

PURCHASE AGREEMENT

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I	License for Intellectual Property
II	Lease and Sublease of Revenue Bond Real Estate
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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") dated October 24, 1985 by and among NARCO Investors, Inc., an Ohio corporation ("Buyer"), Allied Corporation, a New York corporation ("Allied"), and Allied Canada, Inc., a Canadian corporation ("ACI"). Allied and ACI are each referred to herein as a "Seller" and are referred to collectively herein as "Sellers."

RECITALS

A. Sellers' business operations include the design, manufacture, marketing and sale of refractory products and related items, and the provision of services in connection therewith, in the United States, Canada and other countries (collectively, the "Business").

B. The Business is conducted by North American Refractories Company ("NARCO"), an unincorporated entity comprised of divisions of Allied and ACI, at the plants, business and sales offices, warehouses and other facilities and properties identified on Exhibits A (the "Owned Real Estate"), B (the "Leased Real Estate") and C (the "Revenue Bond Real Estate") (collectively, the "Business Premises"). Certain of the assets of NARCO are owned by, and certain NARCO employees are employed by, Allied and certain NARCO assets are owned by, and certain NARCO employees are employed by, ACI.

C. Sellers desire to sell to Buyer and Buyer desires to purchase from Sellers, except as otherwise set forth in this Agreement, the assets, liabilities and business, as a going concern, of the Business, on the terms and subject to the conditions described in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration had and received, and upon the terms and subject to the conditions herein, the parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

1.1 Assets to Be Acquired. Upon the terms and subject to the conditions contained herein, Sellers shall sell, assign and transfer (or cause to be so sold, assigned and transferred) to Buyer, and Buyer shall purchase and acquire on the Closing Date (as hereinafter defined), the following properties and assets of Sellers, other than the Excluded Assets (as defined in Section 1.2), which are exclusively used or held for use in the Business on the Closing Date (collectively, the "Contract Assets"):

1.1.1 all land listed or described on Exhibit A, including, without limitation, (i) all appurtenant rights, privileges and easements belonging or appertaining thereto; (ii) all buildings, structures, fixtures, improvements and other items of value, and all interests in any thereof, located on such land and all appurtenances to any thereof; and (iii) all of

Sellers' rights, title, interest, estate and privileges, if any, in and to all public and private streets, roads, avenues, alleys or passageways (open or proposed) on or abutting such land;

1.1.2 the Sellers' interest as tenant in, to and under the leases whereby Sellers may use and occupy the Leased Real Estate listed or described in Exhibit B;

1.1.3 the Sellers' right to use and occupy and right to purchase or otherwise acquire the Revenue Bond Real Estate identified in Exhibit C;

1.1.4 all machinery and equipment, including, without limitation, the machinery and equipment listed or described on Exhibit D, all spare or replacement parts and all manufacturing or production tools or supplies located on or at the Business Premises;

1.1.5 all raw materials inventory, work-in-process inventory, finished goods inventory, scrap inventory and related items located on or at the Business Premises and all such items on consignment or sale on approval, wherever located;

1.1.6 all furniture and fixtures, all office equipment and all office or administrative supplies located on or at the Business Premises;

1.1.7 all cars, trucks and other motor vehicles listed or described on Exhibit E;

1.1.8 subject to Section 1.3, all rights and incidents of interest of Sellers in and to the contracts, agreements, leases, commitments, licenses, sales and purchase

orders, product warranty and service agreements and manufacturer's representative agreements (written or oral) relating to the Business which remain in effect on the Closing Date (other than the leases of the Leased Real Estate and of the Revenue Bond Real Estate) including, without limitation, those listed or described on Exhibit F (collectively, the "Contracts");

1.1.9 all licenses, permits, approvals, qualifications, or the like, issued or to be issued by any government or governmental unit, whether federal, state, local or other, relating to the Contract Assets or the Business, including, without limitation, those listed or described on Exhibit G (collectively, the "Authorizations");

1.1.10 all accounts receivable arising in connection with the Business and not paid prior to the Closing Date;

1.1.11 all patents, trademarks and trade names, including the right to sue for any past infringement thereof (and all applications for any of the foregoing and all rights in any thereof), and any licenses of patents, trademarks or trade names, whether foreign or domestic, used exclusively in the Business specifically including those listed or described on Exhibit H (regardless whether they are used exclusively in the Business);

1.1.12 all know-how, trade secrets and other technology, and all other proprietary data and intellectual property of all kinds used exclusively in the Business (including all inventions and discoveries (whether patentable or

unpatentable) developed by NARCO relating exclusively to the Business and all formulae, production outlines and product development records developed by NARCO relating exclusively to the Business) and any licenses of such property, including, without limitation, those listed on Exhibit H, whether foreign or domestic;

1.1.13 all customer lists, manuals, books, files, records, engineering data, procedures, systems, computer programs, models, ratios, instructions, patterns, drawings, blueprints, plans, designs, specifications, equipment lists, parts lists, descriptions, data, art work, advertising material and dealer and distributor lists customarily kept and maintained at the Business Premises;

1.1.14 the value of the Business as a going concern;

1.1.15 all rights to causes of action, lawsuits, judgments, claims and demands being pursued or prosecuted by Sellers which are listed or described on Exhibit I;

1.1.16 the "safe harbor" leases listed or described on Exhibit J (the "Safe Harbor Leases");

1.1.17 any deposits or prepayments made in connection with the Business; and

1.1.18 all other properties, assets, rights and interests of every kind and description, wherever located, of Sellers, exclusively used or held for use in connection with the Business.

1.2 Excluded Assets. Notwithstanding anything contained in Section 1.1 to the contrary, Sellers shall not sell, assign or transfer to Buyer, and Buyer shall neither purchase nor acquire from Sellers, any of the following (collectively, the "Excluded Assets"):

1.2.1 claims for tax refunds or tax credits;

1.2.2 cash, certificates of deposit or other cash equivalent items;

1.2.3 patents, trademarks and trade names, licenses of patents, trademarks and trade names and applications for patents, trademarks and trade names which are not used exclusively in the Business, including, without limitation, those listed or described on Exhibit K;

1.2.4 all insurance policies of Sellers relating to the Business and all right of Sellers to insurance claims and proceeds arising from or related to the operation of the Business prior to the Closing Date;

1.2.5 any assets (including, without limitation, books, records and files) not located at the Business Premises on the Closing Date which assets are used in common in the Business and any other business of either Seller or any Transferor (as defined in Section 3.1);

1.2.6 any intercompany accounts which are assets;

1.2.7 any account receivable from Wheeling-Pittsburgh Steel Corporation which is not reflected on the balance sheet as of July 31, 1985 set forth in Exhibit N (the "Exhibit Balance Sheet");

1.2.8 any deposits or prepayments made in connection with the Revenue Bond Real Estate that are not reflected on the Exhibit Balance Sheet or the Certified Closing Date Balance Sheet; and

1.2.9 subject to 7.1.2, rights in or to real property not listed or described on Exhibit A that is exclusively used or held for use in the Business on the Closing Date.

1.3 Nonassignable Contracts and Authorizations. To the extent that the assignment of any Contract or Authorization to be assigned to Buyer or the execution of a lease or sublease with respect to any of the Leased Real Estate or other leased property to be transferred to Buyer pursuant to this Agreement shall require the consent of any other party, this Agreement shall not constitute a contract to assign or lease or sublease the same if an attempted assignment or lease or sublease would constitute a breach thereof. Subject to Section 6.1, Sellers shall use all reasonable efforts, and Buyer shall cooperate where appropriate, to obtain any consent necessary to any such assignment, lease or sublease. Subject to Section 6.1, if any such consent is not obtained, Sellers shall cooperate with Buyer in any reasonable arrangement requested by Buyer designed to provide for Buyer the benefit, monetary or otherwise, of any such Contract or Authorization, including enforcement of any and all rights of either Seller against the other party thereto arising out of breach or cancellation thereof by such other party or otherwise or to secure for the Buyer the use of the Leased Real Estate or other leased property.

