option, terminate this Lease within thirty (30) days after a determination of the existence of said right of termination. Tenant may exercise its option to terminate this Lease under this Section 19(d) by serving upon Landlord at any time within said thirty (30) day period a thirty (30) day written notice of Tenant's election to so terminate, without any liability on the part of Tenant to Landlord, except for the payment of basic rental and all additional sums required to be paid by Tenant under the terms of this Lease up to the date of such termination.

In the event this Lease shall be terminated pursuant to the provisions of this Section 19(d), any insurance proceeds shall be payable solely to Landlord or to any Mortgagee.

Section 20: SALE OR ASSIGNMENT OF LANDLORD'S INTEREST

Landlord shall have the right at any time and from time to time during the term hereof, to sell or assign to any person all or any portion of its fee interest in the Leased Premises or any portion thereof, subject, however, to the leasehold estate of Tenant created hereby.

Section 21: CONDEMNATION

(a) (i) In the event of a partial taking of the Leased Premises in or by condemnation or other eminent domain proceedings pursuant to any law, general or special, where the extent of such taking is less than twenty five percent (25%) of the interior floor area of the Building, or (ii) in the event that the use or occupancy of the Leased Premises or any part thereof shall be temporarily requisitioned by any governmental authority, civil or military, then in either event this Lease shall continue in full effect notwithstanding such taking or requisition. Tenant shall, after any such partial taking or requisition and at its expense, repair and restore any damage caused by any such taking or requisition in conformity with the requirements of Section 19(a) so that after the completion of such restoration the Building shall be, as nearly as possible, in a condition as good as the condition thereof immediately prior to such taking or requisition. In the event of any such partial taking the net award therefor shall be deposited with Landlord. Landlord shall then make available to Tenant so much of said award as is necessary to effect such restoration, in the same manner as insurance proceeds are disbursed pursuant to Section 19(b) hereof. Upon completion of such restoration, any portion of the award then remaining will belong to Landlord. If, as a result of such taking the interior area of the Building shall be reduced, then in such event, after restoration of the Building, the monthly basic rental reserved hereunder shall be

reduced by the same ratio as the reduction in the interior area of the Building resulting from such taking. In the event of any temporary requisition, Tenant shall be entitled to receive the entire net award payable by reason of such temporary requisition. If the cost of any repairs required to be made by Tenant pursuant to this Section 21 shall exceed the amount of the net award, the deficiency shall be paid by Tenant. No payments shall be made to Tenant pursuant to this Section 21 if any default shall have happened and be continuing under this Lease unless and until such default shall have been cured or removed.

(b) In the event of a taking of (i) the Building or the Leased Premises of such magnitude that it is not feasible to restore the Building pursuant to Section 21(a) hereof or (ii) more than twenty-five percent (25%) of the Land area of the Premises not covered by Buildings, then this Lease shall terminate as of the date of such taking. In such event the net award paid due to the taking shall be distributed as follows: (A) the Landlord shall receive the aggregate value of each installment of rent payable by Tenant to the end of the Term of this Lease discounted at the rate of ten percent (10%) per annum and (B) the Tenant shall receive the worth of the Lease at the time of the taking of the Premises and (C) the Tenant shall receive the total amount of any award paid for the value of Tenant's trade fixtures installed in the Building at Tenant's cost that were destroyed or damaged due to the taking and (D) Tenant shall further receive as part of its award the costs of Tenant's relocation and all provable business losses suffered by the Tenant during the period of relocation and re-establishment of Tenant's business and (E) the remainder of the award shall be distributed as the Landlord and Mortgagee have agreed or may agree. If substantially all but not all of the Premises is taken, then the remainder shall be promptly sold and proceeds from said sale shall be deemed a part of the net award.

(c) For the purposes of this Section 21, all amounts paid pursuant to any agreement with any condemning authority which condemnation or other eminent domain proceeding affecting the Leased Premises shall be deemed to constitute an award made in such proceeding.

Section 22: DEFAULT BY TENANT

(a) The occurrence of any of the following events shall constitute a material default and breach of this Lease by Tenant;

i. Any failure by Tenant to pay the rental or to make any other payment required to be made by Tenant hereunder where such failure continues for more than ten (10) business days after written notice thereof by Landlord to Tenant.

ii. The abandonment or vacation of the Leased Premises by Tenant; abandonment is herein defined to include, but is not limited to, any absence by Tenant from the Leased Premises for twenty (20) business days or longer while in default of any provisions of this Lease.

iii. A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) business days after written notice thereof by Landlord to Tenant; provided, further, that if the nature of such default is such that the same cannot reasonably be cured within such thirty day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

iv. The making by Tenant of any general assignment for the benefit of creditors; the filing by or against a Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy where possession is not restored to Tenant within thirty (30) business days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) business days.

(b) In the event of any such default by Tenant, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate in the manner specified herein. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

i. the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

ii. the worth at the time of award of the amount by which the unpaid rent which would have been earned after such termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

iii. the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

iv. any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; plus

v. such other amounts in addition to or in lieu of the foregoing in as may be permitted from time to time by applicable Nevada law.

As used in subsections (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in subsection (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(c) In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Leased Premises and remove all persons and property from the Leased Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. Under no circumstances shall Landlord be held liable in damages or otherwise by reason of any such re-entry or eviction or by reason of the exercise by Landlord of any other remedy provided for in this Section. All property of Tenant which is stored by Landlord pursuant hereto may be redeemed by Tenant within thirty (30) business days after Landlord takes possession thereof upon payment to Landlord in full of all obligations then due from Tenant to Landlord hereunder and of all costs incurred by Landlord in providing such storage. If Tenant fails so to redeem such property within said thirty (30) business day period, Landlord may sell such property in any reasonable manner, and shall apply the proceeds of such sale actually collected first against the costs of storage and sale and then against any other obligation due from Tenant hereunder.

(d) In the event of the vacation or abandonment of the Leased Premises by Tenant or in the event that Landlord shall elect to reenter as provided in Section 22(c) above or shall take possession of the Leased Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided in Section 22(b) above, then Landlord may from time to time, without terminating this Lease, either recover all rental as it becomes due or relet the Leased Premises or any part thereof for such terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Leased Premises.

In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the cost of any alterations and repairs to the Leased Premises; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should the amount of rental received from such reletting during any month which is applied to the payment of rent hereunder be less than that agreed to be paid during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting

(e) No reentry or taking possession of the Leased Premises by Landlord pursuant to Sections 22(c) or 22(d) of this Section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or

unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

(f) Any legal action by Landlord or Tenant to enforce any obligation of Landlord or Tenant or in pursuance of any remedy hereunder shall be deemed timely filed if commenced at any time prior to one (1) year after the expiration of the Term of this Lease or prior to four (4) years after the cause of action accrues, whichever period expires later.

(g) The various rights and remedies reserved to Landlord herein, including those not specifically described herein, shall be cumulative, and, except as otherwise provided by Nevada statutory law in force and effect at the time of the execution hereof, Landlord may pursue any or all of such rights and remedies, whether at the same time or otherwise.

Section 23: ASSIGNMENTS

(a) Except as hereinafter provided, Tenant shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of Tenant's leasehold estate hereunder, or permit the Premises to be occupied as work space, storage space, concession or otherwise by anyone other than Tenant or Tenant's employees, or sublet the Premises or any portion thereof, without Landlord's prior written consent in each instance. Landlord's consent shall not be withheld provided that each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded Landlord by this Lease, is not thereby impaired or diminished. The consent by Landlord to an assignment or subletting shall not be construed as relieving Tenant or any assignee of this Lease or subtenant of the Premises from obtaining the express written consent of Landlord to any further assignment or subletting or as releasing Tenant or any assignee or subtenant of Tenant from any liability or obligation hereunder whether or not accrued. This Section 23 shall be fully applicable to all further sales, hypothecations, transfers, assignments and subleases of the Premises, or any portion thereof, by any successor or assignee of Tenant, or any subtenant of the Premises.

(b) If Tenant desires at any time to assign, hypothecate or otherwise transfer this Lease or to sublet the Premises or any portion thereof, then at least ten (10) days, but not more than thirty (30) days, prior to the date when Tenant desires the assignment or sublease to be effective (the "Assignment Date"), Tenant shall give Landlord a notice (the "Assignment Notice") which shall set forth (i) the name, address and business of the proposed subtenant or assignee; (ii) information (including references) concerning the character of the proposed subtenant or assignee, the Assignment Date, any ownership or commercial relationship between Tenant and the proposed subtenant or assignee;

(iii) the consideration and all other material terms and provisions of the proposed sublease or assignment; and (iv) such reasonable information as Landlord may request concerning the financial condition, business background and qualifications of the proposed subtenant or assignee, all in such detail as Landlord shall reasonably require. If Landlord requests additional detail, the Assignment Notice shall not be deemed to have been received until Landlord receives such additional detail and Landlord may withhold consent to any assignment or sublease until such information is provided to Landlord.

(c) Notwithstanding the provisions of Section 23(a), Tenant without the consent of Landlord may assign this Lease or any interest therein to a parent corporation, or affiliate of Tenant as herein defined or to any corporation with which Tenant may merge or consolidate; provided, however, such corporation shall assume and agree in writing delivered to Landlord to perform the covenants of Tenant contained in this Lease. The terms "parent", "subsidiary", or "affiliate corporation" refer to Tenant, provided such parent, subsidiary, or affiliate corporation controls or is controlled by Tenant. The term "control" refers to ownership of at least a majority of the voting stock of the corporation controlled. Nothing contained herein shall relieve the original named Tenant from the obligations of this Lease. Notwithstanding the provisions of Section 23(a), neither of the following events shall be deemed to be a violation of Section 23(a) provided compliance is made with the stipulations as set forth below:

(i) All of the capital stock of Tenant is acquired by another person or corporation, provided, however, that after such acquisition, the business operations of Tenant are continued on a basis which is substantially the same basis as conducted prior to the acquisition or transfer of Tenant's capital stock and provided that the party acquiring Tenant's capital stock does not transfer the corporate assets of Tenant out of said corporation so as to avoid Tenant's obligations to Landlord hereunder.

(ii) Fifty percent (50%) or more of Tenant's capital stock is offered for sale pursuant to a registered public offering plan according to federal or state securities laws."

(d) No assignment or sublease of all or any portion of the Premises shall affect or reduce any obligations of Tenant or rights of Landlord hereunder, and all obligations of Tenant hereunder shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety, to the same extent as though no assignment or subletting had been made.

(e) Neither this Lease nor the Premises hereby demised shall be mortgaged by Tenant, nor shall Tenant mortgage or pledge the interest of Tenant in and to any sublease of the Premises or the rent payable thereunder.

(f) Any sales, assignment, hypothecation or transfer of this Lease or subletting of the Premises that is not in compliance with the provisions of this Section 23 shall be void and shall, at the option of Landlord, terminate this Lease.

Section 24: RIGHTS OF MORTGAGEE

(a) Landlord shall have the right at all times to mortgage or hypothecate its ownership of the Leased Premises and its Lessor's interest in this Lease. At the option of the mortgagee or any mortgage or beneficiary of any deed of trust constituting a lien on all or part of the Leased Premises (said mortgagee or beneficiary being called herein the 'Mortgagee'), this Lease shall be either (i) subject and subordinated to or (ii) prior to the lien of any mortgage placed on or against the Leased Premises on or against Landlord's interest or estate therein without the necessity of having further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, in the event of a foreclosure of any such mortgage, or of any other action or proceeding for the enforcement thereof, or of any sale hereunder, this Lease will not be barred, terminated, cut off or foreclosed, nor will the rights and possession of Tenant hereunder be disturbed, if Tenant shall not then be in default in the payment of rent due or the performance of Tenant's other obligations hereunder. Upon the request of any Mortgagee, Tenant agrees to execute any amendment to this Lease which does not, in the opinion of Tenant's counsel, adversely affect Tenant's rights hereunder. Upon receipt of written request of Tenant to so do, Landlord shall use its best efforts to obtain a non-disturbance agreement from the Mortgagee.

Section 25: ESTOPPEL CERTIFICATES

At any time and from time to time, Landlord, on at least twenty (20) days prior written request by Tenant, and Tenant, on at least twenty (20) days prior written request by Landlord, will deliver to the party making such request a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the same is in full force and effect as modified and stating the modifications) and the date to which the rent and any other deposits or charges have been paid and stating whether or not, to the best knowledge of the party executing such certificate, the party requesting such statement is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the executing party may have knowledge.

Section 26: INVALIDITY OF PARTICULAR PROVISIONS

If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 27: NOTICES

Whenever Landlord or Tenant shall desire to give or serve upon the other any notice, demand, request or other communication with respect to this Lease or with respect to the Leased Premises each such notice, demand, request or other communication shall be in writing and shall not be effective for any purpose unless same shall be given or serviced by personal delivery to the party or parties to whom such notice, demand, request or other communication is directed or by mailing the same, to such party or parties by certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Landlord: Mr. Harry R. Eberlin
2889 Way Lane
Corona Del Mar, CA 92625

If to Tenant: Mallory, Inc.
1801 Rcop St.
Carson City, NV 89701
Attn: Mr. Gregg Koechlein

or at such other address or addresses as Landlord or Tenant may from time to time designate by notice given by certified mail.

Every notice, demand, request or communication hereunder sent by mail shall be deemed to have been given or served as of the second (2nd) business day following the date of such mailing.

Section 28: QUIET ENJOYMENT

Landlord covenants and agrees that Tenant, upon paying the rent and all other charges herein provided for and observing and keeping all covenants, agreements, and conditions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Leased Premises during the term of this Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations and conditions of this Lease.

Section 29: TIME IS OF THE ESSENCE

Time is of the essence in the performance of each and every term, covenant, and condition of this Lease.

