

NAPA MANUFACTURER'S TRADEMARK AGREEMENT

THIS AGREEMENT, made and entered into this 4th day of August, 1999 between NATIONAL AUTOMOTIVE PARTS ASSOCIATION, A Michigan corporation, having its principal offices at 2999 Circle 75 Parkway, Atlanta, Georgia 30339 (hereinafter referred to as LICENSOR), and Perfection Hy-Test Company, Inc., a Delaware corporation, having its principal offices at 100 Perfection Way, Timmonsville, SC 29161 (hereinafter referred to as LICENSEE).

WITNESSETH THAT:

WHEREAS, LICENSOR is the sole and exclusive owner of various trademarks including, but not limited to, the trademarks "NAPA" and "NAPA and Design" (hereinafter referred to as "said trademarks"), the good will established by the use of said trademarks, and various United States trademark registrations thereon.

WHEREAS, LICENSEE is desirous of obtaining a non-exclusive and limited license to use one or more of said trademarks (1) on products manufactured, supplied and/or sold by LICENSEE, and (2) on graphic materials in connection with such products.

NOW, THEREFORE, for good and valuable considerations, the receipt and sufficiency whereof is hereby acknowledged, and in consideration of the mutual covenants and agreements herein contained, it is agreed as follows:

1. LICENSOR hereby grants to LICENSEE a royalty-free, non-exclusive and limited license, subject to the terms and conditions hereinafter set forth, to use one or more of the trademarks (identified on Schedule A) owned and controlled by LICENSOR on (1) the products and, (2) on graphic materials in connection with such products as identified on Schedule A.

SCF-NAPA-7250



2. LICENSEE hereby agrees to manufacture, supply and/or sell the line of products and/or related identification and promotional material bearing one or more of said trademarks as specified in Paragraph 1 above solely to such NAPA Distribution Centers in the United States of America as may be designated by LICENSOR or any of its members. LICENSEE further agrees not to use said trademarks for products manufactured, supplied and/or sold to others not including NAPA Distribution Centers in its usual and customary course of business.

3. LICENSOR shall control and designate the manner in which said line of products shall be labeled as well as the manner in which said trademarks shall be applied to and represented on said labeling and on graphic materials in connection with such products. In the absence of any specific instructions to the contrary, the labeling of said products, and all graphic materials bearing said trademarks, shall include the following statement or an appropriate modification thereof as approved by LICENSOR:

"Supplied for NAPA Distribution Centers
by: Perfection Hy-Test Company, Inc."

With respect to the foregoing, in the event that LICENSEE has in stock any labels and/or graphic materials not meeting the requirements set forth herein, LICENSEE is granted the right to continue use of such in-stock labels and graphic materials until the stocks thereof are exhausted, but thereafter any new labels or graphic materials must conform with the provisions set forth herein.

4. LICENSOR reserves the right to approve the name to be used by LICENSEE to identify LICENSEE on all labels and graphic materials bearing said trademarks and, in the event that such name has been or is used to identify LICENSEE solely in connection with the manufacture, supply and or sale of the aforesaid line of products exclusively to NAPA Distribution Centers under the terms of this agreement, LICENSEE agrees to discontinue use of such name and to assign the rights to use such name to LICENSOR upon termination of this agreement. LICENSOR acknowledges that it has no rights in any other trademarks owned by LICENSEE and by this agreement does not acquire any such rights.

5. LICENSEE agrees not to use any of said trademarks for any purpose other than on or in connection with the supply of said line of products to NAPA Distribution Centers. LICENSOR reserves the right to inspect and test each product manufactured, supplied and/or sold by LICENSEE on which and in connection with which said trademarks are used to insure and maintain the quality and standards of each such product and proper use of such trademarks. LICENSOR further reserves the right of access to any manufacturing and/or packaging operations of LICENSEE for observation thereof upon reasonable notice to and approval by LICENSEE. From time to time or upon any reasonable request from LICENSOR or its designee, LICENSEE shall furnish samples of such products for inspection and testing, as well as samples of the packages of such products for inspection, to LICENSOR or its designee to facilitate the foregoing rights.

6. Without written consent from LICENSOR, LICENSEE shall not sell, assign or in any way transfer this agreement or any rights thereunder to any person, firm, partnership or corporation, nor does LICENSEE have the right to grant any sublicense hereunder.

7. LICENSOR reserves the right to sell, assign or transfer all or any of its rights under this agreement, and all or any of its rights in, to and under said trademarks and any registrations thereof.

8. If LICENSEE shall, for any reason whatsoever, cease to do business or become incapable of manufacturing or supplying any of said line of products, then this agreement and the license granted hereby shall become null and void as of the date of such incapacity.

9. The rights and powers hereby granted to LICENSEE are those of a LICENSEE only. Nothing herein contained shall be so construed as constituting LICENSEE a general agent or as authorizing LICENSEE to incur financial obligations in the name of LICENSOR; and it is specifically understood and agreed that under no circumstances shall any power granted, or which may be deemed to be granted, to LICENSEE, be deemed to be coupled with an interest. Nothing herein shall be so construed as to constitute the relationship hereby created by joint venture or a partnership between LICENSOR and LICENSEE.