1.4 Obligations of Sellers and Their Subsidiaries.

1.4.1 References in this Agreement to obligations or liabilities of "Sellers" refer to obligations or liabilities of either Seller.

1.4.2 All covenants and agreements of Sellers under this Agreement are obligations of Allied, enforceable directly against Allied without recourse to ACI or any Transferor.

1.4.3 Legal title to certain of the Contract Assets may be held by wholly-owned subsidiaries of Sellers, and employees of the Business may be employed by wholly-owned subsidiaries of Sellers. The parties hereby agree that (i) to the extent any Contract Assets are owned by, or any covenant or obligation of either Seller under this Agreement should properly be performed by, any subsidiary of such Seller, such Seller shall cause such subsidiary to transfer such Contract Assets to Buyer or to perform such covenant or obligation, and Buyer shall accept such transfer or performance as if effected by such Seller, (ii) references to liabilities and obligations of Sellers which are to be assumed by Buyer pursuant to Section 2.2 (the "Assumed Liabilities") shall be deemed to include liabilities and obligations of Sellers' wholly-owned subsidiaries, and (iii) references in this Agreement to Sellers' present and former NARCO employees shall be deemed to include present and former NARCO employees of Sellers' wholly-owned subsidiaries, and references to Sellers' obligations with respect to their present and former NARCO employees or employee

plans and benefits shall be deemed to include obligations of Sellers' wholly-owned subsidiaries with respect to their present and former NARCO employees or employee plans and benefits.

ARTICLE II

CONSIDERATION

2.1 Purchase Price Payable at Closing; Preferred Stock. In consideration for the Contract Assets to be transferred to Buyer pursuant to Article I and upon the terms and subject to the conditions contained in this Agreement, Buyer shall at the Closing (i) pay to Sellers in cash the aggregate sum of $63,000,000 in immediately available funds by bank wire transfers to accounts of Allied and ACI designated by them or, if wire transfers are commercially unreasonable, by certified or official bank checks; and (ii) deliver to Allied certificates for 240,000 shares of Buyer's Preferred Stock with express terms in the form of Exhibit KK.

2.2 Assumption of Liabilities. As further consideration for the Contract Assets, Buyer shall, subject to Section 2.3, assume the following liabilities and obligations of the Sellers and no others (collectively, the "Assumed Liabilities"):

2.2.1 all liabilities and obligations of Sellers under the Contracts or Authorizations listed or described on Exhibits F or G that have not been performed prior to the Closing Date;

2.2.2 all liabilities and obligations of Sellers reflected or specifically reserved against on the Certified Closing Balance Sheet (as defined in Section 2.4), without limitation as to the amounts reflected thereon;

2.2.3 all liabilities and obligations of Sellers under agreements with customers and suppliers of the Business;

2.2.4 all liabilities and obligations of Sellers incurred in the ordinary course of the Business for the purchase or sale of goods or services;

2.2.5 all liabilities and obligations arising out of any grievance, arbitration, charge or other proceeding arising from or relating to employee or union complaints made or filed against either Seller (whether made or filed prior to, on or after the Closing Date), which complaints relate directly or indirectly to the operation of the Business but specifically excluding Workers Compensation Claims (as defined in Section 2.3.3);

2.2.6 all liabilities and obligations of Sellers to employees of the Business for vacation or vacation pay earned on or prior to the Closing Date;

2.2.7 any sales tax liability payable to Revenue Canada as a result of the purchase and sale of the Contract Assets pursuant to this Agreement;

2.2.8 subject to Section 10.1, all liabilities and obligations for death, personal injury or other injury to persons arising from or relating to (i) use of or exposure to a product of the Business other than a Discontinued Product (as

defined in Section 2.3.4) or (ii) exposure to the mining, grinding or other processing, manufacturing and installation operations of the Business other than such operations relating to Discontinued Products (whether under clause (i) or (ii), an "Exposure Claim"); and

2.2.9 all liabilities and obligations other than Exposure Claims and Workers Compensation Claims for death, personal injury, other injury to persons or property damage arising from or relating to use of or exposure to any product of the Business including, without limitation, product return, repair or replacement and any liabilities or obligations for the failure of the products to perform in accordance with or to be in compliance with the specifications for such product or for breach of an express or implied warranty or otherwise with respect to the product; and

2.2.10 subject to Section 10.1, all liabilities and obligations of the Business arising from or relating to laws, regulations, orders or decrees of any federal, state or local governmental authority relating to mining, reclamation, the pollution of the atmosphere or surface or ground waters, hazardous or toxic wastes or substances or other environmental matters including liabilities and obligations relating to occupational safety and health but specifically excluding Exposure Claims, Workers Compensation Claims and similar liabilities and obligations that would be Exposure Claims or Workers Compensation Claims except that they relate to Discontinued Products, (an "Environmental Liability"); and

2.2.11 all liabilities and obligations of Sellers for claims of infringement of patents, trademarks, or trade names or other intellectual property in the operation of the Business including without limitation those claims or potential claims listed or described on Exhibit M;

2.2.12 all liabilities and obligations of Sellers or their affiliates under the Safe Harbor Leases with respect to any and all property acquired by Buyer which is subject to such leases, but only to the extent such liabilities and obligations arise after the Closing Date as a result of acts or omissions of Buyer affecting any such property; Buyer specifically agrees, without in any way limiting the foregoing, with respect to the Safe Harbor Lease Property, to: (A) report on its federal income tax returns the amounts paid or deemed paid to or by it in accordance with the provisions of the Safe Harbor Leases, and (B) timely provide such documents and make such filings as are required of it by Temp. Treas. Reg. §5c.168(f)(8)-2(a)(5); and

2.2.13 all other liabilities and obligations of Sellers expressly assumed in Schedule II, Article VIII and Section 10.1.2 of this Agreement.

2.3 Excluded Liabilities. The Buyer shall not assume or be liable with respect to any liabilities or obligations known or unknown, fixed, contingent or otherwise, of either Seller or any Transferor (as hereinafter defined), their Directors, officers, employees or agents other than those identified in Section 2.2. The liabilities and obligations not to be assumed by Buyer include, without limiting the generality

of the foregoing, and whether or not incurred in the ordinary and usual course of the Business:

2.3.1 any liability or obligation for federal, state, provincial, local or foreign taxes on income or which are measured by income (including, without limitation, any state franchise tax) attributable to the period prior to the Closing Date;

2.3.2 except as provided in Schedule II, any liability or obligation with respect to the industrial revenue bonds and other obligations described in Exhibit C;

2.3.3 any liability or obligation to an employee or former employee of the Business compensable under any applicable workers compensation or similar State or Provincial law arising from or relating to an accident, event, or other occurrence on or prior to the Closing Date other than an Exposure Claim (collectively, "Workers Compensation Claims");

2.3.4 any liability or obligation for claims of infringement of patents, trademarks, or tradenames relating to a product of the Business that is no longer manufactured or sold by the Business on the Closing Date including without limitation those products listed or described on Exhibit KKK ("Discontinued Products");

2.3.5 any liability or obligation for litigation listed or described on Exhibit S (the "Retained Litigation");

2.3.6 any liability or obligation to an employee or former employee of the Business for severance pay with respect to periods prior to the Closing except to the extent

such a liability or obligation arises from Buyer's breach of Section 8.1;

2.3.7 any liability or obligation retained by Sellers Under Article VIII; or

2.3.8 any liability or obligation arising from or relating to a Discontinued Product that would, but for the fact that it relates to a Discontinued Product, be an Exposure Claim or a Workers Compensation Claim.

2.4 Calculation of Post-Closing Adjustment. (a) The purchase price set forth in Section 2.1 will be adjusted following the Closing Date to reflect any differences between the net book value of the assets to be transferred and liabilities to be assumed as shown on the Exhibit Balance Sheet set forth in Exhibit N (the "Estimated Total Allied Net Investment") and the net book value of the assets transferred and liabilities assumed as of the Closing Date (the "Closing Total Allied Net Investment"). The Closing Total Allied Net Investment will be determined from the Certified Closing Date Balance Sheet (as defined below).