Section 30: COVENANTS AND CONDITIONS

Each and every provision and term of this Lease shall be deemed both a covenant and a condition.

Section 31: HEADINGS

The headings for each section contained herein are for reference purpose only and are not deemed to be part of this Lease.

Section 32: FORCE MAJEURE

Any prevention, delay or stoppage which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes thereof, Acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse the performance by such party for a period equal to the duration of such prevention, delay or stoppage.

Section 33: RENT V. RENTAL

The use of the words rent or rental anywhere in this Lease shall be deemed to mean one and the same thing.

Section 34: SUCCESSOR AND ASSIGNS

Subject to the provisions hereof, this Lease, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, administrators, successors and assigns, and wherever a reference in this Lease is made to either of the parties hereto such reference shall be deemed to include, wherever applicable, also a reference to the heirs, executors, legal representatives, administrators, successors and assigns of such party, as if in every case so expressed.

Section 35: RECORDING

Upon the request of Tenant a short form of Lease referring to this Lease shall be executed by Landlord and Tenant and recorded in the Office of the County Recorder of Carson City County, State of Nevada.

Section 36: CHOICE OF LAW

This Lease shall be construed and enforced in accordance with the laws of the State of Nevada.

Section 37: ATTORNEY'S FEES

In any action or proceeding which either party may take to enforce such party's rights hereunder, whether prior to or after breach or termination, or to which such party may be made a party because of any matters arising or growing out of this Lease, and due to the act or default of the other, the party whose act or default caused the other party, without fault to become involved in such litigation, or who shall be defeated in such litigation, agrees to pay all costs incurred by the winning or other party therein, including reasonable attorney's fees.

Section 38: HOLDING OVER

If Tenant should remain in possession of the Leased Premises after the expiration of the Term of this Lease and without executing a new lease, then such holding over shall be construed as a tenancy from month to month, subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month to month tenancy; with the rent for said monthly hold over period to be the same as the monthly rent for the month immediately preceeding the month in which Tenant is holding over.

Section 39: MERGER

The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof shall not work a merger of the estate herein demised and Landlord's reversionary interest and shall, at Landlord's sole option terminate any and all existing subleases or subtenancies or shall operate as an assignment to it of any and all such subleases or subtenancies.

Section 40: RELATIONSHIP OF PARTIES

Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto other than the relationship of landlord and Tenant.

Section 41: MISCELLANEOUS

(a) All sums other than the minimum rent or any additional rent due under the terms and provisions of this Lease which may from time to time become due and payable by Tenant to Landlord under any of the provisions of this Lease shall bear interest from and after the due date thereof at the rate of ten percent (10%) per annum.

(b) In all cases the language in all parts of this Lease shall be construed simply, according to its fair meaning and not strictly for or against Landlord or Tenant.

(c) This instrument may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(d) With reference to any provisions of this Lease that requires the prior written consent of Landlord such consent shall not be unreasonably withheld.

(e) Each individual executing this Lease on behalf of Tenant and on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation or legal entity, and that this Lease is binding upon said corporation or legal entity in accordance with its terms.

(f) This Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning the Leased Premises and all preliminary negotiations and agreements of every kind or nature whatsoever with respect to the Leased Premises; and no other person, firm or corporation has at any time had any authority from Landlord to make any representations or promises on behalf of Landlord unless Landlord has expressly so authorized and designated such a party to Tenant, and Tenant expressly agrees that if any such representations or promises have been made by Landlord or others, Tenant hereby waives all right to rely thereon. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law, or custom to the contrary notwithstanding. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. Landlord and Tenant acknowledge that they have read this Section and understand it to be a waiver of any right to rely on any representations or agreements not expressly set forth in this Lease.

(25)

TRADEMARK
REEL: 002276 FRAME: 0791

132

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals to be effective as of the day and year first above written.

By: Harry R. Eberlin

Witness: 
James L. Patterson

LANDLORD

Mallory, Inc., a Nevada Corporation

By: Harry R. Eberlin, President

Attest: 
James L. Patterson, Secretary

TENANT

All that certain piece or parcel of land situate in Carson City, State of Nevada, described as follows:

All that certain lot, piece or parcel of land and improvements situated in Carson City, State of Nevada, being a portion of the Southeast quarter of the Northwest Quarter of Section 20, Township 15 North, Range 20 East, M.D.B. & M., more particularly described as follows:

COMMENCING at the West one-quarter corner of said Section 20; thence North $89^{\circ}49'16''$ East along the one-quarter section line, a distance of 2211.62 feet; thence North $0^{\circ}23'01''$ West a distance of 651.62 feet to a point on the North line of that parcel conveyed to Harold C. Heitmiller and Lois J. Heitmiller by Deed recorded October 3, 1962 in Book 3, page 442, Official Records of Ormsby County, Nevada, said point being further described as bearing South $12^{\circ}16'30''$ West a distance of 2021.62 feet from the North one-quarter corner of the aforementioned Section 20; thence East along the North line of the said Heitmiller parcel a distance of 30 feet to a point on the Easterly right of way line of an existing roadway to the true point of beginning; thence continuing East along the North line of said Heitmiller parcel a distance of 366.00 feet; thence South $0^{\circ}23'01''$ East and parallel with the East line of said roadway a distance of 402.44 feet; thence West parallel with the North line of the aforementioned Heitmiller parcel a distance of 366.00 feet to a point on the East right of way line of the said existing roadway; thence North $0^{\circ}23'01''$ West along said right of way line a distance of 402.44 feet to the True Point of Beginning.

TOGETHER WITH a non-exclusive easement for roadway and public utility purposes over and across the following described parcel:

Beginning at the Southwest corner of the parcel conveyed to Mallory Electric Corporation by Deed recorded January 15, 1969 in Book 82, page 236, Official Records of Carson City, Nevada, thence South $89^{\circ}49'16''$ East a distance of 366.00 feet; thence South $0^{\circ}23'01''$ East a distance of 50 feet; thence North $89^{\circ}49'16''$ West a distance of 366.00 feet; thence North $0^{\circ}23'01''$ West a distance of 50 feet to the point of beginning.

As further shown on that certain record of survey map, recorded September 4, 1974 as document No. 41089.

-000-

EXHIBIT "A"

FILED FOR RECORD
AT THE REQUEST OF

SIERRA LAND TITLE CORP.

1981 NOV 13 PM 12:35

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FILED IN OFFICE

134

STATE OF CALIFORNIA)

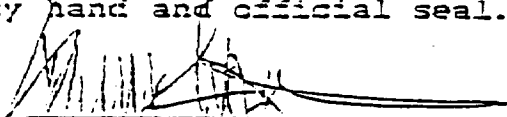
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COUNTY OF ORANGE)

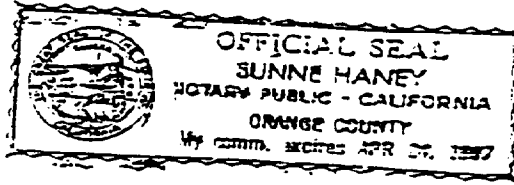
On December 15, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Harry R. Eberlin and James L. Patterson known to me to be the person whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

Signature



Sunne Haney



STATE OF CALIFORNIA)

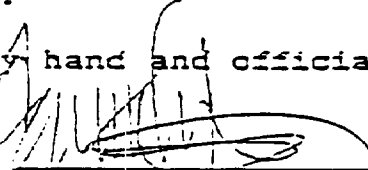
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COUNTY OF ORANGE)

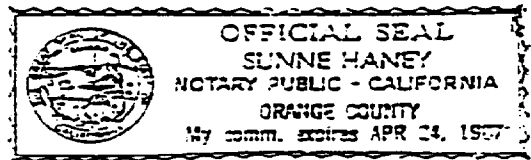
On December 15, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Harry R. Eberlin known to me to be the President, and James L. Patterson known to me to be the Secretary of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature



Sunne Haney



(29)

CONFIDENTIAL - (S)

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement (hereinafter to be referred to as the "First Amendment") dated and effective as of September 1, 1989 is made by and between the parties Harry R. Eberlin, an individual and resident of the State of California (hereinafter to be referred to as the "Landlord") and Mallory, Inc., a Nevada Corporation (hereinafter to be referred to as the "Tenant").

WHEREAS, Landlord and Tenant have entered into and executed a written Agreement of Lease for all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, Nevada; and

WHEREAS, due to circumstances unforeseen by the parties hereto it has become necessary to amend said Agreement of Lease; and

WHEREAS, the parties hereto do desire to amend said Agreement of Lease.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties do hereby covenant, promise and agree to amend said Agreement of Lease as follows:

1. Sections 6(a) and 6(b) of the Agreement of Lease are hereby stricken in their entirety and shall be of no further force and effect.

2. New Sections 6(a) and 6(b) are hereby substituted as replacement for the old Sections 6(a) and 6(b) and they shall read as follows:

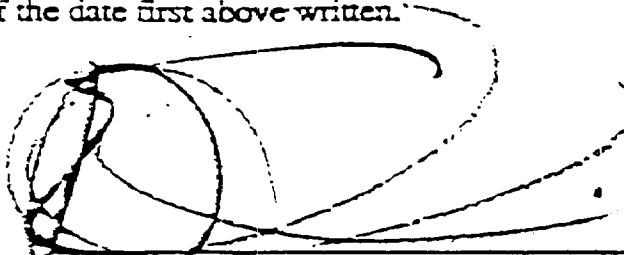
(a) For the period of the Lease Term beginning on September 1, 1989 and ending on October 31, 1989 Tenant agrees to pay Landlord as minimum rent the sum of thirty thousand dollars (\$30,000.00) monthly, in advance, on the first day of each month during this period of the Lease Term.

(b) The monthly rent for each subsequent year shall be calculated as follows: (i) The monthly rent for the second year (hereinafter to be referred to as the "Adjusted Base Rent") shall be the rent of the last month of the first year of the Lease Term, thirty thousand dollars (\$30,000.00), (hereinafter to be referred to as the "Base Rent") adjusted to reflect the increase, if any, in the cost of living. Adjustments, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the Reno/Carson City Metropolitan Area, Subgroup "all items" (1967=100) (hereinafter referred to as the "Index"). The Index published as of the month prior to the commencement Date of the Term shall be considered the "Base Index". Such adjustment shall reflect a percentage equal to the percentage increase, if any, in the Index over the Base Index as of the third (3rd) month prior to the end of the first (1st) year of the Lease Term (hereinafter referred to as the "Adjustment Date"). Notwithstanding any subsequent decrease in the Index, the adjusted Base Rent shall be not less than the Base Rent. (ii) Annually, upon the anniversary of the Adjustment Date, there shall be a further adjustment in the Adjusted Base Rent payable hereunder. The Adjusted Base Rent shall be further increased by a percentage equal to the percentage increase in the Index as of the third (3rd) month prior to the current anniversary of the Adjustment Date over the Index as used in calculating the Adjusted Base Rent for the preceding annual period. Notwithstanding any subsequent decrease in the Index, the Adjusted Base Rent for the current annual period shall not be less than the Adjusted Base Rent for the preceding annual period.

Mallory, Inc.
Carson City, NV

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the date first above written.

By:

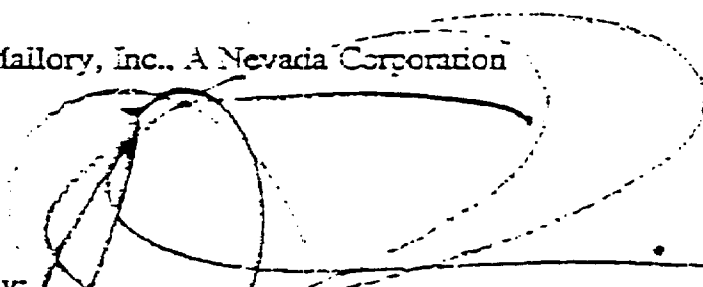


Harry R. Eberlin

Landlord


Mallory, Inc., A Nevada Corporation

By:



Harry R. Eberlin, President

Attest



James L. Patterson, Secretary

Tenant

SECOND AMENDMENT TO AGREEMENT OF LEASE

This Second Amendment to Agreement of Lease, dated and effective this 1st day of February, 1991, is made by and between Harry R. Eberlin, an individual and resident of the State of California ("Landlord") and Mallory, Inc., a Nevada Corporation ("Tenant").

WHEREAS, Landlord and Tenant have previously entered into and executed a written Agreement of Lease and certain Amendments thereto, if any, in which Landlord has leased to Tenant all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, Nevada 89701; and

WHEREAS, Landlord and Tenant now wish to modify the Agreement of Lease and any Amendments thereto.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements contained herein, the parties do hereby covenant, promise and agree to amend, alter, add or change said Agreement of Lease and any Amendments thereto as follows:

1. Tenant shall deposit with Landlord the sum of one hundred thousand three hundred thirty two dollars (\$100,332.00) which is equivalent to three (3) months' rent as a security deposit to be held by Landlord as security for the full, faithful and prompt performance by the Tenant of all terms, conditions, covenants and agreements contained in the Agreement of Lease and any Amendments thereto which Tenant is bound to perform, as well as security for the return, by the Tenant, unto the Landlord of the real and personal property herein described in a condition which is in accordance with the terms of the Agreement of Lease and any Amendments thereto, and to indemnify Landlord against any damage sustained by Landlord on account of any breach of, or default in, the Agreement of Lease or any Amendments thereto by the Tenant. In addition to the above, the security deposit is specifically to stand as security for, but is not limited to security for, Tenant's obligations to do any and all of the following:

- (a) to pay all charges for utility services;
- (b) to pay all charges for real and/or personal property taxes;
- (c) to pay all insurance charges;
- (d) to maintain and insure that the property be free from mechanic's liens arising from Tenant's activities including remodeling;
- (e) to permit the Landlord to enter and examine the Premises and make repairs to prevent waste;
- (f) to make any and all repairs Tenant fails to make;
- (g) to make any and all restorations, alterations, replacements and rebuilding required to be made by Tenant;
- (h) to minimize any collection or litigation costs; and
- (i) and any and all other express terms and conditions contained in the Agreement of Lease or any Amendments thereto.