10. LICENSEE expressly understands and agrees that by acquiring hereunder the non-exclusive right to use any of said trademarks, it does not acquire any right, title or interest in, to or under any of said trademarks or the good will established thereby, other than the limited, non-exclusive right to apply the same to said line of products and graphic materials used in connection therewith under the provisions and conditions set forth herein. LICENSEE hereby acknowledges and agrees that LICENSOR is the sole and exclusive owner of each of said trademarks as well as any related form or colorable imitation thereof and, as well, the good will established by the use of any of said trademarks. Upon termination of this agreement, LICENSEE shall immediately discontinue any and all use of said trademarks or any imitation or version thereof, provided, however, that LICENSEE shall have the right to sell through any channel of trade any of such products bearing any of such trademarks which are manufactured and/or acquired and labeled prior to the effective date of termination, and which LICENSOR or any of the NAPA Distribution Centers refuses to purchase from LICENSEE at the then current prices.

11. This agreement and the rights granted hereunder are personal to LICENSEE and shall not be assignable by operation of law.

12. In the event LICENSEE shall file a petition in bankruptcy or be adjudged bankrupt or make an assignment for the benefit of creditors, or be placed in the hands of a trustee or receiver, or otherwise become insolvent, then on the happening of any such contingency, LICENSOR shall have the right forthwith to terminate this agreement by giving LICENSEE, its receivers, assignees, or trustees, as the case may be, fifteen (15) days written notice of its election to do so. The equivalent of any of the proceedings or acts referred to in this paragraph, though known and/or designated by some other term or name, shall likewise constitute a ground for termination of this agreement by LICENSOR under the provisions of this paragraph.

13. LICENSEE agrees to maintain and support adequate and reasonable facilities to permit handling of contacts from customers and dealers of NAPA Distribution Centers and of the members of NAPA as might arise as a result of the identification of LICENSEE in the labeling of said line of products.

14. LICENSEE hereby acknowledges and agrees that throughout any business relationships existing prior to the date of this agreement wherein LICENSEE supplied products to LICENSOR, such products bearing any trademarks owned by LICENSOR, LICENSEE applied such trademarks to such products and graphic materials used in connection therewith subject to the same terms and conditions set forth herein by reason of written and/or oral undertakings similar thereto, and that all of such prior business relationships specifically included the right of LICENSOR to specify the quality of the products, the packaging of the products, and use of any such trademarks.

15. This agreement supersedes any prior written agreement or understanding existing between the parties hereto to the extent that any such prior agreement or understanding involves provisions inconsistent with those set forth herein.

16. This agreement shall continue in effect until terminated by either party hereto upon the giving by one party to the other ninety (90) days written notice.

17. Any notice required hereunder shall be in writing and may be served personally or by depositing the same addressed to the last known address of the party on which notice is being served in the official mails of the United States, or by delivering the same, toll prepaid, by suitable telegraphic transmission. Any such notice shall be deemed to have been served as of the date of receipt of mailing or of telegraphic transmission or of personal service.

18. Perfection Hy-Test Company, Inc. agrees to protect and indemnify NAPA and each NAPA Member Company, Distribution Center and NAPA Jobber from and hold each of the foregoing harmless against all liability, loss, damage, cost or expense (including but not limited to attorneys fees) which each of the foregoing may incur or be required to pay by reason of injury or death to persons or damage to property or both caused by or arising out of any claim that any products manufactured and/or sold by Perfection Hy-Test Company, Inc. to NAPA Distribution Centers were defective in design, packaging, labeling, materials or workmanship, or fail to comply with any applicable law or regulation at the time of delivery to the NAPA Distribution Center or direct shipment delivery to the NAPA Jobber, excepting, however, any labels or packaging trademarks or formulations provided by or directed to be used by NAPA and exempting any liability, etc. to the extent it is the result of the

negligence or willful misconduct of such NAPA Member Company, Distribution Center or NAPA Jobber. This voiding of the indemnification will in no instance apply to the National Automotive Parts Association itself since it is never in receipt or control of any product produced by Perfection Hy-Test Company, Inc..

Perfection Hy-Test Company, Inc. agrees to defend any action, suit or proceeding brought against NAPA or any NAPA Member Company, NAPA Distribution Center or NAPA Jobber insofar as such action, suit or proceeding is based on a claim that any products manufactured and/or supplied by Perfection Hy-Test Company, Inc. were defective in design, packaging, labeling, materials or workmanship, or fail to comply with any applicable law or regulation at the time of delivery to the NAPA Distribution Center or direct shipment delivery to the NAPA Jobber, except for those matters stated above.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized agents, have caused this agreement to be signed and to be made effective on the date and year above written.

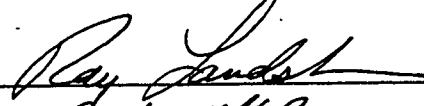
NATIONAL AUTOMOTIVE PARTS ASSOCIATION

BY: 

Steve Handschuh

President

Perfection Hy-Test Company, Inc.

BY: 

TITLE: Gen'l MGR

Schedule A

Licensed Trademarks

NAPA

Line of Products

Remanufactured clutches