(b) Allied shall prepare a balance sheet as of the Closing Date in a manner consistent with the Exhibit Balance Sheet and in accordance with the accounting practices and procedures on Exhibit T (the "Closing Date Balance Sheet"). Not later than 30 days after the Closing Date Allied shall furnish the Closing Date Balance Sheet to its independent certified public accountants Price Waterhouse, through its Morristown, New Jersey office (the "Accountants") to audit the Closing Date

Balance Sheet and to make such adjustments therein as shall be necessary for the Accountants to certify, without qualification, that:

> In our opinion, the accompanying balance sheet presents fairly the financial position of the Business at the Closing Date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the Exhibit Balance Sheet at July 31, 1985. This opinion is based on an examination which was made by us in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

(c) Buyer will give representatives of Sellers and the Accountants access to the Business Premises and to the books and records of the Business for purposes of preparing the Closing Balance Sheet and will cause appropriate Buyer personnel to assist Sellers and their representatives in the preparation of the Closing Balance Sheet (which shall include, without limitation, personnel to assist in taking a physical inventory) and shall otherwise cooperate fully with Sellers and the Accountants in the preparation of the Closing Date Balance Sheet and in connection with such certification.

(d) If Allied fails to prepare the Closing Date Balance Sheet pursuant to the preceding paragraph (b) Buyer shall, as promptly thereafter as practicable, prepare the Closing Date Balance Sheet and shall cause a "big-eight" accounting firm selected by Buyer to certify, as promptly as practicable, the Closing Date Balance Sheet as described in Section 2.4(b). Any expenses or accounting fees incurred by

Buyer pursuant to this section 2.4(d) shall be paid to Buyer at the time of the payment of the post-closing adjustment except that Allied shall not be liable for such expenses to the extent Allied's failure to deliver the Closing Date Balance Sheet is caused by Buyer's failure to provide assistance or to cooperate pursuant to section 2.4(c).

(e) The Closing Date Balance Sheet adjusted and certified pursuant to subsection (b) or (d) above (as the case may be) shall be the "Certified Closing Date Balance Sheet".

2.5 Payment of Post-Closing Adjustment. If the Estimated Total Allied Net Investment is greater than Closing Total Allied Net Investment (determined pursuant to Section 2.4), then Allied shall pay to Buyer an amount equal to the difference adjusted pursuant to Sections 2.6 and 9.5. If the Closing Total Allied Net Investment (determined pursuant to Section 2.4) is greater than the Estimated Total Allied Net Investment, Buyer shall pay to Allied an amount equal to the difference adjusted pursuant to Sections 2.6 and 9.5. Payment pursuant to this Section 2.5 shall be payable 63/75ths in cash either by wire transfer to an account designated by the recipient or, at the option of the recipient, by certified or cashier's check. The balance shall be payable as follows: if the payment is to be made by Buyer, Buyer shall issue to Allied, or, if the payment is to be made by Allied, Allied shall surrender to Buyer certificates (duly endorsed or accompanied by stock powers duly executed in blank), evidencing shares of Preferred Stock of Buyer. The number of Preferred

Shares to be issued or surrendered, as the case may be, shall be the quotient of: 12/75ths of the payment divided by $50. Fractional shares shall be paid in cash. Buyer shall cancel any shares of Preferred Stock surrendered by Allied under this Section 2.5. Payment shall be made at a second closing (the Second Closing) to be held not more than 10 business days following the determination of Closing Total Allied Net Investment pursuant to Section 2.4 at a time and place mutually agreed to by Buyer and Allied.

2.6 Post-Closing Adjustment for Option Conversion. If on the date of closing any executive employee of the Business holds an option granted prior to September 18, 1984 by his employer to acquire stock of Allied or of Allied-Signal Inc., then such option will automatically be converted into an option to acquire stock of the Buyer. Upon such conversion the existing option to acquire Allied or Allied-Signal Inc. stock will be automatically cancelled and the employee will forfeit all rights thereunder to exercise the option for Allied-Signal Inc. or Allied stock. Buyer will forthwith issue a substituted option to the employee to acquire Buyer's stock under comparable terms and conditions as existed under the cancelled option. The excess of the fair market value (as defined in the Allied or Allied-Signal Stock Option Plan) on the Closing Date of the stock of Allied-Signal Inc. subject to the option over the exercise price to the option holder for any such option shall be the "Option Differential." At the second closing, the amount due to Allied from Buyer pursuant to Section 2.5 shall

be reduced, or the amount due to Buyer from Allied pursuant to Section 2.5 shall be increased, by an amount equal to 50% of the sum of the Option Differentials of all options converted pursuant to this Section 2.6. For purposes of this Section 2.6 "executive employee" means any of: Edmund S. Wright, R. C. Crosson, J.B. Poulson and Robert F. Whitford.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS

Allied represents and warrants to Buyer as follows:

3.1 Organization and Corporate Authority. Allied and each subsidiary of Allied or ACI that owns or operates any of the Contract Assets (a "Seller Subsidiary," collectively with the Sellers, the "Transferors") are corporations duly organized, validly existing and in good standing under the laws of the jurisdiction in which they are respectively organized, with the full corporate power and authority to own, lease and operate their respective properties and to conduct the respective portions of the Business conducted by each of them, and are, respectively, duly qualified or authorized to do business as foreign corporations and are in good standing in all jurisdictions in which such respective qualifications are necessary to conduct the respective portions of the Business conducted by each of them.

3.2 Authority for Agreement. Each Seller has all requisite corporate power and authority to enter into this

Agreement and each Transferor has all requisite power and authority to perform the obligations to be performed by it under this Agreement. This Agreement constitutes, and each of the Schedules (as hereinafter defined) to which a Transferor is a party and the other agreements and instruments of Allied and ACI contemplated hereby when executed and delivered will constitute, the valid, binding and enforceable obligations of each Transferor, respectively, and their execution and delivery by each Transferor and the consummation of the transactions and the performance of the obligations contemplated hereby and thereby have been duly authorized by all requisite corporate action of each Transferor.

3.3 No Violation to Result. The execution and delivery of this Agreement and each of the Schedules to which any Transferor is a party and the performance of the transactions contemplated hereunder and thereunder do not and will not violate, breach, conflict with or constitute a default under, and will not accelerate or permit the acceleration of the performance required by, any of the terms or provisions of any of their Certificate or Articles of Incorporation or By-laws or any note, debt instrument, security agreement or mortgage, or any other contract or agreement to which any Transferor is a party or by which any of the Contract Assets is bound, and will not be an event which, after notice or lapse of time or both, will result in any violation, breach, conflict, default, or acceleration under any thereof, or under any law, judgment, decree, order, rule or regulation of any governmental authority

or court, whether federal, state or local, applicable to any Transferor or to any of the Contract Assets, and will not result in the creation or imposition of any lien, encumbrance or restriction in favor of any third person upon any of the Contract Assets. No consent or approval by any governmental authority is required in connection with the execution and delivery by any Transferor of this Agreement or any agreement or instrument contemplated hereby or the consummation by the Transferors of the transactions contemplated hereby or thereby.

3.4 Compliance with Laws. Except as disclosed in Exhibit L, the Business has been and is being conducted in all material respects in compliance with all applicable laws, regulations, orders, decrees and other requirements of all governmental authorities, including without limitation, all laws, regulations, orders and decrees relating to zoning, mining, reclamation, public health and safety, equal employment and occupational health and safety of employees, the pollution of the atmosphere and surface or ground waters, hazardous or toxic wastes or substances, and other environmental matters, the enforcement of which would have a materially adverse effect on the Business. Except as disclosed in Exhibit L, to the knowledge of the Sellers, no Transferor has received notice that it, in connection with the Business or the Contract Assets, may be responsible for remedial action to be performed in the future with respect to any of the foregoing or for the release of any substance or that they may have any liability for any action or inaction in respect thereto which would be material to the

Business. Exhibit L is complete and accurate in all material respects.