Landlord shall be accountable to Tenant for such security deposit and shall return the principal of such deposit to Tenant, without interest, less any appropriate charges against such security deposit, upon the expiration of the Agreement of Lease and any Amendments thereto unless such expiration is extended by mutual agreement of Landlord and Tenant. Tenant shall have no present right or claim of full ownership in such security deposit until such expiration. Landlord need not keep such security deposit in a separate account on behalf of Tenant. Upon any default of

Mallory, Inc.
Carson City, NV

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the Agreement of Lease or any Amendments thereto by Tenant, Landlord may apply such security deposit to the account of Tenant to cure any such default. Should Landlord elect to terminate the Agreement of Lease and any Amendments thereto, Landlord may apply the security deposit to any balance then owing to Landlord by Tenant and any amount remaining shall be repaid to Tenant, less any appropriate charges against such security deposit, provided all other terms and conditions of the Agreement of Lease and any Amendments thereto have been satisfied. Should Tenant elect to cancel the Agreement of Lease and any Amendments thereto and should such cancellation be valid under the proper provisions of the Agreement of Lease and any Amendments thereto (i.e. under Sections 19(d) or 21 of the Agreement of Lease) Tenant shall be entitled to a refund of such security deposit, less any appropriate charges against such security deposit, provided all other terms and conditions of the Agreement of Lease and any Amendments thereto have been satisfied. The parties hereto expressly understand and agree that in no event is this security deposit to be defined or construed as prepaid rent and if any appropriate governing body or court of competent jurisdiction should determine to the contrary, Tenant may request a return of such deposit or Landlord may voluntarily refund such deposit. In no event will such security deposit be applied to any rent due at any time unless or until a default by Tenant under the terms and conditions of the Agreement of Lease and any Amendments thereto has occurred.


2. Sections 5(a) of the Agreement of Lease is hereby stricken in its entirety and shall be replaced by a new Section 5(a) which shall read as follows:

(a) This Lease shall be for the period of approximately twenty seven (27) years (hereinafter referred to as the "Lease Term") commencing on February 1, 1991 and ending on December 31, 2017 unless otherwise terminated or extended in accordance with the provisions of this Lease.

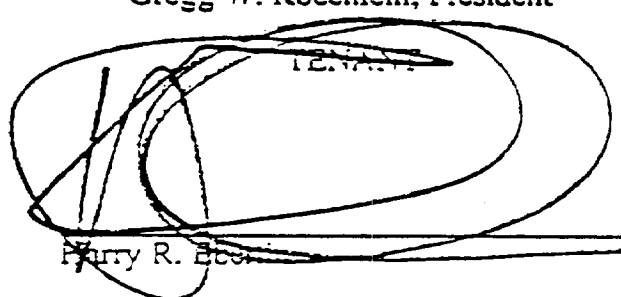
3. All other terms and conditions contained in the Agreement of Lease and any Amendments thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the day and date first set forth above.

MALLORY, INC., a Nevada Corporation

By: 

Gregg W. Koechlein, President



Harry R. Eber
LANDLORD

THIRD AMENDMENT TO LEASE AGREEMENT

This Third Amendment to Lease Agreement (hereinafter to be referred to as the "Third Amendment") dated and effective as of July 1, 1991 is made by and between the parties Harry R. Eberlin, an individual and resident of the State of California (hereinafter to be referred to as the "Landlord") and Mallory, Inc., a Nevada Corporation (hereinafter to be referred to as the "Tenant").

WHEREAS, Landlord and Tenant have entered into and executed a written Agreement of Lease and First and Second Amendments thereto for all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, Nevada; and

WHEREAS, due to circumstances unforeseen by the parties hereto it has become necessary to amend said Agreement of Lease and First and Second Amendments thereto; and

WHEREAS, the parties hereto do desire to amend said Agreement of Lease and First and Second Amendments thereto.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties do hereby covenant, promise and agree to amend said Agreement of Lease and First and Second Amendments thereto as follows:

1. Sections 6(a) and 6(b) of the Agreement of Lease and/or First and Second Amendments thereto are hereby stricken in their entirety and shall be of no further force and effect.

2. New Sections 6(a) and 6(b) is hereby substituted as replacement for the old Sections 6(a) and 6(b) and they shall read as follows:

(a) For the period of the Lease Term beginning on July 1, 1991 and ending on November 30, 1991 Tenant agrees to pay Landlord as minimum rent the sum of thirty-five thousand five hundred dollars (\$35,500.00) monthly, in advance, on the first (1st) day of each month during this period of the Lease Term.

(b) The monthly rent commencing on December first (1st) of each subsequent year of the Lease Term shall be calculated as follows: (i) The monthly rent for each subsequent year of the Lease Term (hereinafter to be referred to as the "Adjusted Base Rent") shall be the rent of the last month of the prior year of the Lease Term, thirty-five thousand five hundred dollars (\$35,500.00), (hereinafter to be referred to as the "Base Rent") adjusted to reflect the greater of either an annual increase of five percent (5%) or any adjustment to either the Base Rent or the Adjusted Base Rent as called for herein. Adjustments based on increases in the cost of living, if any, shall be calculated based upon the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) for the Carson City Metropolitan Area, Subgroup "all items" (1967=100) (hereinafter referred to as the "Index"). The Index published as of the month prior to the commencement Date of the Term shall be considered the "Base Index". Such adjustment shall reflect a percentage equal to the percentage increase, if any, in the Index over the Base Index as of the third (3rd) month prior to the end of the first (1st) year of the Lease Term (hereinafter referred to as the "Adjustment Date"). Notwithstanding any subsequent decrease in the Index, the adjusted Base Rent shall be not less than the Base Rent. (ii) Annually, upon the anniversary of the Adjustment Date, there shall be a further adjustment in the Adjusted Base Rent payable hereunder. The Adjusted Base Rent shall be further increased by the greater of either an annual increase of five percent (5%) or a percentage equal to the percentage increase in the Index as of the third (3rd) month prior to the current anniversary of the Adjustment Date over the Index as used in calculating the Adjusted Base Rent for the preceding annual period. Notwithstanding any subsequent decrease in the Index, the Adjusted Base Rent for the current annual period shall not be less than the Adjusted Base Rent for the preceding annual period.

Mallory, Inc.
Carson City, NV

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the date first above written.


By:


Harry R. Fournier

Landlord

Mallory, Inc., a Nevada Corporation

By:


Gregg W. Koechlein, President

Tenant

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FOURTH AMENDMENT TO AGREEMENT OF LEASE

This Fourth Amendment to Agreement of Lease, dated and effective this 1st day of July, 1991, is made by and between Harry R. Eberlin, an individual and resident of the State of California ("Landlord") and Mallory, Inc., a Nevada Corporation ("Tenant").

WHEREAS, Landlord and Tenant have previously entered into and executed a written Agreement of Lease and certain Amendments thereto, if any, in which Landlord has leased to Tenant all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, Nevada 89701;

WHEREAS, Tenant has requested that Landlord extend the Lease Term for an additional period of five (5) years;

WHEREAS, Landlord has, as consideration for the foregoing, requested that Tenant provide Landlord with additional security for the performance of the Agreement of Lease and any Amendments thereto; and

WHEREAS, Landlord and Tenant now wish to modify the Agreement of Lease and any Amendments thereto.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements contained herein, the parties do hereby covenant, promise and agree to amend, alter, add or change said Agreement of Lease and any Amendments thereto as follows:

1. Tenant shall deposit with Landlord the additional sum of one hundred six thousand five hundred dollars (\$106,500.00) which is equivalent to three (3) months' rent as an additional security deposit to be held by Landlord as security for the full, faithful and prompt performance by the Tenant of all terms, conditions, covenants and agreements contained in the Agreement of Lease and any Amendments thereto which Tenant is bound to perform, as well as security for the return, by the Tenant, unto the Landlord of the real and personal property herein described in a condition which is in accordance with the terms of the Agreement of Lease and any Amendments thereto, and to indemnify Landlord against any damage sustained by Landlord on account of any breach of, or default in, the Agreement of Lease or any Amendments thereto by the Tenant. In addition to the above, the original security deposit, and this additional security deposit, is specifically to stand as security for, but is not limited to security for, Tenant's obligations to do any and all of the following:

- (a) to pay all charges for utility services;
- (b) to pay all charges for real and/or personal property taxes;
- (c) to pay all insurance charges;
- (d) to maintain and insure that the property be free from mechanic's liens arising from Tenant's activities including remodeling;
- (e) to permit the Landlord to enter and examine the Premises and make repairs to prevent waste;
- (f) to make any and all repairs Tenant fails to make;
- (g) to make any and all restorations, alterations, replacements and rebuilding required to be made by Tenant;
- (h) to minimize any collection or litigation costs; and

Mallory, Inc.
Carson City, NV

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(i) and any and all other express terms and conditions contained in the Agreement of Lease or any Amendments thereto.

Landlord shall be accountable to Tenant for such security deposit and shall return the principal of such deposit to Tenant, without interest, less any appropriate charges against such security deposit, upon the expiration of the Agreement of Lease and any Amendments thereto unless such expiration is extended by mutual agreement of Landlord and Tenant. Tenant shall have no present right or claim of full ownership in such security deposit until such expiration. Landlord need not keep such security deposit in a separate account on behalf of Tenant. Upon any default of the Agreement of Lease or any Amendments thereto by Tenant, Landlord may apply such security deposit to the account of Tenant to cure any such default. Should Landlord elect to terminate the Agreement of Lease and any Amendments thereto, Landlord may apply the security deposit to any balance then owing to Landlord by Tenant and any amount remaining shall be repaid to Tenant, less any appropriate charges against such security deposit, provided all other terms and conditions of the Agreement of Lease and any Amendments thereto have been satisfied. Should Tenant elect to cancel the Agreement of Lease and any Amendments thereto and should such cancellation be valid under the proper provisions of the Agreement of Lease and any Amendments thereto (i.e. under Sections 19(d) or 21 of the Agreement of Lease) Tenant shall be entitled to a refund of such security deposit, less any appropriate charges against such security deposit, provided all other terms and conditions of the Agreement of Lease and any Amendments thereto have been satisfied. The parties hereto expressly understand and agree that in no event is this security deposit to be defined or construed as prepaid rent and if any appropriate governing body or court of competent jurisdiction should determine to the contrary, Tenant may request a return of such deposit or Landlord may voluntarily refund such deposit. In no event will such security deposit be applied to any rent due at any time unless or until a default by Tenant under the terms and conditions of the Agreement of Lease and any Amendments thereto has occurred.

2. Sections 5(a) of the Agreement of Lease is hereby stricken in its entirety and shall be replaced by a new Section 5(a) which shall read as follows:

(a) This Lease shall be for the period of approximately fourteen (14) years (hereinafter referred to as the "Lease Term") commencing on July 1, 1991 and ending on November 30, 2005 unless otherwise terminated or extended in accordance with the provisions of this Lease.

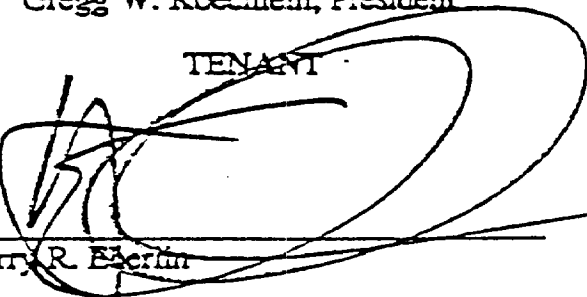
3. All other terms and conditions contained in the Agreement of Lease and any Amendments thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the day and date first set forth above.

MALLORY, INC., a Nevada Corporation

By: 

Gregg W. Koechlein, President



Harry R. Eberlin
LANDLORD

FIFTH AMENDMENT TO LEASE AGREEMENT

This Fifth Amendment to Lease Agreement (hereinafter to be referred to as the "Fifth Amendment") dated and effective as of May 1, 1993 is made by and between the parties Harry R. Eberlin, an individual and resident of the State of California (hereinafter to be referred to as the "Landlord") and Mallory, Inc., a Nevada Corporation (hereinafter to be referred to as the "Tenant").

WHEREAS, Landlord and Tenant have entered into and executed a written Agreement of Lease and four (4) amendments thereto (the Agreement of Lease and four (4) amendments thereto are hereinafter referred to as the "Agreement of Lease"), for all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, NV, 89701; and

WHEREAS, due to circumstances unforeseen by the parties hereto it has become necessary to amend said Agreement of Lease; and

WHEREAS, the parties hereto do desire to amend said Agreement of Lease.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties do hereby covenant, promise and agree to amend said Agreement of Lease thereto as follows:

1. Section 7(f) is hereby stricken in its entirety and shall be of no further force and effect. All other subsections of Section 7 shall remain in full force and effect.
2. Section 3 is hereby stricken in its entirety and shall be of no further force and effect.
3. New Section 3 is hereby substituted as replacement for the old Section 3 which shall read as follows.

(a) On the last day of the Lease Term hereof, or upon any earlier termination of this Lease pursuant to the terms hereof, or upon any reentry by Landlord upon the Premises pursuant to the provisions hereof, Tenant shall surrender to Landlord the Premises swept and broom clean, in good order, condition and repair, reasonable wear and tear excepted, free and clear of all liens and encumbrances, other than those, if any, permitted hereby or otherwise created or consented to by Landlord, and, if requested to do so, shall execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Premises.