3.5 No Existing Defaults. No Transferor is in default under any note, debt instrument or mortgage or in material default under any security agreement or other commitment, contract, agreement, license, lease or other instrument relating to the Business, whether written or oral, to which any Transferor is a party or by which any of the Contract Assets is bound; and there exists no condition or event which, after notice or lapse of time or both, would constitute a material default in connection with any of the foregoing.

3.6 Taxes. Except as set forth in Exhibit P or in Section 3.7, the Contract Assets are not subject to any lien for federal, state, provincial or local taxes or assessments or other similar governmental charges, whether or not perfected.

3.7 Title to Assets. Subject to Section 1.3, each Transferor has good and marketable title to or valid and subsisting leasehold interests in the Contract Assets to be transferred by it, free and clear of all liens, claims, restrictions, equities and encumbrances except for (i) liens of taxes and governmental charges not yet payable or that are being contested in good faith by appropriate proceedings (liens for such contested taxes, hereinafter "Contested Tax Liens"); (ii) liens of employees and laborers for current wages not yet due; or (iii) title defects, liens, easements, restrictions, encroachments and other encumbrances or factual matters (including, without limitation, such matters as would be

disclosed by a survey of any Business Premises) which do not and would not materially and adversely affect the Business or the value or the present use of the Contract Assets taken as a whole.

3.8 Intellectual Property. Exhibits H and K contain a complete list or description of all registered trademarks, trade names and patents owned, applied for or used or otherwise held for use by the Transferors in the Business. The Transferors own or possess and, as of the Closing Date will transfer to Buyer, adequate licenses or other rights to sell or license all registered trademarks, trade names, patents, patent applications, trade secrets, formulae; production outlines, computer programs, product development records and other proprietary information used in the Business. Except as noted on Exhibits H, K, or M, no Transferor is required to pay any royalty, license fee or similar compensation in connection with the conduct of the Business as it is now conducted and no such compensation is owed in connection with the conduct of the Business prior to the Closing. Except as noted on Exhibit M, there has not been and the Transferors have no knowledge of any claims which might reasonably be made alleging that the operations of the Business, as currently conducted, infringe any patents, trademarks or trade names or violate any other intellectual property rights of others. To the best of Sellers' knowledge, all patents, patent applications and rights, inventions or discoveries (whether or not patentable) owned or held by any officer, Director or employee of a Transferor and relating to the Business which have been disclosed in writing to

a Transferor and to which the Transferor is entitled have been duly and effectively transferred to the Transferor.

3.9 Real Property. Exhibits A, B and C contain a full and complete list of each item of real property and improvements with respect to each such item of real property owned or leased by a Transferor, which items of real property are to be acquired or subleased by Buyer. Except as noted on Exhibits A, B, C or L, and subject to Section 3.7, Allied further represents and warrants to Buyer, with respect to the Business Premises that:

3.9.1 there are no outstanding leases or tenancies covering or in any way affecting the Business Premises or any part or parts thereof;

3.9.2 no person, firm or corporation other than the Transferor has any rights with respect to the Business Premises or any part or parts thereof;

3.9.3 one of the Transferors is the sole owner of each parcel of the Owned Real Estate described in Exhibit A and has the full and unrestricted right and power to transfer title to Buyer by an instrument of conveyance as described in Section 5.2.1; and

3.9.4 no condemnation or eminent domain proceedings are pending, or to Sellers' knowledge, threatened, which would preclude or materially impair the use of the Business Premises by Buyer for the purposes for which the same is used by Sellers.

3.10 Brokers. Except as set forth on Exhibit R, the Transferors have not retained any broker or finder with respect to any transaction contemplated by this Agreement.

3.11 Litigation. Except as set forth on Exhibits I, L, M or S, there is no litigation, suit, proceeding, action, claim, counterclaim, charge, grievance or investigation pending, or to the best of Sellers' knowledge threatened, against any Transferor relating to or affecting the Business or involving any property or asset included in the Contract Assets or the transactions contemplated by this Agreement, before any court, governmental agency or other tribunal.

3.12 Governmental Authorizations. Exhibit G lists or describes all Authorizations and other evidences of authority as are required for the Business or presently planned expansions of the Business by or under any applicable law, rule or regulation of any jurisdiction or governmental agency or authority for the conduct of the Business at any site or any part thereof or for compliance with any applicable law or other requirement of a governmental authority relating to the conduct of the Business where the failure to have such Authorization would have a materially adverse effect on the operations of the Business at that site. Except as disclosed on Exhibit L, all such Authorizations and other evidences of authority are subsisting and effective. No registration with, approval by, clearance from or prenotification to any governmental agency is required in connection with the execution and performance of this Agreement by Transferors excepted as noted on Exhibit G.

3.13 Financial Statements. The Exhibit Balance Sheet and the income statement set forth in Exhibit N (the "Income Statement") are complete and correct in all material respects

and have been prepared in accordance with generally accepted accounting principles consistently applied; the Income Statement presents fairly the results of NARCO's operations for the period indicated; and the Exhibit Balance Sheet presents fairly the financial position of the Business as of its date.

3.14 No Material Adverse Change; Operations in Ordinary Course. Since the date of the Exhibit Balance Sheet, Sellers have operated the Business only in the usual and ordinary course, consistent with past practice, and there has not been with respect to the Business: (i) any material adverse change in its condition, financial or otherwise, assets, or liabilities; (ii) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of the Business; (iii) except in the ordinary course of the Business, any transfer by sale or otherwise of assets which otherwise would constitute a Contract Asset between NARCO and either of the Sellers or any other division of Allied or any affiliate of Allied; (iv) any cancellation, termination, amendment or waiver of any material contract or of any rights or claims arising thereunder except in the ordinary course of the Business. General economic and business conditions prevailing in the United States of America and/or Canada shall not be a "material adverse change" under this Section 3.14.

3.15 Condition of Contract Assets. The Contract Assets at each site, taken as a whole at that site, are in reasonable operating condition and repair and are sufficient for

the conduct of the Business in all material respects as it is currently conducted. The Contract Assets include all assets, tangible and intangible required to permit the Buyer to conduct the Business as presently conducted and to perform under the Contracts assigned to or assumed by Buyer hereunder.

3.16 Accounts Receivable. Each of the accounts receivable included in the Contract Assets is a bona fide account receivable arising in the ordinary course of the Business, and except for warranty claims, anticipated quantity discounts and other claims and disputes arising in the ordinary course of the Business, none of which is materially adverse, to Sellers' knowledge (i) there are no claims, disputes or offsets with regard to any of such accounts receivable, and (ii) no party has claimed any right of set-off against any such account receivable.

3.17 Employment Agreements. Except as disclosed on Exhibit F, there are no employment or consulting service contracts or agreements between either Seller or any of their respective wholly-owned subsidiaries and any employee of NARCO.

3.18 Employee Plans and Agreements. The documents listed or described on Exhibit TT include all contracts, plans and agreements currently in effect relating to personnel matters or employees of the Business, and no Transferor is a party to any other collective bargaining agreements, pension agreements or other retirement, profit sharing, savings, thrift, stock purchase, stock option, stock bonus, bonus incentive, welfare or other plans or agreements relating to personnel matters or

employees (including former employees) of the Business. Except as set forth on Exhibit TT, no Transferor maintains or maintained or contributes or contributed to any "employee benefit plan" (as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), relating to employees (including former employees) of the Business. Except as set forth on such Exhibit, no employee (or former employee) or agent of the Business is covered by any such plan or agreement. None of such plans is a "multiemployer plan" (as defined in ERISA). With respect to each "employee pension benefit plan" (as defined in ERISA) listed on Exhibit TT, Allied has furnished to Buyer a true, correct and complete copy thereof, including any amendments thereto, together with a true, correct and complete copy of each trust agreement for each Hourly Pension Plan (as defined in Section 8.2.2).