(b) Tenant, pursuant to this Section 3, shall quit, surrender and deliver up the Premises, including the Building, together with all alterations, additions and improvements which may have been made in, on or to the Premises, except movable furniture, equipment or trade fixtures belonging to Tenant. Tenant shall repair any damages caused by the removal of said movable furniture, equipment or trade fixtures. Tenant, on or before the end of the Lease Term, shall remove from the Premises all of its property, together with any alterations, additions and improvements, the removal of which is requested by Landlord, or is required as provided for herein. Any, or all, of such property not so removed at Landlord's option, shall become the exclusive property of Landlord or be disposed of by Landlord, at Tenant's sole cost and expense, without further notice to, or demand upon, Tenant. If the Premises should not be surrendered as and when aforesaid, Tenant shall indemnify Landlord against loss or liability resulting from the delay, by Tenant, in so surrendering the Premises, including, without limitation, any claims made by any succeeding occupant founded on such delay. Tenant's obligations under this Section 3 shall survive the expiration or sooner termination of the Lease Term.

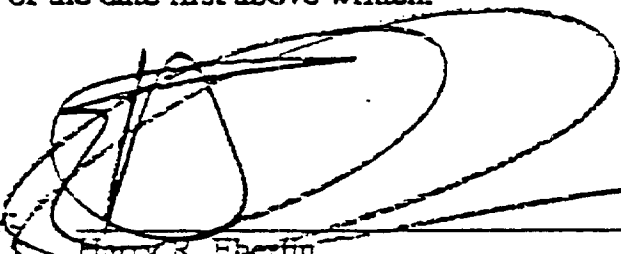
Mallory, Inc.
Carson City, NV

4. New Section 18(e) is hereby added to the existing Section 18 which shall read as follows.

(e) Landlord and Tenant expressly understand and agree that upon the termination of this Lease, any and all alterations and/or improvements to the Premises and/or the Building that are not removed pursuant to Landlord's request under the provisions of Section 8 (b), supra, shall become the sole and exclusive property of the Landlord.


5. Except as amended by this Fifth Amendment, all terms and conditions of the Agreement of Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the date first above written.

By: 
Harry R. Eberlin

Landlord

Mallory, Inc., a Nevada Corporation

By: 
Gregg W. Koechlein, President

Attest: 
Clayton K. Rice II, Assistant Secretary

SIXTH AMENDMENT TO LEASE AGREEMENT

This Sixth Amendment to Lease Agreement (hereinafter to be referred to as the "Sixth Amendment") dated and effective as of April 1, 1995 is made by and between the parties Harry R. Eberlin, an individual and resident of California, (hereinafter to be referred to as the "Landlord") and Mallory, Inc., a Nevada Corporation (hereinafter to be referred to as the "Tenant").

WHEREAS, Landlord and Tenant have previously entered into and executed a written Agreement of Lease and First, Second, Third, Fourth and Fifth Amendments thereto for all the real property and improvements thereon commonly known as 550 Mallory Way, Carson City, NV 89701;

WHEREAS, Landlord has split the former eight (8.0) acre parcel into two (2) parcels of which Tenant only leases Parcel No. 1 and thus the size and legal description of 550 Mallory Way has changed;

WHEREAS, due to circumstances unforeseen by the parties hereto it has become necessary to amend said Agreement of Lease and the First, Second, Third, Fourth and Fifth Amendments thereto; and

WHEREAS, the parties hereto do desire to amend said Agreement of Lease and First, Second, Third, Fourth and Fifth Amendments thereto.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties do hereby covenant, promise and agree to amend said Agreement of Lease and First, Second, Third, Fourth and Fifth Amendments thereto as follows.

1. Exhibit A to the Agreement of Lease and/or First, Second, Third, Fourth and Fifth Amendments thereto is hereby stricken in its entirety and shall be of no further force and effect.
2. New Exhibit "A" is hereby substituted as replacement for the old Exhibit A and shall read as follows:

Exhibit A

All that certain real property situated in the City of Carson City, County of Carson City, State of Nevada described as follows:

Parcel 1 of the Parcel Map recorded at Book 7, Page 2104, Document No. 175255 recorded in the Official Records of Carson City, Nevada on May 4, 1995.

Mallory Inc.
Carson City, NV

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IN WITNESS WHEREOF, the parties hereto have hereunto set their hands to be effective as of the date first above written.


By:


Harry R. Eberlin

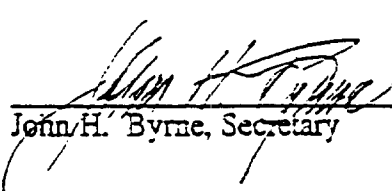
"Landlord"

Mallory, Inc., a Nevada Corporation

By:


Gregg W. Kocalein, President

Attest:


John H. Byrne, Secretary

"Tenant"

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Schedule 3

1. Gabriel Consulting Agreement.
2. Keystone Marketing Company, Inc. Agreement.
3. NASCAR Craftsman Series Sponsorship.
4. NHRA Contingency Program Agreement.

In connection with its assumption of the above-referenced Agreements, Buyer agrees to reimburse Seller for any and all costs and expenses incurred by Seller and all payments made by Seller, on account thereof, up to and including the closing date.

November 24, 1997

GABRIEL CONSULTING
MALLORY IGNITION PROJECT

Background

Early November, I was contacted by Ray Bacon, Executive Director of Nevada Manufacturers Association. He had given my name to Craig Mullet, General Manager of Mallory Ignition, as a possible resource to assist in various Company needs during the Chapter 11 reorganization. I then met with Craig Mullet and Steve Bell who expressed an interest in having me assist in the Sales and Marketing area. Following a meeting with John Grigsby, my understanding of what was needed was a means of maximizing the short term sales volume of Mallory in order to improve the marketability and sales price of the Company.

During the week of November 17, I spent considerable time interviewing Mallory personnel in the Sales, Marketing, Research and Development, Customer Service and Technical Support departments. This helped gain a better understanding of how the Company operates, who the Mallory customer is, and how sales were generated. Additionally, I evaluated what could be leveraged to provide incremental sales volume and the type of ancillary customer support needed to achieve these goals.

In addition, key players in the Automotive industry were contacted in order to assess the reception to requests for increased support.

PROPOSAL

This proposal is to employ the services of Gabriel Consulting for a three month period, starting in early December, 1997, to assist in the maximization of sales volume and the development of a more effective and efficient sales and marketing team. The time would be on a limited basis of approximately twelve working days per month.

Continuation of our arrangement beyond this period would be at your discretion. A review of this should be made in the month of February.

OBJECTIVES

What I perceive you would like accomplished on this assignment includes (but is not limited to) the following:

- Assist the existing sales/marketing personnel in every way to maximize sales volume within the current customer base.
 - Identify sales volume by target account.
 - Assist in the preparation of sales presentations.
 - Accompany sales calls and assist in the selling process.
- To assist in defining the most effective use of sales/marketing personnel time throughout the reorganization.
 - Establish clearly defined goals and focus sales attention and priorities.
- Recommend a more efficient structure for the Sales/Marketing and Customer Service/Order Processing departments.

APPROACH TO ASSIGNMENT

Following is how I would like to approach this assignment:

- Consultative work would begin in early December. I would consult with Mallory an average of no more than twelve days per month, but would be available by telephone at any time.
- Initial planning time would be spent at Mallory, with the sales people, targeting customers and defining sales goals.
- Appointments would then be made with the top 8-10 customers and sales presentations would commence with my attendance and active participation.
- Work closely with the Order Processing and Production departments to ensure these orders were produced and available for shipment.
- Follow-up with recommendations relating to internal organization.
- We would agree on periodic progress reports on specific assignment goals throughout the project.

TIMING AND FEES

My suggested fee for this assignment is \$15,000 per month for a minimum one month period. This would commence on a mutually agreed upon date in the next few days. Additional extensions would be determined at your discretion for the same rate.

Out-of-pocket expenses for travel and lodging are invoiced at cost, and all expenses, such as, word processing, telephone, fax, presentation development, etc., are best covered by a flat 10% administrative overhead fee. I would clear any travel and significant expenses with you prior to the event. Normal practice is a portion of the probable fee in advance, the balance on a monthly basis. I suggest a payment of one-half of the first month's fee of \$7,500 upon a signed agreement.

Recruiting searches are provided seperately at a rate of 33% of the initial year total hire package.

Please, after approval, forward a signed copy on to me at:

1001 N. Mountain St., Suite 3M
Carson City, NV 89703
telephone (702)883-7470
fax (702)883-0567

Sincerely,

Karen B. Gabriel

Gabriel Consulting

Karen Gabriel
Karen B. Gabriel

Nov. 25 1997
Date

For Super Shops/Mallory

John T. Higgins
Name

November 25, 1997
Date

Schedule 3

101 South Stratford Road, Winston-Salem, NC 27104
 310.831-4375

**keystone marketing
 company, inc.**

Fax

To: John Grigsby	From: Roger Bear
Fax: 702-351-5191	Pages: Two
Phone: 702-351-5100	Date: 12/11/97
Re: Mallory NASCAR program	CC:

Urgent
 For Review
 Please Comment
 Please Reply
 Please Recycle

Keystone Marketing Company will provide the following services to Mallory Ignition to facilitate their entry into NASCAR as a supplier of ignition systems to NASCAR Winston Cup and Busch Series engine builders.

1. Create a relationship with Power Tech Engines, suppliers of engines to Junie Donlavey's race team, so Power Tech tests the ignition systems on the dyno, uses the systems on track in tests, and, if satisfied, specifies product use by the teams they provide engines in Winston Cup races.
2. Create a relationship with Keith Powers Engines, suppliers of engines to Akins/Sutton Busch Series team, to test on dyno and on track, and, if satisfied, to specify product use in Busch Series races.
3. Contact other Winston Cup engine builders, make introduction to Mallory technical personnel, to create and develop product use based on performance testing by Power Tech and Powers.
4. Dedicate one Keystone staff member to manage the product use development program with Winston Cup and Busch Series engine builders.
5. Develop an endorsement program with Junie Donlavey, Dick Trickle and, possibly, Larry Wallace (Power Tech) for Mallory Ignition to use to promote its product in the trade media.
6. Additionally, develop product testing of Erson Cams for potential use in engines built by Power Tech and Powers.
7. For these services, Keystone will charge a monthly retainer of ^{\$ 6,500}~~\$8,500~~ plus travel expenses as required. The retainer is inclusive of all communications costs incurred by Keystone. The term of the agreement is December 1, 1997 through December 31, 1998.

December 11, 1997

John, our initial conversations with Larry Wallace and Keith Powers are very positive. As I told Craig today, Larry was especially excited about working with you on cam development, so this is a prime opportunity. I have spoken with Jeff Kirk and Junie about the product endorsement program and they are prepared to participate pending positive testing results and recommendation from Larry. I anticipate a fee in the neighborhood of \$70,000 annually for the team endorsement.

We also want to discuss providing product management services for Mallory and Erson at the appropriate time. I think we can provide you services in this area that will provide a significant benefit.

If this meets your approval, please indicate below and we'll continue working for you on this project.

KEYSTONE MARKETING COMPANY

MALLORY IGNITION

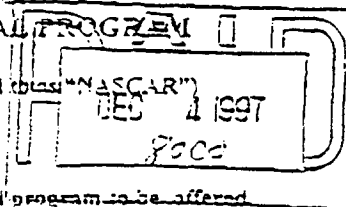
By: *[Signature]*
(President)

By: *[Signature]*
Title: President i 220

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APPLICATION FOR APPROVAL FOR 1998 NASCAR
CRAFTSMAN TRUCK SERIES PRIZE MONEY AND DECAL PROGRAM

To: National Association for Stock Car Auto Racing, Inc. (Hereinafter referred to as "NASCAR")
1301 W. International Speedway Blvd.
Daytona Beach, FL 32114-1243



The undersigned hereby makes application for approval of a prize money and decal program to be offered in connection with NASCAR Craftsman Truck Series events for 1998.

If this application is approved by NASCAR, the undersigned applicant agrees to abide by the terms and conditions contained herein, as they may be uniformly amended from time to time.

APPLICANT'S BUSINESS NAME Mallory Ignition

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE Tom Vandever: Race Coordinator, Adv. Rep.

MAILING ADDRESS 550 Mallory Way, Carson City, NV 89701
(street or P.O. box) (city) (state) (zip)

TELEPHONE () 702-882-6600 FAX NUMBER () 702-887-4326

PRODUCT OR SERVICE FOR WHICH AWARDS ARE POSTED (Example: Tires, Spark Plugs, etc.)

Mallory Distributor

(Must include trade name shown on decal)

Please send all information listed below with application no later than November 30th, 1997. No program will be considered for approval until all requirements are met and all documents and materials have been submitted to NASCAR for review. Applications received after November 30th, 1997 will not be considered until all applications received before that date have been approved or disapproved. If a late application is approved, applicant agrees to pay the costs of writing, printing and mailing any NASCAR bulletins or publications which NASCAR elects to mail to announce the program.

DECAL PROGRAM - Applicant must enclose four (4) sample decals or artwork thereof. All decals or adhesive backed emblems used in the program must be supplied by applicant and are subject to NASCAR approval.

- a) Accepted applicants will display a maximum twenty-six (26) square inch decal at events where awards are posted.
- b) The decal or emblem must show positive product identification (i.e., oil filter, air filter, gasket, ignitions system, etc.), printed in 3/8 inch minimum height letters on bottom of decal, or as otherwise approved by NASCAR.
- c) Distribution and display of decals on the trucks will be determined by NASCAR, in its sole discretion.
- d) NASCAR reserves the right to approve or reject programs or products, in its sole discretion.

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NASCAR'S PUBLIC IMAGE POLICY - NASCAR reserves the right, in the public image of the sport, to approve or disapprove any advertising, sponsorship or similar agreement in connection with any event. The parties hereto agree to accept NASCAR's sole decision in this regard.

AUTHORIZED REPRESENTATIVE:  (signature)

TITLE: Tom Vandever, Circle Track Race Coordinator

(RETURN BOTH COMPLETED COPIES OF APPLICATION TO NASCAR)

Approved: NATIONAL ASSOCIATION FOR STOCK CAR AUTO RACING, INC.

DATE SUBMITTED: _____

BY: Douglas S. [Signature]

DATE RECEIVED: _____

DATE APPROVED: 12-8-97

1998 ADMINISTRATION FEE - Each application must be submitted with an application fee of \$8,000. The application fee will be returned in the event an application is rejected. When an applicant's prize money or decal program is approved in writing by NASCAR, it cannot be withdrawn by the applicant and the applicant will be obligated to fulfill the program of fees and awards as described in the application submitted to NASCAR. Applicant agrees to pay the cost, including reasonable attorney fees, in any action brought by NASCAR, its sponsors, promoters or participants to enforce the provisions of this agreement.

MINIMUM POSTING AND PERFORMANCE BOND - All NASCAR Craftsman Truck Series prize money and decal programs must post for a minimum of 17 events at a total of \$27,000 per decal which is a minimum of \$1,600 per event for the twenty-six (26) square inch decal and a minimum \$5,000 year end point fund.

NOTE: A program based on a point fund only must adhere to the above minimums. NASCAR reserves the right to require an applicant to post a **PERFORMANCE BOND** with NASCAR for prize monies in connection with applicant's program.

AWARDS SCHEDULE FOR 1998 - Applicant must list on a separate sheet (company letterhead), to be attached hereto and incorporated herein by this reference, the nature of the awards (prize money), awards breakdown (first, second, third, etc.) and to whom awards are to be made (driver, owner, crew chief, etc.). No program will be approved with awards or requirements extending beyond the term of the annual program.

MINIMUM PAYOUT - The minimum payout for 1998 will be 100% cash for each race, and 100% cash for post season point funds. Any applicant whose program does not meet the 100% minimum payout during the season, for any reason, will submit the balance of the program money to NASCAR, for inclusion in the NASCAR Craftsman Truck Series point fund, within 30 days of the date of the last race.

AUTHORIZATION TO USE LIKENESSES - Applicants participating in the 1998 NASCAR Craftsman Truck Series Prize Money and Decal Program, hereby authorize NASCAR, NASCAR approved 1998 sponsor, and all agents or employees thereof acting within the scope of their agency or employment, to utilize photographs, videotape film, or any other medium which produces a likeness, or contains likenesses of the names, symbols, trademarks, copyrights or decals of the persons or entities appearing on NASCAR race trucks or the uniforms or likenesses of drivers, pit crews, or other competitors, in connection with NASCAR commercial and promotional enterprises and with advertising relating to the sponsors' involvement in NASCAR competition.

It is agreed that NASCAR shall have the right to license the above listed company's trademark decal referenced in this agreement to third party entities for purposes of replicating the manner in which the decal is displayed on the stock car or stock truck in competition. Licensing of the trademark decal shall include, but is not limited to, the following commercial enterprises: Diecast cars and/or trucks, toys, novelties, trading cards, go-karts, apparel, collectibles, and headwear.

RELEASE AGREEMENT - Applicant, for itself, its agents, employees, officers, directors, joint venturers, partners, stockholders, assigns, successors-in-interest, hereby releases and agrees to hold harmless and indemnify NASCAR 1998 NASCAR approved sponsors, NASCAR event promoters and participants and their agent, employees, officers, directors, joint venturers, partners, stockholders, assigns and successors-in-interest from and for all liability, damages, costs and expenses, causes of actions or lawsuits arising from or relating to any and all actions taken or in accordance with the prior paragraph.

EQUAL OPPORTUNITY - NASCAR will only consider for approval prize money or decal programs which are open to all members of a series of drivers, truck owners or mechanics, as the case may be, on the same terms. Applicant agrees to provide NASCAR with a copy of all separate agreements between applicant and any race participant relating to any prize money or decal program approved by NASCAR.



1998 NASCAR VICTORY LANE HAT REQUEST:

In an effort to gain greater exposure for your company, NASCAR will use its best efforts to have your company hat worn in Victory Lane by each first time winner of a race during the 1998 NASCAR racing season.

The hat requirements for the NASCAR Craftsman Truck Series is listed below along with the mailing address. If you have any questions, please call Rick Goolsby at: (904) 253-0611, ext. 5421.

Please send your company hats by January 1, 1998.

NASCAR CRAFTSMAN TRUCK SERIES:

(4 DOZEN HATS)

Please send your hats to:

Rick Goolsby
Marketing Services Coordinator
NASCAR
1301 W. International Speedway Blvd.
Daytona Beach, FL 32114

POST OFFICE BOX 2875 • DAYTONA BEACH, FLORIDA 32120-2875 • 904/253-0611
<http://www.nascar.com>

TOTAL P. 05

TRADEMARK
REEL: 002276 FRAME: 0817

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NHRA CHAMPIONSHIP DRAG RACING

2025 FINANCIAL WAY, GLENDORA, CALIFORNIA 91731-4602
TELEPHONE (818) 914-4761

November 24, 1997

Mr. Steve Tanzi
MALLORY, INC.
550 Mallory Way
Carson City, NV 89701

Dear Steve:

NHRA has received your 1998 Contingency Programs Applications and your wire transfer for \$4,500 to cover the Industry Membership Fee. Please be aware that receipt of these items is on a conditional basis and your application for contingency sponsorship is under consideration. The following conditions must be met in order to join the contingency program.

1. NHRA must receive written evidence from the bankruptcy trustee authorizing Mallory to enter into a contractual agreement with NHRA regarding the 1998 contingency program.
2. NHRA must receive a bank letter of credit or other type of security in the amount of \$38,750 to assure the racers will be paid.

Please notify NHRA as soon as possible detailing how Mallory will comply with these conditions.

Sincerely,

Rita Fuchs
Contingency Programs Administrator

cc: Ned Walliser, NHRA Director of Industry Relations
Susan Arnold, NHRA Director of Marketing

Schedule 3

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCUS-FIA

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TRADEMARK 159
REEL: 002276 FRAME: 0818

NHRA CHAMPIONSHIP DRAG RACING
2035 FINANCIAL WAY, GLENDCORA, CALIFORNIA 91741-4602 • (818) 914-4761
1998 CONTINGENCY AWARD SPONSORSHIP APPLICATION

In an effort to simplify the paperwork necessary for us to advertise your contingency program, we have devised this questionnaire to enable us to prepare a contract for your review and signature. Please complete one application per product posting.

It is understood that all options selected will remain consistent for the duration of the Sponsor's participation. Postings must meet NHRA's minimums or the patterns established for the product category.

Mailed applications only will be considered and must be received no later than November 21, 1997.

Company Name: Mallory / Esso
Street Address: 550 MALLORY WAY
City, State, Zip: Avondale AZ Phone: 602-882-6600
Contact: Steve Van Ad Agency: Production Image

SPONSORSHIP LEVEL: Major Associate Supplemental
NHRA Federal-Mogul Drag Racing Series of Divisional Events

If Supplemental or Associate, check all events where you wish to post awards:

- Pomona 1 Phoenix Gainesville Houston 1 Atlanta Richmond
- Dallas 1 Englishtown Joliet Columbus Madison Denver
- Sonoma Seattle Brainerd Indianapolis Reading Topeka
- Memphis Dallas 2 Houston 2 Pomona 2

* Refer to schedule on page 4 of Contingency Programs booklet.

Single Product For This Sponsorship: Fuel Pumps

CONTINGENCY REQUIREMENTS: (check appropriate items)
Product , Decal , Proof of Purchase , advertising release ,
other (please specify): _____

Note: Product and decal usage only may be required if full details of program restrictions are not provided with this application.

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCUS-RIA

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NATIONAL TV POSTINGS:

TOP FUEL	FUNNY CAR	PRO STOCK	FEDERAL-MOGUL D	FEDERAL-MOGUL FC
WIN : RU	WIN : RU	WIN : RU	WIN : RU	WIN : RU
212	212	212	212	212

COMPETITION	SUPER GAS	SUPER COMP	SUPER STOCK	STOCK
WIN : RU	WIN : RU	WIN : RU	WIN : RU	WIN : RU
50	50	50	50	50

Pro Stock Truck (run at Houston 1, Atlanta, Englishtown, Joliet, Madison, Sonoma, Seattle, Indianapolis, Topeka, Memphis, Dallas 1, Pomona 2)

WIN : RU
212

Super Street (run at Phoenix, Atlanta, Richmond Columbus, Seattle, Topeka, Houston 2)

WIN : RU
50

Competition Qualifier: 32-car field @ 550 x 21 events
64-car field @ 550 x 1 event

Class win: Super Stock @ 50 x 10 events
(run at Phoenix, Gainesville, Atlanta, Richmond, Dallas 1, Madison, Indianapolis, Reading, Topeka, Houston 2)

Stock @ 550 x 10 events
(run at Pomona 1, Gainesville, Houston 1, Englishtown, Joliet, Denver, Bramert, Indianapolis, Memphis, Dallas 1,)

NHRA FEDERAL-MOGUL DRAG RACING SERIES OF DIVISIONAL EVENTS POSTINGS:

FEDERAL-MOGUL D	FEDERAL-MOGUL FC	COMPETITION	SUPER COMP
WIN : RU	WIN : RU	WIN : RU	WIN : RU
212	212	50	50

SUPER GAS	SUPER STREET	SUPER STOCK	STOCK
WIN : RU	WIN : RU	WIN : RU	WIN : RU
50	50	50	50

NHRA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the Program may be terminated at any time by NHRA at its sole and absolute discretion.

It is understood our company's program for the product designated will be prepared with the information provided on this application. NHRA reserves the right to require financial collateral or guarantees of payment prior to participation.

Signature: [Signature]

Title: RACING SERVICES DIRECTOR Date: 11/17/97

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NHRA CHAMPIONSHIP DRAG RACING
2005 FINANCIAL WAY, GLENDCRA, CALIFORNIA 91741-4602 • (818) 914-4761
1998 CONTINGENCY AWARD SPONSORSHIP APPLICATION

In an effort to simplify the paperwork necessary for us to advertise your contingency program, we have devised this questionnaire to enable us to prepare a contract for your review and signature. Please complete one application per product posting.

It is understood that all options selected will remain consistent for the duration of the Sponsor's participation. Postings must meet NHRA's minimums or the patterns established for the product category.

Mailed applications only will be considered and must be received no later than November 31, 1997.

Company Name: WALLOON / EWSO
Street Address: 550 WALLOON WAY
City, State, Zip: Glendale, WI Phone: 708 992 8800
Contact: Steve Walloon Ad Agency: Evolution Images

SPONSORSHIP LEVEL: Major Associate Supplemental
NHRA Federal-Mogul Drag Racing Series of Divisional Events

If Supplemental or Associate, check all events where you wish to post awards:

- Pomona 1 Phoenix Gainesville Houston 1 Atlanta Richmond
- Dallas 1 Englishtown Joliet Columbus Madison Denver
- Sonoma Seattle Brainerd Indianapolis Reading Topeka
- Memphis Dallas 2 Houston 2 Pomona 2

• Refer to schedule on page 4 of Contingency Programs booklet.

Single Product For This Sponsorship: Distributor

CONTINGENCY REQUIREMENTS: (check appropriate items)

Product Decal Proof of Purchase advertising release

other (please specify): _____

Note: Product and decal usage only may be required if full details of program restrictions are not provided with this application.

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCU-FIA

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NATIONAL EVENT POSTINGS.

TOP FUEL		FEDERAL		PRO STOCK		FEDERAL-MOGUL D		FEDERAL-MOGUL FC	
WIN	RU	WIN	RU	WIN	RU	WIN	RU	WIN	RU
2	2	2	2	2	2	2	2	2	2

COMPETITION		SUPER BAS		SUPER JUMP		SUPER STOCK		STOCK	
WIN	RU	WIN	RU	WIN	RU	WIN	RU	WIN	RU
2	2	2	2	2	2	2	2	2	2

Pro Stock Truck (run at Houston 1, Atlanta, Englishtown, Joliet, Madison, Sonoma, Seattle, Indianapolis, Topeka, Memphis, Dallas 2, Pomona 2)

WIN	RU
2	2

Super Street (run at Phoenix, Atlanta, Richmond, Columbus, Seattle, Topeka, Houston 2)

WIN	RU
2	2

Competition Qualifier: 32-car field @ \$ 2 x 21 events
64-car field @ \$ 2 x 1 event

Class win: Super Stock @ \$ 2 x 10 events
(run at Phoenix, Gainesville, Atlanta, Richmond, Dallas 1, Madison, Indianapolis, Reading, Topeka, Houston 2)

Stock @ \$ 2 x 10 events
(run at Pomona 1, Gainesville, Houston 1, Englishtown, Joliet, Denver, Brainerd, Indianapolis, Memphis, Dallas 2)

NERA FEDERAL-MOGUL DRAG RACING SERIES OF REGIONAL EVENTS POSTINGS:

FEDERAL-MOGUL D		FEDERAL-MOGUL FC		COMPETITION		SUPER COMP	
WIN	RU	WIN	RU	WIN	RU	WIN	RU
1	1	1	1	1	1	1	1

SUPER BAS		SUPER STREET		SUPER STOCK		STOCK	
WIN	RU	WIN	RU	WIN	RU	WIN	RU
1	1	1	1	1	1	1	1

NERA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the Program may be terminated at any time by NERA at its sole and absolute discretion.