3.19 Pension Matters.

3.19.1 With respect to each U.S. Hourly Plan (as defined in Section 8.2.3): (i) such Plan is a qualified plan under Section 401(a) of the Internal Revenue Code of 1954, as amended (the "Code"), and the trust established in connection therewith is exempt from taxation under Sections 401(a) and 501(a) of the Code; (ii) except for certain current salaried employees of the Business who formerly were hourly employees of the Business, such Plan covers no employee or group of employees other than hourly employees of the Business; (iii) no reportable event (as defined in ERISA and regulations thereunder) has occurred with respect to such Plan; (iv) no legal action, suit,

investigation, claim or proceeding, whether pending or, to the best of Allied's knowledge, threatened, exists with respect to such Plan; (v) all contributions required to be made for 1985 through the Closing Date have either been paid or adequately reserved or otherwise provided for on the Exhibit Balance Sheet; (vi) all amendments required to be made by December 31, 1985 to such Plan by ERISA as amended by the Tax Reform Act of 1984 and the Retirement Equity Act of 1984 are in the process of being made and, on the Closing Date, will have been made; and (vii) on or before the Closing Date, such Plan, as amended, will have been submitted to the Internal Revenue Service for a determination that it is qualified under Section 401(a) of the Code. Allied has delivered or caused to be delivered to Buyer true, correct and complete information with respect to each U.S. Hourly Plan that is a defined benefit plan concerning (i) present value as of January 1, 1985 of liabilities accrued under the Plan on an ongoing basis; (ii) the actuarial assumptions used in calculating values under clause (i); (iii) the participant data used in calculating values under clause (i); and (iv) the fair market value as of June 30, 1985 of the assets in the trust established as the funding vehicle for the Plan.

3.19.2 The Bunker Ramo-Eltra Corporation Pension Plan for Salaried Employees (the "Salaried Plan") is a qualified plan under Section 401(a) of the Code and the trust established in connection therewith is exempt from taxation under Sections 401(a) and 501(a) of the Code.

3.19.3 Except as disclosed on Exhibit TTT, each Transferor is in compliance with all reporting and disclosure requirements of the Code and of ERISA applicable to the U.S. Hourly Plans, and there has been no termination or partial termination of any such plan since September 30, 1980.

3.20 Union Matters. All of the collective bargaining agreements executed and delivered by the respective parties thereto in connection with the Business as conducted on the Business Premises and in force on the Closing Date are listed on Exhibit T, and Sellers have delivered to Buyer true and complete copies of each such written agreement. Except as disclosed on Exhibit U, to the Sellers' knowledge there have been no material labor disputes, strikes, walkouts, or slowdowns pertaining to the operations of NARCO within the last three years nor are there any material labor disputes, grievances, arbitration proceedings, or unfair labor practice complaints currently pending or threatened.

3.21 Miscellaneous Employment/Benefit Matters. Exhibit TT lists all non-bargaining unit sick leave, vacation and holiday policies, bonus, profit sharing or other similar incentive or deferred compensation plans with respect to the Business. Exhibit TT also sets forth the names of all present salaried employees of the Business and their current annual salary rates (including all bonuses, whether current, deferred or otherwise). Since January 1, 1985, there has not been any increase in or commitment to increase the salaries or other compensation paid to any employees of the Business other than in

accordance with Seller's customary salary review procedures and policies.

3.22 Inventories. Subject to Exhibit T, the inventories included in the Contract Assets hereunder, consist of items of a quantity and quality which can be sold, used or consumed in the usual and ordinary course of the Business as conducted by Sellers as of the Closing Date and are valued in accordance with generally accepted accounting principles observed by Allied in the preparation of its divisional financial statements as set forth on Exhibit M at the lower of cost or market on a first-in, first-out basis.

3.23 Contracts. Exhibit F contains a complete listing of all Contracts except for any Contract, other than a lease, which involves less than $10,000 on an annual basis, any Contract which is an Employee Benefit Plan, and any other Contract arising after August 31, 1983 in the ordinary course of the Business.

3.24 Leases. All leases pursuant to which any Transferor leases any real or personal property used in connection with the Business are set forth on either Exhibit H, F or J other than a lease which involves payments from the Business of less than $10,000 on an annual basis. All such leases are valid and effective in accordance with their respective terms; and, to the best of Sellers' knowledge, except for certain defaults under the Safe Harbor Leases, there is not, under any of such leases, any existing default, event of default, or facts or circumstances which with notice or lapse of

time, or both, would constitute a default under any of such leases.

3.25 Disclosures. Neither this Agreement nor any Schedule or Exhibit attached hereto nor any certificate, document, written statement or other instrument furnished to Buyer by any Transferor in connection with the transactions contemplated hereby, taken as a whole, contains any untrue statement of material fact or omits any material fact necessary in order to make the statements contained herein or therein not misleading. Any documents furnished to Buyer by or on behalf of any Transferor are true and correct copies and there are no material amendments or modifications thereto except as otherwise set forth on such documents.

3.26 Disclaimer. Except as otherwise specifically provided in this Article III, SELLERS MAKE NO REPRESENTATION OR WARRANTY RELATING TO THE PHYSICAL CONDITION OR UTILITY OF THE CONTRACT ASSETS, ALL OF WHICH ARE TO BE SOLD "AS IS - WHERE IS". SELLERS DISCLAIM ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.27 Restatements of Representations and Warranties. Each of the representations and warranties made in this Article III, restated to speak as of the Closing Date, shall be true, correct and complete as of the Closing Date.

3.28 Termination of Representations. The representations and warranties set forth in this Article III, and any cause of action arising out of any thereof, including

without limitation, any cause of action for failure of any such representation or warranty to be true when made, shall terminate one year after the Closing Date, and thereafter no claim or demand shall be made on account thereof. The representations and warranties contained in Section 3.7 as to the Owned Real Estate shall terminate at the Closing and be merged into the instruments of conveyance delivered pursuant to this Agreement. Nothing in this Section 3.28 shall impair Sellers independent obligations under Section 9.5.2.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 Organization and Corporate Authority. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio. with the corporate power and authority to own, lease and operate the Contract Assets and to conduct the Business as it relates to the Contract Assets.

4.2 Authority for Agreement. Buyer has all requisite corporate power and authority to enter into this Agreement and, as of the Closing Date, will have all requisite corporate power and authority to perform the obligations to be performed by it under this Agreement. This Agreement constitutes, and each of the Schedules to which Buyer is a party and the other agreements and instruments of Buyer contemplated hereby when executed and delivered will constitute, the valid, binding and enforceable obligation of Buyer, and their execution and delivery by Buyer

and the consummation of the transactions contemplated hereby and thereby will, on the Closing Date, have been duly authorized by all requisite corporate action of Buyer.

4.3 No Violation to Result. The execution and delivery of this Agreement by Buyer and the performance of its obligations hereunder are not in violation or breach of, do not conflict with or constitute a default under, and will not accelerate or permit the acceleration of the performance required by, any of the terms or provisions of Buyer's Articles of Incorporation or Regulations or any note, debt instrument, security agreement or mortgage, or any other contract or agreement to which Buyer is a party or by which any of its assets or properties is bound, and will not be an event which, after notice or lapse of time or both, will result in any violation, breach, conflict, default, or acceleration under any thereof, or under any law, judgment, decree, order, rule or regulation of any governmental authority or court, whether federal, state or local, at law or in equity, applicable to Buyer or to any of the Contract Assets, and will not result in the creation or imposition of any lien, encumbrance or restriction in favor of any third person upon any of the Contract Assets.

4.4 Brokers. Buyer has not retained any broker or finder other than National City Bank of Cleveland, Ohio with respect to any transaction contemplated by this Agreement.

4.5 Information Concerning the Business. Buyer hereby acknowledges that MARCO's management includes affiliates of

Buyer, and that the information concerning the Business provided to Seller in relation to this Agreement by NARCO's management forms a basis for certain of the representations, warranties, covenants and certificates by Seller contained in or required by this Agreement, and Buyer represents and warrants that to the best of its knowledge such information forming a basis for such representations, warranties, covenants and certificates is not in any material respect inaccurate, misleading or incomplete.

4.6 Termination of Representations. The representations and warranties of Buyer set forth in this Article IV, and any cause of action arising out of any thereof, including, without limitation, any cause of action for failure of any such representation or warranty to be true when made, shall terminate one year after the Closing Date, and thereafter no claim or demand shall be made on account thereof.

4.7 Knowledge of Certain Facts. Buyer hereby acknowledges that, to the best of its knowledge, (i) to the date of this Agreement Seller's operation of the Business is in conformity with the standard set forth in Section 3.14 and no event described in clauses (i), (ii), (iii) or (iv) of Section 3.14 has occurred, and (ii) information of each type called for in Section 3.19.1 with respect to each Hourly Pension Plan has been delivered to Buyer or its representatives.

ARTICLE V

CLOSING

5.1 Time and Place of Closing. The "Closing" means the time at which Sellers consummate the sale, assignment and transfer (or, in the case of the Revenue Bond Real Estate, the lease or sublease) and delivery of the Contract Assets to Buyer, against delivery by Buyer of the consideration specified in Section 2.1 and the assumption by Buyer of those liabilities and obligations of Sellers as provided in Section 2.2. The Closing shall take place at the offices of Jones, Day, Reavis & Pogue in Cleveland, Ohio, on November 15, 1985 or on such other date and at such other time as the parties shall mutually agree; provided, however, that in the event Buyer is unable to close on such date because the condition set forth in Section 6.1.6 has not been fulfilled, Allied shall have the right at any time thereafter to terminate this Agreement by giving written notice to Buyer that it is exercising its rights under this Section 5.1. If, at 5 o'clock p.m. (local Cleveland time) on the 5th business day following Buyer's receipt of any such notice, (a) Buyer has not theretofore given notice to Allied that the condition set forth in Section 6.1.6 has been fulfilled, and (b) the Closing has not occurred, then Allied shall thereafter have the right under this Section 5.1 to forthwith terminate this Agreement at any time by giving written notice thereof to Buyer and upon receipt of such notice by Buyer this Agreement shall immediately terminate. The day when the Closing occurs shall be the "Closing Date".

5.2 Documents Executed at Closing. At the Closing, upon fulfillment of all the conditions set forth herein which have not been waived in writing by the applicable party:

5.2.1 Transferors and Buyer shall deliver to each other all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments, assumptions and consents, and any other documents called for herein and necessary or reasonably required effectively to sell, assign and transfer the Contract Assets and the Assumed Liabilities to Buyer and to comply with the conditions of this Agreement (each such instrument a "Schedule"; together with Schedule I, Schedule II, Schedule III and the joint conditional filing instructions the "Schedules");

5.2.2 One of Sellers and Buyer shall execute (i) a non-exclusive license agreement in the form of Schedule I, (ii) a lease or sublease with respect to any Revenue Bond Real Estate in the form of Schedule II and (iii) a Shareholders Agreement in the form of Schedule III; and

5.2.3 Buyer shall deliver to Sellers the cash and Preferred Stock pursuant to Section 2.1.

5.2.4 The deeds to be given by Seller for the Owned Real Estate identified in Exhibit A shall convey to Buyer such title as was originally received by Seller and shall contain a warranty that, except as may be specifically noted, Seller has done nothing during its ownership of the property adversely to affect title to such property and a covenant that Seller will defend such title from and against the claims of all parties claiming by or through Seller, but against no other.

5.3 Filing. At the Closing, the actions contemplated by any joint conditional filing instructions executed on behalf of Buyer and Sellers with respect to the filing of deeds, bills of sale and other documents which are to be filed will be taken.

5.4 Effectiveness. The consummation of the transactions contemplated by this Agreement shall be deemed to have occurred immediately after all, but not less than all of the matters specified in this Article V shall have occurred or been waived in writing.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Conditions Precedent to the Obligations of Buyer. The obligations of Buyer under this Agreement are subject to the fulfillment prior to or at the Closing of the following conditions:

6.1.1 the representations and warranties of Allied set forth in Article III shall be true in all material respects as at the time of the Closing, and Buyer shall have received a certificate to that effect signed by an officer of Allied;

6.1.2 Sellers shall have performed all agreements and complied with all provisions of this Agreement requiring performance or compliance by Sellers prior to or at the Closing, and Buyer shall have received certificates to that effect signed by officers of Sellers;

6.1.3 Sellers shall have delivered to Buyer an opinion of their counsel in form reasonably acceptable to the counsel for Buyer;

6.1.4 notwithstanding Section 1.3, all necessary governmental and third party approvals and consents material to the consummation of the transactions contemplated by this Agreement and to the Buyer's continued operation of the Business (as presently conducted) shall have been obtained;

6.1.5 no action or proceeding shall have been instituted or threatened by or before a court or other governmental body or by any public authority questioning the validity or legality of this Agreement (in whole or in part) or the transactions contemplated hereunder or which may reasonably be expected to result in any materially adverse change in the Business;

6.1.6 Buyer shall have obtained financing substantially on the terms described in Exhibit V;

6.1.7 subject to Section 9.5, Buyer shall have received and approved title commitments for each parcel of real estate contained on Exhibits A-1 and C, and (if the title commitment with respect to such lease is then available) the Howard lease on Exhibit B; and

6.1.8 all Schedules and other documents to be delivered at the Closing shall be in a form reasonably satisfactory to the parties and their counsel.

6.2 Conditions Precedent to the Obligations of Sellers. The obligations of Sellers under this Agreement are

subject to the fulfillment prior to or at the Closing of the following conditions:

6.2.1 the representations and warranties of Buyer set forth in Article IV shall be true in all material respects as at the time of the Closing, and Sellers shall have received a certificate to that effect signed by an officer of Buyer;

6.2.2 Sellers shall have received a certificate signed by an officer of Buyer to the effect that Buyer has no knowledge of any fact or occurrence which would make any of the representations or warranties of Allied set forth in this Agreement false or misleading;

6.2.3 Buyer shall have performed all agreements and complied with all provisions of this Agreement requiring performance or compliance by Buyer prior to or at the Closing, and Sellers shall have received a certificate to that effect signed by an officer of Buyer;

6.2.4 Buyer shall have delivered to Sellers an opinion of its counsel in form reasonably acceptable to counsel for Sellers;

6.2.5 all necessary governmental and third party approvals and consents material to the consummation of the transactions contemplated by this Agreement shall have been obtained;

6.2.6 no action or proceeding shall have been instituted or threatened by or before a court or other governmental body or by any public authority questioning the validity or legality of this Agreement (in whole or in part) or

the transactions contemplated hereunder or which may reasonably be expected to result in any materially adverse change in the Business;

6.2.7 Seller shall have provided to Buyer prior to Closing, title commitments of Lawyers Title Insurance Corporation of Richmond, Virginia, setting forth the status of title with respect to all parcels of real estate listed on Exhibits A-1 and C, and (if the title commitment with respect to such lease is then available) the Howard lease on Exhibit B, and such commitments shall have been approved by Buyer pursuant to 6.1.7;

6.2.8 All Schedules and other documents to be delivered at the Closing shall be in a form reasonably satisfactory to the parties and their counsel; and

6.2.9 the Accountants shall have given to Seller such assurances as Seller reasonably considers necessary or appropriate in connection with their audit of the Business.

6.3 Allied's Option to Terminate. In the event Allied has not received satisfactory evidence from Buyer by October 11, 1985, that Buyer has obtained a commitment letter from Bank One and National City Bank on substantially the terms and conditions set forth in Exhibit V then Allied shall have the right to terminate this Agreement at any time by written notice to Buyer exercising Allied's termination rights under this Section 6.3; provided, however, that if, within four (4) business days after receipt of any such termination notice from Allied, Buyer produces satisfactory evidence that the foregoing commitments

have been obtained, Allied's option to terminate and notice thereof under this Section 6.3 shall forthwith be null and void.