It is understood our company's program for the product designated will be prepared with the information provided on this application. NERA reserves the right to require financial collateral or guarantees of payment prior to participation.

Signature: [Signature]

Title: RACING SERVICES DIRECTOR Date: 11/17/07

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NHRA CHAMPIONSHIP DRAG RACING
2035 FINANCIAL WAY, GLENCOBA, CALIFORNIA 91741-4602 • (818) 314-1751
1998 CONTINGENCY AWARD SPONSORSHIP APPLICATION

In an effort to simplify the paperwork necessary for us to advertise your contingency program, we have devised this questionnaire to enable us to prepare a contract for your review and signature. Please complete one application per product posting.

It is understood that all options selected will remain consistent for the duration of the Sponsor's participation. Postings must meet NHRA's minimums or the patterns established for the product category.

Mailed applications only will be considered and must be received no later than November 21, 1997.

Company Name: Waller / Esco
Street Address: 550 Waller Way
City, State, Zip: Los Angeles, CA Phone: 213 532 1800
Contact: Bob Lewis Ad Agency: Production Images

SPONSORSHIP LEVEL: Major , Associate , Supplemental
NHRA Federal-Mogul Drag Racing Series of Divisional Events

If Supplemental or Associate, check all events where you wish to post awards:

- Pomona 1 Phoenix Gainesville Houston 1 Atlanta Richmond
- Dallas 1 Englishtown Joliet Columbus Madison Denver
- Sonoma Seattle Brainerd Indianapolis Reading Topeka
- Memphis Dallas 2 Houston 2 Pomona 2

* Refer to schedule on page 4 of Contingency Programs booklet.

Single Product For This Sponsorship: Space Plug Wires

CONTINGENCY REQUIREMENTS: (check appropriate items)
Product , Decal , Proof of Purchase , advertising release ,
other (please specify): _____

Note: Product and decal usage only may be required if full details of program restrictions are not provided with this application.

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCU-FIA

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NATIONAL EVENT POSTINGS:

TOP FUEL		FLIGHT CAR		PRO STOCK		FEDERAL-MOGUL 0		FEDERAL-MOGUL FC	
WIN	RU	WIN	RU	WIN	RU	WIN	RU	WIN	RU
50	100	50	100	50	100	50	100	50	100

COMPETITION		SUPER GAS		SUPER COMP		SUPER STOCK		STOCK	
WIN	RU	WIN	RU	WIN	RU	WIN	RU	WIN	RU
50	100	50	100	50	100	50	100	50	100

Pro Stock Truck (run at Houston 1, Atlanta, Englishtown, Joliet, Madison, Sonoma, Seattle, Indianapolis, Topeka, Memphis, Dallas 2, Pomona 2)

WIN	RU
50	100

Super Street (run at Phoenix, Atlanta, Richmond, Columbus, Seattle, Topeka, Houston 2)

WIN	RU
50	100

Competition Qualifier: 32-car field @ \$ 2 x 11 events
64-car field @ \$ 2 x 1 event

Class win: Super Stock @ \$ 2 x 10 events
(run at Phoenix, Gainesville, Atlanta, Richmond, Dallas 1, Madison, Indianapolis, Reading, Topeka, Houston 2)

Stock @ \$ 2 x 10 events
(run at Pomona 1, Gainesville, Houston 1, Englishtown, Joliet, Denver, Brainerd, Indianapolis, Memphis, Dallas 1)

NHRA FEDERAL-MOGUL DRAG RACING SERIES OF DIVISIONAL EVENTS POSTINGS:

FEDERAL-MOGUL 0		FEDERAL-MOGUL FC		COMPETITION		SUPER COMP	
WIN	RU	WIN	RU	WIN	RU	WIN	RU
50	100	50	100	50	100	50	100

SUPER GAS		SUPER STREET		SUPER STOCK		STOCK	
WIN	RU	WIN	RU	WIN	RU	WIN	RU
50	100	50	100	50	100	50	100

NHRA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the Program may be terminated at any time by NHRA at its sole and absolute discretion.

It is understood our company's program for the product designated will be prepared with the information provided on this application. NHRA reserves the right to require financial collateral or guarantees of payment prior to participation.

Signature: [Signature]
 Title: RACING SERVICES Date: 11/17/97
DIRECTOR

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NHRA CHAMPIONSHIP DRAG RACING
2035 FINANCIAL WAY, GLENDORA, CALIFORNIA 91741-4602 • (818) 914-4761
1998 CONTINGENCY AWARD SPONSORSHIP APPLICATION

In an effort to simplify the paperwork necessary for us to advertise your contingency program, we have devised this questionnaire to enable us to prepare a contract for your review and signature. Please complete one application per product posting.

It is understood that all options selected will remain consistent for the duration of the Sponsor's participation. Postings must meet NHRA's minimums or the patterns established for the product category.

Mailed applications only will be considered and must be received no later than November 21, 1997.

Company Name: WALLOU / EVERSON
Street Address: 550 WALLOU WAY
City, State, Zip: AVONDALE, NV Phone: 702 877 0000
Contact: TRU WAGE Ad Agency: PRODUCTION IMAGES

SPONSORSHIP LEVEL: Major Associate Supplemental
NHRA Federal-Mogul Drag Racing Series of Divisional Events

If Supplemental or Associate, check all events where you wish to post awards:

- * Pomona 1 Phoenix Gainesville Houston 1 Atlanta Richmond
- Dallas 1 Englishtown Joliet Columbus Madison Denver
- Sonoma Seattle Brainerd Indianapolis Reading Topeka
- Memphis Dallas 2 Houston 2 Pomona 2

* Refer to schedule on page 4 of Contingency Programs booklet.

Single Product For This Sponsorship: IGNITION CONTROL BOX

CONTINGENCY REQUIREMENTS: (check appropriate items)

Product Decal Proof of Purchase advertising release
other (please specify): _____

Note: Product and decal usage only may be required if full details of program restrictions are not provided with this application.

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCUS-RIA

DIVISIONAL & EVENT POSTINGS

TOP FUEL	FLIGHT CAR	PRO STOCK	FEDERAL MOGUL D	FEDERAL MOGUL FC
WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U
100/175	100/175	100/175	100/175	100/175

COMPETITION	SUPER GAS	SUPER COMP	SUPER STOCK	STOCK
WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U
100/175	100/175	100/175	100/175	100/175

Pro Stock Truck (run at Houston 1, Atlanta, Englishtown, Joliet, Madison, Sonoma, Seattle, Indianapolis, Topeka, Memphis, Dallas 2, Pomona 2)

Super Street (run at Phoenix, Atlanta, Richmond, Columbus, Seattle, Topeka, Houston 2)

Competition Qualifier: 32-car field @ \$500 x 21 events
64-car field @ \$300 x 1 event

Class win: Super Stock @ \$500 x 10 events
(run at Phoenix, Gainesville, Atlanta, Richmond, Dallas 1, Madison, Indianapolis, Reading, Topeka, Houston 2)
Stock @ \$300 x 10 events
(run at Pomona 1, Gainesville, Houston 1, Englishtown, Joliet, Denver, Brainerd, Indianapolis, Memphis, Dallas 2)

NHRA FEDERAL-MOGUL DRAG RACING SERIES OF DIVISIONAL EVENTS POSTINGS:

FEDERAL MOGUL D	FEDERAL MOGUL FC	COMPETITION	SUPER COMP
WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U
100/175	100/175	100/175	100/175
SUPER GAS	SUPER STREET	SUPER STOCK	STOCK
WIN: 2U	WIN: 2U	WIN: 2U	WIN: 2U
100/175	100/175	100/175	100/175

NHRA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the Program may be terminated at any time by NHRA at its sole and absolute discretion.

It is understood our company's program for the product designated will be prepared with the information provided on this application. NHRA reserves the right to require financial collateral or guarantees of payment prior to participation.

Signature: [Signature]
Title: PAINE EQUIPMENT DIRECTOR Date: 11/17/67

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NHFA CHAMPIONSHIP DRAG RACING
2035 FINANCIAL WAY, GLENDCRA, CALIFORNIA 91741-4602 • (818) 914-4761
1998 CONTINGENCY AWARD SPONSORSHIP APPLICATION

In an effort to simplify the paperwork necessary for us to advertise your contingency program, we have devised this questionnaire to enable us to prepare a contract for your review and signature. Please complete one application per product posting.

It is understood that all options selected will remain consistent for the duration of the Sponsor's participation. Postings must meet NHFA's minimums or the patterns established for the product category.

Mailed applications only will be considered and must be received no later than November 11, 1997.

Company Name: Maloney/Bisco
Street Address: 550 Maloney Way
City, State, Zip: Wesley, Mo Phone: 706 552 1622
Contact: John Cox Ad Agency: Produced Images

SPONSORSHIP LEVEL: Major Associate Supplemental
NHFA Federal-Mogul Drag Racing Series of Divisional Events

If Supplemental or Associate, check all events where you wish to post awards:

- * Pomona 1 Phoenix Gainesville Houston 1 Atlanta Richmond
- Dallas 1 Englishtown Joliet Columbus Madison Denver
- Sonoma Seattle Brainerd Indianapolis Reading Topeka
- Memphis Dallas 2 Houston 2 Pomona 2

* Refer to schedule on page 4 of Contingency Programs booklet.

Single Product For This Sponsorship: Bisco Camshafts

CONTINGENCY REQUIREMENTS: (check appropriate items)
Product Decal Proof of Purchase advertising release
other (please specify): _____

Note: Product and decal usage only may be required if full details of program restrictions are not provided with this application.

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POSTINGS.

TOP FUEL	FLYING CAR	PRO STOCK	FEDERAL-MOGUL D	FEDERAL-MOGUL FC
WIN RU	WIN RU	WIN RU	WIN RU	WIN RU
100 150	100 150	100 150	100 150	100 150

COMPETITION	SUPER GAS	SUPER COMP	SUPER STOCK	STOCK
WIN RU	WIN RU	WIN RU	WIN RU	WIN RU
100 150	100 150	100 150	100 150	100 150

Pro Stock Truck (run at Houston 1, Atlanta, Englishtown, Joliet, Madison, Sonoma, Seattle, Indianapolis, Topeka, Memphis, Dallas 2, Pomona 2)

Super Street (run at Phoenix, Atlanta, Richmond, Columbus, Seattle, Topeka, Houston 2)

Competition Qualifier: 32-car field @ 550 x 21 events
64-car field @ 550 x 1 event

Class win: Super Stock @ 550 x 10 events
(run at Phoenix, Gainesville, Atlanta, Richmond, Dallas 1, Madison, Indianapolis, Reading, Topeka, Houston 2)
Stock @ 550 x 10 events
(run at Pomona 1, Gainesville, Houston 1, Englishtown, Joliet, Denver, Brainerd, Indianapolis, Memphis, Dallas 2)

NHRA FEDERAL-MOGUL DRAG RACING SERIES OF DIVISIONAL EVENTS POSTINGS:

FEDERAL-MOGUL D	FEDERAL-MOGUL FC	COMPETITION	SUPER COMP
WIN RU	WIN RU	WIN RU	WIN RU
100 150	100 150	100 150	100 150

SUPER GAS	SUPER STREET	SUPER STOCK	STOCK
WIN RU	WIN RU	WIN RU	WIN RU
100 150	100 150	100 150	100 150

NHRA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the Program may be terminated at any time by NHRA at its sole and absolute discretion.

It is understood our company's program for the product designated will be prepared with the information provided in this application. NHRA reserves the right to require financial collateral or guarantees of payment prior to participation.

Signature: [Signature]
Title: Racing Services Date: 11/17/97
Director

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NHRA CHAMPIONSHIP DRAG RACING

2035 FINANCIAL WAY, GLENDORA, CALIFORNIA 91741-4602 • (626) 914-4751

November 1997

The National Hot Rod Association is pleased to announce its contingency programs for the 1998 season, full details of which are outlined in the enclosed booklet.

Contingency postings are invited for the four separate programs which are offered. They are: 1) the 22-race NHRA Winston Drag Racing Series of National events; 2) the 42-race NHRA Federal-Mogul Drag Racing Series of divisional events; 3) the 14-race Winston Pro Stock Motorcycle Series and 4) the 7 event Sears Craftsman E.T. Racing Series.

We would like to make special mention of the following:

- Decreases
= CF
Events* → A new national event in the Chicago area has been added to the schedule.
- Pro Stock Truck has been added as a competitive category at 12 national events.
- COST
IS HIGHER* → Industry membership fees and minimum payout guarantees have been raised at both the national and divisional levels.
- BENEFITS
REDUCED* → Credential allotments for both the Major sponsorship program and the divisional program have been reduced.
- Single-company contingency display space maximum has been reduced to 60'.

FRIDAY, NOVEMBER 21st is the final day we can accept applications for MAJOR and NHRA Federal-Mogul Drag Racing Series of divisional events postings. Deadline dates for Associate postings at National events and the other programs may be found on page 4 of the Contingency Programs booklet.

We invite you to review this booklet and consider the opportunities available to your company in the exciting world of Championship drag racing. Your inquiries are welcome and we thank you for your interest.

CONTINGENCY PROGRAMS DEPARTMENT

NATIONAL HOT ROD ASSOCIATION • MEMBER ACCUS-FIA

TRADEMARK
REEL: 002276 FRAME: 0829

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MAJOR CONTINGENCY SPONSORSHIP

Description:

The major sponsorship program is the most far-reaching of all the contingency programs. It offers product recognition to a massive audience, and allows you direct communication with thousands of professional and sportsman racers, hundreds of thousands of national event spectators, and a media reach to a vast majority of the nation's adult male consumers.