ARTICLE VII

COVENANTS

7.1 Further Assurance.

7.1.1 After the Closing, the Transferors shall from time to time, at Buyer's request and without further cost and expense to Buyer, execute and deliver to Buyer or cause to be executed and delivered to Buyer such other instruments of conveyance and transfer and take such other action as Buyer may reasonably request so as more effectively to sell, assign and transfer to Buyer title to and possession of the Contract Assets as provided in this Agreement and the property to be conveyed pursuant to Section 7.1.2 or otherwise to consummate the transactions contemplated in this Agreement. Subject to Section 7.1.2 and except for any instruments required to more effectively transfer to Buyer any property listed on Exhibit A-2 for which the owners report (required pursuant to Section 9.5) was not available prior to the Closing Date, any filing fees or other governmental costs imposed in connection with the sale, assignment or transfer shall be paid by Buyer.

7.1.2 As promptly as practicable following the Closing, the Transferors shall, from time to time, convey to Buyer by quit claim deed all other interests in and rights to real property owned by any Transferor that was acquired by the Transferor in connection with the Business or that is or was

used (if at all) or acquired solely in connection with the Business. In connection with any transfer under this Section 7.1.2 the Transferor shall represent and warrant to Buyer that, except for liens disclosed to Buyer with respect to any particular transfer, there are, to the best of the Transferor's knowledge, after reviewing the records of both Buyer and Seller, no federal, state or local tax liens or other liens securing obligations or liabilities for the payment of money outstanding on the property conveyed. Any filing fees or other government costs imposed in connection with the transfer shall be paid by the party obligated to pay them under local law or by local convention.

7.1.3 After the Closing, Buyer shall from time to time, at Sellers' request and without further cost or expense to Sellers (except that any filing fees or other costs imposed by governmental or other third parties shall be paid by Sellers), (i) execute and deliver to Sellers such other instruments of assumption and take such other action as Sellers may reasonably request so as more effectively to assume the Assumed Liabilities or otherwise to consummate the transactions contemplated by this Agreement, and (ii) provide reasonable assistance as Allied may from time to time request in connection with the collection of the receivable from Wheeling-Pittsburgh Steel Corporation referred to in Section 1.2.7.

7.1.4 For a period of up to 90 days following the Closing (such period hereinafter referred to as the "Support Services Period"), Sellers shall provide to Buyer the services

and shall continue the benefits listed or described on Exhibit W. Buyer shall pay for such services at the then effective rates charged by Sellers on an intracompany basis plus an amount not to exceed the additional expense incurred by Sellers in connection therewith. Costs associated with providing medical and dental coverage during the Support Services Period shall be charged to Buyer on a claims paid basis plus an administration fee, all in conformity with the customary practices followed by Allied and Buyer prior to the Closing. Upon the conclusion of the Support Services Period, Allied shall make an accounting of actual medical and dental claims paid and shall promptly bill Buyer for any amount by which actual claims paid during such period exceed the amounts charged to Buyer during such period or, if actual claim experience during such period is less than the amounts charged to Buyer during such period, refund to Buyer the amount of any overpayment. Buyer shall pay any bill submitted by Allied in accordance with ordinary trade terms. Buyer shall reimburse Allied for the cost of any premiums associated with providing life and long-term disability insurance during the Support Services Period plus an administration fee, all in conformity with the customary practices followed by Allied and Buyer prior to the Closing. Buyer may terminate the use of any service or the provision of any benefit by Sellers listed or described on Exhibit W by not less than 10 business days prior written notice.

7.2 Books, Records and Information.

7.2.1 Buyer agrees that all documents delivered to Buyer by Sellers pursuant to this Agreement shall be open for inspection by representatives of Sellers at any time during regular business hours for a period of seven years (or for such longer period as may be required by law or governmental regulation) following the Closing and that Sellers may during such period at their expense make such copies thereof as they may reasonably request. Sellers agree that all documents and other tangible things that are retained by Sellers pursuant to this Agreement and that are related to the Contract Assets, the Assumed Liabilities, the properties conveyed pursuant to Section 7.1.2 or the Business shall be open for inspection by representatives of Buyer at any time during regular business hours for a period of seven years (or for such longer period as may be required by law or governmental regulation) following the last transfer of property pursuant to Section 7.1.2 and that Buyer may during such period at its expense make such copies thereof as it may reasonably request.

7.2.2 Without limiting the generality of subsection 7.2.1, neither Buyer nor Sellers shall destroy or give up possession of any item referred to in subsection 7.2.1 without first offering to the other the opportunity, at such other's expense (but without any other payment), to obtain the same. Each party shall promptly notify the other when it shall have no further need for such other party to maintain any of the items referred to in subsection 7.2.1 and thereafter such other party shall be free to dispose of the same as it deems fit.

7.2.3 Each of Sellers and Buyer shall use all reasonable efforts to afford the other access to (i) in the case of Sellers, employees of either Seller who remain employees of either Seller following the Closing Date but are familiar with the Contract Assets or the Business and (ii) in the case of Buyer, employees of Buyer who were previously employees of either Seller, as such other shall reasonably request for its proper corporate purposes, including, without limitation, the defense of legal proceedings and the preparation and audit of tax returns. Such access may include interviews, assistance in the preparation of discovery requests (or responses thereto) or attendance at depositions or legal proceedings. All out-of-pocket expenses (including wage and salaries) reasonably incurred by any party in connection with this subsection 7.2.3 shall be paid or promptly reimbursed by the party requesting such services.

7.2.4 Buyer and Sellers shall each maintain in confidence all documents and other information not otherwise public which they may respectively acquire as a consequence of the exercise of their respective rights pursuant to this Section 7.2.

ARTICLE VIII

EMPLOYEES AND EMPLOYEE BENEFITS

8.1 Continued Employment. Buyer will offer to accept the transfer of the present employees of the Business. Buyer agrees that the employment offered to employees of the Business

pursuant to this Section 8.1 shall be on comparable terms and conditions of employment viewed in the aggregate (including, without limitation, comparable job responsibility, compensation and benefit terms and conditions). Notwithstanding any other provision of this Article VIII, Buyer reserves the right to amend, review or terminate any compensation or benefit plans, termination policies, or other terms and conditions established or continued by it. Buyer reserves the right to terminate any employee at any time and for any reason.

8.2 Hourly Employees.

8.2.1 Buyer will recognize each union and assume all liabilities and receive the benefits under each collective bargaining agreement listed on Annex 2 to Exhibit F.

8.2.2 Buyer shall assume and become the sponsor of the 8 pension plans listed on Exhibit TT with respect to hourly employees of the Business (the "Hourly Pension Plans"). Sellers shall, effective as of the Closing Date, amend each Hourly Pension Plan to effect the transfer to Buyer and the assumption by Buyer of the Hourly Pension Plans (including without limitation amendments to provide that Buyer is the administrator of each Plan and that Buyer has the power to amend and terminate each Plan) except that Sellers shall not make any such amendment, or any other amendment to an Hourly Pension Plan, without the prior written consent of Buyer which consent will not be unreasonably withheld.

8.2.3 As soon as practicable but in no event more than 90 days after the Closing Date Sellers shall cause

The Northern Trust Company, trustee under the Allied Corporation Master Pension Trust Fund (the "Allied Trust Fund") and the trustees under the trusts established for the Hourly Pension Plans involving employees in the United States (the "U.S. Hourly Plans") to transfer to the successor trustee selected by Buyer under the trusts established for the U.S. Hourly Plans (or, at the direction of the successor trustee, to the funding vehicles established therefor) an amount of cash equal to (i) the fair market value of the assets in the Allied Trust Fund as of the end of the last calendar quarter prior to the Closing Date attributable to each U.S. Hourly Plan, plus (ii) interest for the period between the Closing Date and the date the cash is transferred to Buyer's funding vehicle(s) at a rate of 9% per annum, minus (iii) distributions for benefits properly made during such period pursuant to the provisions of the U.S. Hourly Plans. The calculation of the amount of cash to be transferred shall be reasonably satisfactory to Buyer and the successor trustee. As soon as practicable, but in no event more than 60 days following the transfer to the successor trustee, Allied shall furnish Buyer a report detailing the distributions made during the period following the Closing which are subtracted from the cash transferred pursuant to clause (iii) above.