Number of races available:

All 22 NHRA national events.

Markets affected:

Pomona	California	CHIEF AUTO PARTS WINTERNATIONALS
Phoenix	Arizona	ATSCO NATIONALS
Gainesville	Florida	MAC TOOLS GATORNATIONALS
Houston	Texas	SLICK 50 NATIONALS
Atlanta	Georgia	FRAM NATIONALS
Richmond	Virginia	PENNZOIL NATIONALS presented by Trax Auto
Dallas	Texas	LONE STAR NATIONALS
Englishtown	New Jersey	MOPAR PARTS NATIONALS
Chicago	Illinois	NATIONAL EVENT
Columbus	Ohio	PONTIAC EXCITEMENT NATIONALS presented by Summit Racing
St. Louis	Missouri	SEARS CRAFTSMAN NATIONALS
Denver	Colorado	MOPAR PARTS MILE-HIGH NATIONALS
Sonoma	California	AUTOLITE NATIONALS
Seacite	Washington	NORTHWEST NATIONALS
Brainerd	Minnesota	CHAMPION AUTO STORES NATIONALS
Indianapolis	Indiana	U.S. NATIONALS
Reading	Pennsylvania	PIONEER ELECTRONICS KEYSTONE NATIONALS
Topeka	Kansas	WESTERN AUTO PARTS AMERICA NATIONALS
Memphis	Tennessee	PENNZOIL NATIONALS presented by AutoZone
Dallas	Texas	REVELL NATIONALS
Houston	Texas	MACO TOOLS SUPERNATIONALS
Pomona	California	WINSTON FINALS

Eliminator categories and classes available for postings:

Professional:
 Top Fuel (1 class)
 Funny Car (1 class)
 Pro Stock (1 class)
 Pro Stock Truck (1 class)
 *Run at Houston, TX; Atlanta, GA; Englishtown, NJ; Joliet, IL; Madison, IL; Sonoma, CA; Seacite, WA; Indianapolis, IN; Topeka, KS; Memphis, TN; Dallas, TX; Pomona, CA.

Federal-Mogul Competitors:
 Federal-Mogul Dragster (1 class)
 Federal-Mogul Funny Car (1 class)

Competition Eliminator
 (This category of racing contains 42 classes of cars, and is run at all NHRA national events. You may post contingency prizes for all cars qualifying for final eliminations. These are known as the competition qualifier awards, and can be considered part of your minimum posting and payout guarantee.)

Super Stock
 (This category of racing contains 104 classes of cars. At selected national events a competition is held to determine each of the class winners. When this occurs, you may post contingency awards for the winners in all classes of Super Stock. These are known as the class winner awards, and can be considered part of your minimum posting and payout guarantee.)

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Stock

(This category of racing contains 76 classes of vehicles, including 16 truck classes. At selected national events a competition is held to determine each of the class winners. When this occurs, you may post contingency awards for the winners of all classes of Stock. These are known as the class winner awards, and can be considered part of your minimum posting and payout guarantee.)

Super Gas (1 class)

Super Comp (1 class)

*Super Street (1 class)

*Run at Phoenix, AZ; Atlanta, GA; Richmond, VA; Columbus, OH; Seattle, WA; Topeka, KS and Houston, TX.

Participant reach:

In excess of 9,500. (Participant is counted separately each day he registers for a national event.)

Spectator reach:

In excess of 1,700,000. (Spectator is counted separately each day he attends a national event. Includes both paid and guest attendance.)

Media reach:

Over 200 million. (Based on cumulative audience of network and cable television coverage of national events.)

Benefits and services:

Display Area: You are eligible for 20' frontage with a maximum of 25' of depth and 11' in height for display purposes in the manufacturers midway at each of the national event sites at which you post contingency awards. However, if you are part of a cooperative display, your right to a separate specified space will be pre-empted at all events where the display of your choice is present. No contingency display may exceed 60' in length, regardless of the number of postings. All contingency displays are limited to one location, no satellite or additional displays allowed. In the case of multiple vehicle/tent displays, each vehicle/tent will be treated as a separate display.

Display Vehicles: You may exhibit a display vehicle within the confines of your display, however, display vehicle exhibits must be pre-approved by the NHRA and display vehicles must arrive during event set-up hours. Display areas are not to be used as pit areas. Transportation vehicles (rental cars) are not to be considered as display vehicles. Display vehicle transporters will not be allocated pit parking.

In the unlikely event of space demands exceeding area available, preference will be given to a company's seniority in the program. Seniority is determined by number of continuous years in the program as a major sponsor. In the event of two or more companies with the same seniority, number of postings and/or total number of years in the program will be determining factors. In the case of cooperative displays, seniority will be determined by the average number of years of the companies comprising that display.

This display area provides a "store front" from which you can generate both product interest and sales for merchandise manufactured by you. No sub-letting of space permitted without prior consent of NHRA.

NHRA Sign Service: As a major sponsor you are eligible to have signs displayed on both sides of the race course, providing prime visibility to the spectators. These two 2' tall by 8' long signs are painted according to your graphic specifications, transported to and positioned at all 22 national event sites. The position of the signs will rotate from event to event, giving everyone an equal opportunity for prime visibility. The annual cost for the sign service is \$3,700.

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Additional Signage: You may place banners in the pit area and other authorized high traffic areas within the confines of the racing facility to increase your visibility.

Credentials: Your annual allotment is based on 6 credentials for each of the 22 national events. You may request up to 12 per major product posting at any one event providing you do not exceed your annual allotment. Companies with a single product payout of over \$40,000 in 1997 will be allocated 10 credentials for that product for each of the 22 national events and may request up to 20 at any one event for that product providing the annual allotment is not exceeded. You are not required to take credentials at every event. You may request your allotment in one day tickets (one for each day of the event). This system allows you flexibility to pick and choose the races your employees or guests wish to see.

You may request up to two gold key and four guest parking passes with your credentials. Gold key parking should be issued to working staff only. When requested credentials are mailed to the address you designate in advance of an event to allow time for distribution, and to provide quick and easy access for your people at event sites.

Additional Credentials: You may purchase additional one-day and full event credentials at a special sponsor discount rate. These purchases may be made through NHRA's headquarters office prior to an event, or trackside at our VIP credentials office.

Membership in Top Eliminator Club: At the conclusion of three consecutive years of sponsorship your company becomes eligible to receive four seats in the Club's VIP grandstand as well as all benefits afforded by the hospitality centers. You have a one time choice of four locations—Pomona, California; Winter Nationals or Winston Final; Gainesville, Florida; or Indianapolis, Indiana.

Special Seating: Where reserved seats are offered, your company's representative may request two tickets at the Sponsor Trailer good for the final day of eliminations.

Sponsor Viewing Area: Your appointed representative will be eligible to access this area for the purpose of observing qualifications and eliminations. Application can be made when applying for a Permanent Credential, or on site at the Sponsor Trailer. The SVA access is non-transferable. Where possible, these areas will be defined for you in information distributed to sponsors prior to each race.

Accommodations: NHRA will assist you in securing reservations for up to three rooms at our headquarters hotel at each national event when such rooms are available.

Sponsorship Listings: Your company will receive mention in the master listing of major sponsors in NHRA's official publication, *National DRAGSTER*, which has circulation in excess of 82,000 per week.

Your company will also receive mention in individual event sponsor awards listings both in *National DRAGSTER* and the official event program supplements.

Special Ad Rate: Major sponsors are offered a special 48-time ad rate by *National DRAGSTER* for any advertising placed in that publication. This is the lowest rate available to any advertiser.

Product Use Verification: A complete and timely verification of product use and decal display is provided by NHRA's certification team on each eliminator winner and runner-up to assist you in determining racers' eligibility for posted awards.

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Please note that product verification is limited to visible items, and determination of these is made by NHRA's Technical Department.

Class winners and competition qualifiers complete Equipment Information forms and are not inspected by the certification team, but are subject to random spot checks.

Registration and Technical Inspection: You are allowed access to the competitor registration and technical inspection areas for the purpose of obtaining advertising releases.

Sponsor Trailer: NHRA's sponsor trailer will be at each of the 22 national event sites. The air conditioned trailer will contain a credit card or pay telephone for your use. *National DRUGSTER*, entry lists, event programs, and qualifying results will also be provided in the trailer.

Winners' Circle: You may participate in the official award presentations at the track, including exclusive winners' circle photographs.

Posting definition:

A major contingency award posting must be made on a single performance-related product, and that product must be approved for posting by NHRA, and be SFI approved where applicable.

Minimum posted races:

You must post contingency awards at all 22 National events in 1998.

Total season minimum posting:

You must post a minimum of \$40,000 in contingency prizes for the 1998 season.

Minimum posting requirements per category, class, and qualifier:

NHRA has established a minimum posting requirement for each of the following categories. Your postings must meet or exceed these minimums.

Professional winner.....	\$500
Professional runner-up.....	\$100
Federal-Mogul Competitors winner.....	\$300
Federal-Mogul Competitors runner-up.....	\$100
Competition qualifier (optional).....	\$50
Super Stock class winner (optional).....	\$50
Stock class winner (optional).....	\$50

Determining posting patterns:

The amount of money posted for your contingency awards is determined first by historic levels, and only revised through unanimous agreement of all companies posting on the same product. If, for example, the posting for torque converters has been \$500 to win, then all torque converter manufacturers posted an equal sum of money for the use of their own product. If a manufacturer wants to increase the posting to \$600, then all manufacturers must agree to raise their posting also, or the increase will not be approved by NHRA.

Once you have determined which categories and/or classes you will post on, you must be consistent in those postings for the entire season.

Patterns established by a major sponsor will supersede those established or proposed by an Associate or Supplemental Sponsor.

Current posting pattern information is available from NHRA's Contingency Programs office.

Payout guarantee:

To ensure the proper functioning of the major contingency sponsor program, you must guarantee that a minimum of \$16,500 will be paid out to racers during the 1998 season.

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If for some reason you pay out less than the \$16,500 guarantee, the difference must be paid to the sponsor bonus fund. Monies from this fund will go towards the overall NHRA/Winston Championship Bonus Program and the NHRA/Federal-Mogul Championship Bonus Program. This balance will be invoiced on December 1, 1998 and is due and payable at that time.

Payment procedures:

You must present or mail contingency awards directly to qualified racers within thirty days following a national event. NHRA will supply you with racers' names, addresses and social security numbers to assist you in processing the awards.

Failure to comply with this requirement will be considered a violation of your contract and grounds for suspension or disqualification from the program, including display privileges.

Industry membership fee:

NHRA requires all companies posting a major sponsorship to pay a \$4,500 industry membership fee. This sum is due and payable no later than the season posting deadline: November 21, 1997. The fee is used to offset the operational costs of the contingency programs. It does not apply to any prize purse.

Posting deadline:

NHRA has established November 21, 1997 as the deadline for involvement in the 1998 major contingency sponsor program. Applications must be in the possession of the NHRA Contingency Programs Department by this date, without exception.

Maximum cost potential:

It is difficult to determine precisely what your total costs for this program will be, however, these are some of the variables you must look at in determining whether you should become involved in the major sponsorship program:

- display vehicle or tent rental
- personnel to man display
- travel
- lodging
- food
- sign production and service
- contingency payouts
- supplemental advertising
- sample product costs
- handout literature

Your actual payout will be directly affected by:

- the number of categories, classes and races you post awards for
- the number of competitive racers likely to use your product
- the number of competitive companies posting on an identical product.

NHRA shall determine in its sole and absolute discretion which companies will be invited to participate in the Contingency Award Sponsorship Program. Participation in the program may be terminated at any time by NHRA at its sole and absolute discretion. NHRA reserves the right to require collateral or guarantees of payment prior to participation.

1. Maine v. Mallory (Alleged Defective Distributor)
- Bill Maine purchased a distributor from the Super Shops store in Youngstown.
 - he claims that the distributor locked up 6 weeks after installation.
 - at that time he was given a new one by SSI.
 - allegedly after another 6 weeks. he started having problems with his engine.
 - Mr. Maine states he replaced the spark plugs thinking that they fouled. After that he continued to have problems.
 - Mr. Maine then had his engine builder take the engine apart at which time they discovered 3 dead cylinders, metal shavings in the distributor cap and throughout the whole distributor and 1 spring barely on 1 post.
 - Mr. Maine is claiming his pistons are burned and has substantial engine damage and is demanding \$4,843.44.
 - He has repeatedly refused to send in the alleged defective distributor but did send photos to SPB.
 - on 5/1/96 SPB sent Mr. Maine a letter informing him that Mallory will send him a new distributor upon receipt of his used distributor and a signed release.
 - SPB denied his demand for monies based on the findings of the Mallory Technical people.
 - on 5/17/96 SPB spoke with Mr. Maine.
 - he does not agree with our technical analysis and still demands same amount.
 - SPB will get back with him.
 - on 6/18/96 SPB sent letter denying claim on the basis that the distributor is not the correct distributor for his engine and that this was the reason for the engine damage.
 - on 8/18/96 we received a letter from an attorney demanding reimbursement for damages to Plaintiff's engine. SPB will deny on the same basis.
 - complaint for \$4,843.44 has been filed and served against SSI and Mallory.
 - SPB obtained an extension until 1/23/97 to investigate and try to settle the case.
 - Plaintiff's attorney has extended extension indefinitely.
 - SPB has interviewed both the store manager and former employee who both recall Plaintiff was going to put distributor in his Camaro.
 - SPB informed Plaintiff's attorney of his interviews.
 - plaintiff's attorney is to discuss with his client and get back to SPB.
 - Plaintiff's attorney responded by filing a motion for default, but SSI and Mallory had already filed answer.
 - status conference held on 4/15/97.
 - SSI's attorney offered \$1,773.00 to settle.
 - Plaintiff's attorney to get back on settlement offer.
 - next status conference is set for 7/15/97.
 - Plaintiff's attorney is still demanding \$15,000.00 to settle the case.

Schedule 5.4

1. Real Property Lease with Harry R. Eberlin.
2. Personal Property Lease with Pitney Bowes.
3. All items listed on Schedule 3.

Schedule 5.5

1. Ratification of this Agreement by the Mallory, Inc. Board of Directors.
2. Approval of this transaction by the United States Bankruptcy Court, Central District of California.

Schedule 5.8

Ongoing clean-up of environmental contamination in the vicinity of
550 Mallory Way, Carson City, NV.

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Schedule 5.10

1. Health Insurance Plan.
2. Section 125 Plan.
3. 401(k) Plan.
4. Productivity Bonus Plan.
5. Attendance Bonus Plan.

Schedule 5.11

1. Prepaid expenses and deposits as per Schedule.

Schedule 5.11
.Prepays/Deposits @ 01/31/98

Mallory, Inc. 2/23/98
Schedule of Deposits & Prepaid Expenses 10:46 AM
As Of 1/31/98

Description

Security Deposits 206,832.00

Vendor Deposits:

NHRA Contingency Award Program	38,750.00	
Dixon	10,000.00	
Castle Metals	20,000.00	
All State Fasteners	<u>5,000.00</u>	73,750.00

Prepaid Taxes:

Real Property Tax	8,225.05	
Personal Property Tax	15,849.00	
Business License	<u>1,285.06</u>	25,359.11

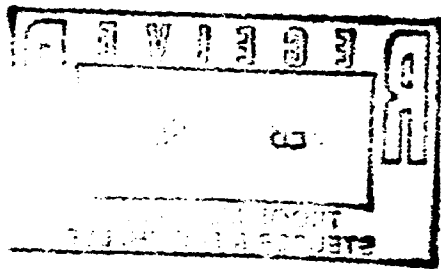
Prepaid General Insurances 17,761.50

Prepaid Trade Show Expenses 6,340.00

Employee Travel Advances 1,584.85

Total Deposits & Prepays 331,627.46

1. Ratification of this Agreement by the Board of Directors of Adrenaline Research, Inc.



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EXHIBIT "2"

LEASES AND CONTRACTS TO BE ASSUMED AND ASSIGNED

1. Lease, dated as of December 15, 1996, by and between Harry R. Eberlin, as landlord, and Mallory, Inc. as tenant.
2. Consulting Agreement, dated as of November 25, 1997, by and between Gabriel Consulting and Mallory.
3. Marketing Agreement, dated as of December 11, 1997, by and between Keystone Marketing Company and Mallory.
4. NASCAR Craftsman Series Sponsorship, dated December 8, 1997, by and between NASCAR and Mallory.
5. NHRA Contingency Program Agreement, dated November 24, 1997 by and between the NHRA and Mallory.
6. Postage Meter Agreement with Pitney Bowes.

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 10940 WILSHIRE BOULEVARD
 LOS ANGELES, CALIFORNIA 90024-3902
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 MAIN FACSIMILE 310.443.7599

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EXHIBIT 2

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PROOF OF SERVICE BY MAIL
(1013a, 2015.5 C.C.P.)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen and not a party to the within action; my business address is: TROOP MEISINGER STEUBER & PASICH, LLP, 10940 Wilshire Boulevard, 8th Floor, Los Angeles, California 90024-3902.

On February 26, 1998, I served the foregoing document described as:

DEBTOR'S MOTION FOR ORDER AUTHORIZING (1) SALE OF SUBSTANTIALLY ALL OF ITS ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES OUTSIDE THE ORDINARY COURSE OF BUSINESS; AND (2) ASSUMPTION AND ASSIGNMENT OF LEASES; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF JOHN T. GRIGSBY, JR. IN SUPPORT THEREOF

on the interested parties in this action by placing _ the original X a true copy thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED SERVICE LIST

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day with postage thereof fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on February 26, 1998, at Los Angeles, California.

(STATE) _

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(FEDERAL) X

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

LISA MASSE
(Print Name)

Lisa Masse
(Signature)

4/26/98

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SERVICE LIST

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ORIGINAL

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FILED
APR - 3 1998

ENTERED
APR - 3 1998
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

Attorneys for Debtors in Possession

Debtors' Address
9390 Gateway Drive
Reno Nevada 89511

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re

Case No. LA 97-46094-ER

Chapter 11

SUPER SHOPS, INC., a California corporation, SUPER SHOPS, INC., an Arizona corporation, SUPER SHOPS, INC., a Kansas corporation, SUPER SHOPS, INC., a Michigan corporation, SUPER SHOPS, INC., a Nevada corporation, SUPER SHOPS, INC., a Texas corporation, and MALLORY, Inc., a Nevada corporation,

(Administratively Consolidated with Case Nos. LA 97-46127-ER, LA 97-46136-ER, LA 97-46153-ER, LA 97-46161-ER, LA 97-46164-ER, and LA 97-46144-ER)

[This Pleading Applies Only to the Mallory, Inc. Bankruptcy Case]

Debtors.

ORDER APPROVING DEBTOR'S SALE OF SUBSTANTIALLY ALL OF ITS ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES OUTSIDE THE ORDINARY COURSE OF BUSINESS; AND (2) ASSUMPTION AND ASSIGNMENT OF LEASES

Date: March 19, 1998
Time: 2:30 p.m.
Place: Courtroom "1568"
Roybal Fed. Bldg.
255 East Temple Street
Los Angeles, CA 90012

[Tax ID Nos. 95-2778544, 93-0945433, 48-1077457, 38-2904415, 95-0957431, 74-2275623 and 88-0173471]

90 MAR 31 PM 3:56

AT LOS ANGELES IN SAID DISTRICT ON THIS ____ DAY OF MARCH, 1998.

On March 19, 1998 at 2:30 p.m. before the Honorable Ernest M. Robles, United States Bankruptcy Judge, in Courtroom "1568", Roybal Federal Building, 255 E. Temple Street,

TROOP MEISINGER STEUBER & PASICH, LLP
ATTORNEYS
10940 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024-3902
MAIN TELEPHONE (310) 824-7000
FAX (310) 443-7599

LONGED

1 Los Angeles, California, 90012, a hearing (the "Hearing") took place in connection with a Motion
2 filed by Mallory, Inc., a debtor and debtor in possession in the above-referenced jointly
3 administered bankruptcy cases, entitled "Motion for Order Authorizing (1) Sale of Substantially
4 All of its Assets Free and Clear of Liens, Claims and Encumbrances Outside the Ordinary Course
5 of Business; and (2) Assumption and Assignment of Leases" (hereinafter the "Sale Motion"). The
6 Debtor appeared through its counsel herein; Troop Meisinger Steuber & Pasich, LLP by Gary E.
7 Klausner. Other appearances are noted on the Court record.

8 Based upon the Sale Motion, the Points and Authorities and Declaration attached
9 thereto, other matters of record in this case, the pleadings filed in support and opposition to the
10 Sale Motion, the bids submitted by various parties for the Debtor's assets and the negotiations
11 conducted on the date of the Hearing in connection therewith, the statements and arguments of
12 counsel at the Hearing, the findings of the Bankruptcy Court as indicated on the official Court
13 record and good cause appearing.

14 **IT IS HEREBY ORDERED** that:

15 1. The offer of Echlin, Inc. ("Echlin") as disclosed to the Court, with a
16 purchase price equal to the sum of (i) \$5,200,000 and (ii) 80% of the face amount of all eligible
17 accounts receivable existing at the Closing and to be determined in accordance with the terms of
18 the definitive Asset Purchase Agreement to be executed by the parties, plus the assumption by
19 Echlin of certain liabilities, including accrued vacation and sick pay of employees not to exceed
20 \$100,000, is the highest and best offer for the Purchased Assets (as such term is defined in the
21 Sale Motion, and which term shall also include the accounts receivable being purchased by
22 Echlin);

23 2. The sale of the Purchased Assets to Echlin, or its nominee, pursuant to the
24 Sale Motion and sections 105, 363(b) and 363(f) of the United States Bankruptcy Code (the
25 "Bankruptcy Code"), free and clear of all liens, restrictions, security interests, claims, charges,
26 encumbrances and interests whatsoever, on the terms disclosed to the Court is in the best interests
27 of the Debtor and its estate and is hereby approved;

28

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3. The Debtor is authorized to enter into any agreements, including the definitive Asset Purchase Agreement, required to consummate the sale of the Purchased Assets to Echlin;

4. John T. Grigsby is authorized and empowered to execute and deliver any and all documents as may be necessary to implement the sale of the Purchased Assets;

5. Echlin is purchasing, and when the sale transaction is consummated will have purchased, the Purchased Assets in "good faith" as defined in section 363(m) of the Bankruptcy Code;

6. The assumption by the Debtor and the assignment to Echlin pursuant to section 365 of the Bankruptcy Code of the contracts and agreements set forth on Exhibit "2" to the Sale Motion (the "Executory Contracts"), to the extent that the same constitute executory contracts or unexpired leases, is approved;

7. There exist no defaults with respect to the Executory Contracts and the Debtor may assume and assign the Executory Contracts without the need to cure any defaults or to make any cure payments, except the payment of deferred post-petition rent to Harry Eberlin, as landlord under that certain non-residential real property lease listed on Exhibit "2", which Eberlin has agreed may be satisfied from the Debtor's pre-petition security deposit and which Eberlin has agreed not to seek from Echlin in the form of an additional security deposit or otherwise;

8. The Executory Contracts that the Debtor assumes and assigns to the Echlin pursuant to the this Order shall, upon assignment, be deemed to be valid and binding and in full force and effect and enforceable in accordance with their respective terms by the parties thereto; and pursuant to the section 365(k) of the Bankruptcy Code the Debtor and its estate shall be relieved from any further liability with respect to each such Executory Contract and any guaranty of any of the foregoing or similar undertaking after the assignment;


9. All liens, restrictions, security interests, claims, charges, encumbrances and interests against any of the Purchased Assets shall be transferred from and extinguished with respect to the Purchased Assets and the same, if any, shall attach to the proceeds paid by Echlin to the Debtor with the same priority and validity as they had with respect to the Purchased Assets;

1 10. The provisions of this Order are self-executing and neither the Debtor nor
2 Echlin shall be required to execute or file releases, termination statements, assignments, consents
3 or other instruments in order to effectuate, consummate, and implement the foregoing provisions
4 hereof; provided, however, that this provision shall not excuse such parties from performing any
5 and all of their respective obligations regarding the sale; and

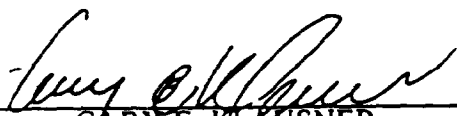
6 11. The notice given by Debtor in connection with the Sale Motion and the
7 hearing thereon is adequate, sufficient and proper and complies with all applicable provisions of
8 the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure.

9 12. The Debtor shall serve a copy of this Order when entered on all parties who
10 received a copy of the Sale Motion.

11
12 Dated: APR 3 1998


ERNEST M. ROBLES
United States Bankruptcy Judge

13
14 Presented By:
15 TROOP MEISINGER STEUBER & PASICH, LLP

16
17 By: 
GARY E. KLAUSNER
18 Attorneys for Debtor and Debtor in Possession

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PROOF OF SERVICE BY MAIL
(1013a, 2015.5 C.C.P.)

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen and not a party to the within action; my business address is: TROOP MEISINGER STEUBER & PASICH, LLP, 10940 Wilshire Boulevard, 8th Floor, Los Angeles, California 90024-3902.

On March 31, 1998, I served the foregoing document described as:

ORDER APPROVING DEBTOR'S SALE OF SUBSTANTIALLY ALL OF ITS ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES OUTSIDE THE ORDINARY COURSE OF BUSINESS; AND (2) ASSUMPTION AND ASSIGNMENT OF LEASES

on the interested parties in this action by placing _ the original X a true copy thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED SERVICE LIST

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day with postage thereof fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on March 31, 1998, at Los Angeles, California.

(STATE) _

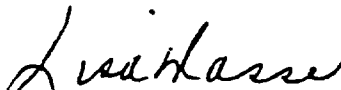
I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(FEDERAL) X

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

LISA MASSE

(Print Name)



(Signature)

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Debt Acquisition Co. of America
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NOTE TO USERS OF THIS FORM:
Physically attach this form as the last page of the proposed Order or Judgment.
Do not file this form as a separate document.

In re SUPER SHOPS, INC., et al.,	(SHORT TITLE)	CHAPTER <u>11</u>	CASE NUMBER
	Debtor.	LA 97-46094-ER	

NOTICE OF ENTRY OF JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 116(1)(a)(iv), that a judgment or order entitled (*specify*):

ORDER APPROVING DEBTOR'S SALE OF SUBSTANTIALLY ALL OF ITS ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES OUTSIDE THE ORDINARY COURSE OF BUSINESS; AND (2) ASSUMPTION AND ASSIGNMENT OF LEASES

was entered on (*specify date*):

APR 3 1998

2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (*specify date*):

APR 3 1998

Dated:

APR 3 1998

JON D. CERETTO
Clerk of the Bankruptcy Court

By: Rose Avior
Deputy Clerk

93 MAR 31 PM 3:54
U.S. BANKRUPTCY COURT
SANDERS
RECEIVED

LU

- 1 Notice of Entry
- 2 Alvin Mar
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- 3 221 North Figueroa Street
Suite 800
- 4 Los Angeles, CA 90012
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