8.2.4 Sellers shall, as soon as practicable but in no event more than 90 days after the Closing Date, arrange for the transfer to a successor trustee selected by Buyer of cash in an amount equal to all the accrued benefits of

participants under the U.S. Hourly Plan that is a defined contribution plan.

8.3 Salaried Employees.

8.3.1 Buyer will, subject to Section 8.1, provide welfare benefits to all present salaried employees of the Business who become employees of Buyer not covered under a collective bargaining agreement (whether actively employed or on a leave of absence) but specifically excluding all retired employees (the "Salaried Employees"), pursuant to welfare benefit plans and programs to be established by Buyer. Buyer shall not assume any liability or obligation of Sellers to current or former Salaried Employees of the Business for welfare benefits earned or accrued for services prior to the Closing Date. Buyer shall not assume any liability or obligation under any welfare benefit plan (as defined in ERISA) covering any current or former salaried employee or any unfunded deferred compensation agreement or arrangement with present or former employees of the Business. Buyer shall give credit for service with Sellers for purposes of eligibility (but not for benefit accruals) under welfare benefit plans to be established by Buyer.

8.3.2 Buyer shall not assume any liability or obligation under the Salaried Plan or under any pension plan for salaried employees of ACI. Sellers agree to credit service with Buyer following the Closing Date for vesting purposes under the Salaried Plan and under any pension plan for salaried employees of ACI but not for benefit accruals for any period

following the Closing Date. Under the pension plan(s) to be established by Buyer for Salaried Employees, Buyer shall credit service with the Business prior to the Closing Date for eligibility and vesting purposes but not for benefit accruals.

8.3.3 Buyer shall establish a severance policy that shall be no less favorable to employees than that described on Exhibit O and Buyer shall credit service with the Business prior to the Closing Date under Buyer's severance policy.

8.4 Savings Plans. Sellers shall fully vest each Salaried Employee participating on the Closing Date in the Allied Savings Plan or in the Allied Canada Inc. Savings Plan for Salaried Employees (together, the "Savings Plans") in their respective Savings Plan accounts (the "Accounts"). As promptly as practicable following the Closing Date, Sellers and Buyer shall arrange for the transfer of (i) cash in an amount equal to the aggregate of the Account balances of the participants or, at the option of a participant, for the transfer in kind of any shares of stock of Allied (or any affiliate of Allied) held in such participant's Account and (ii) all notes evidencing loans to participants and any security for such loans (including all documents evidencing such security) to one or more qualified savings plans to be established by Buyer. Any transferred amounts attributable to tax-deferred contributions shall continue to be held under Buyer's plan under those restrictions applicable to qualified cash or deferred arrangements, including but not limited to those restrictions pertaining to early distributions.

8.5 No Employee Rights. Without limiting the generality of Section 11.8, nothing in this Article VIII, is intended or shall be construed to confer upon or give to any person other than the parties hereto any rights or remedies under or by reason of this Article VIII.

ARTICLE IX

CONDUCT OF THE BUSINESS PENDING THE CLOSING

9.1 Sellers' Affirmative Covenants. Sellers covenant and agree that between the date hereof and the Closing Date, they will:

9.1.1 conduct the Business only in the ordinary course and substantially as presently conducted;

9.1.2 maintain all of the physical assets other than inventory constituting part of the Contract Assets in their present condition, ordinary wear and tear excepted;

9.1.3 maintain the Authorizations in good standing (except as otherwise disclosed on Exhibit L) and timely file all applications for the renewal thereof; and

9.1.4 maintain all of their existing casualty, liability, health and other insurance relating to the Business current through the Closing Date, in amounts not less than those in effect on the date hereof.

9.2 Sellers' Negative Covenants. Sellers covenant and agree that between the date hereof and the Closing Date they will not, without the prior written consent of Buyer, which consent Buyer shall not unreasonably withhold:

9.2.1 make any material change in the conduct of the Business as it relates to the Contract Assets;

9.2.2 sell, assign, lease, encumber, mortgage or permit or suffer the creation of any lien or charge securing the payment of money or the performance of any obligation, or otherwise transfer or dispose of any of the Contract Assets, otherwise than in the ordinary course of the Business, unless, in the case of a sale, property or equipment of at least equivalent value and usefulness is substituted therefor;

9.2.3 enter into any contract or agreement, including any collective bargaining agreement, with MARCO'S employees, other than in the ordinary course of the Business; or

9.2.4 increase the compensation payable or to become payable, or pay or arrange to pay any bonus payment to, any employee or agent of the Business, except as required by any collective bargaining agreement identified in Exhibit F or in conformity with employment policies existing on the date hereof.

9.3 Information and Confidentiality.

9.3.1 Sellers shall afford to the officers, employees and authorized representatives of Buyer such access, during normal business hours, to the offices, properties, equipment, employees, contracts, documents and financial records of Sellers relating to the Business as Buyer may reasonably deem necessary or desirable, and shall furnish to Buyer or its authorized representatives such additional information concerning the Business as Buyer shall reasonably request, including all such information as shall be necessary to enable

Buyer or its representatives to verify the accuracy of the representations and warranties of Allied in this Agreement. Buyer agrees that such investigation shall be conducted in such manner as not to interfere unreasonably with the operations of Sellers or the Business. In the event of the termination of this Agreement for any reason, Buyer will not, nor will it permit any of its officers, employees or representatives to, use or disclose to any third parties (except to the extent publicly available or obtainable from independent sources or required by law) any information obtained in its investigation of the Business and will promptly upon the request of Allied secure the return of all such information from its officers, employees and representatives and deliver the same to Allied without retaining any copy thereof. Pending the Closing, Buyer will maintain the confidentiality of the information and materials delivered to it or made available for its inspection pursuant to this Agreement.

9.3.2 In the event of the termination of this Agreement for any reason, Sellers will not, nor will they permit any of their respective officers, employees or representatives to, use or disclose to any third parties (except to the extent publicly available or obtainable from independent sources or required by law) any information concerning Buyer or any of its shareholders obtained by either Seller in the course of negotiations with Buyer and will promptly upon the request of Buyer secure the return of all such information from its officers, employees and representatives and deliver the same to Buyer without retaining any copy thereof. Pending the Closing,

Sellers will maintain the confidentiality of the information and materials delivered to either of them or made available to either of them in the course of negotiations or otherwise pursuant to this Agreement.

9.4. Third-Party Approvals and Consents. Sellers and Buyer shall use all reasonable efforts to obtain, prior to the Closing Date, all necessary governmental or other third-party approvals and consents material to the consummation of the transactions contemplated by this Agreement, including fulfillment of the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

9.5 Real Estate Title Commitments. Seller shall deliver to Buyer, as soon as practicable, and, in any event not less than 10 business days prior to the Closing Date, commitments to issue owner's title insurance (ALTA B as amended 10/17/70) issued by Lawyers Title Insurance Corporation (or any other reputable national title insurance company or companies approved by Buyer in writing) for each parcel of real estate listed or described on Exhibits A-1, C and the Howard lease listed on Exhibit B. Seller shall also use all reasonable efforts to deliver to Buyer on or before the Closing Date and, in any event, shall deliver to Buyer not more than 30 days after the Closing Date, a "last owners report" issued by Lawyers Title Insurance Corporation (or another reputable national title insurance company approved by Buyer in writing) for each parcel of Owned Real Estate listed or described on Exhibit A-2.

9.5.1 If a title commitment or owners report provided pursuant to this Section 9.5 discloses that a representation of Seller pursuant to Section 3.7 is incorrect as to a substantial matter and as to one or more specific parcels of real estate, then, unless Seller cures the title defect within six (6) months after its receipt of notice of the defect from Buyer, the purchase price shall be adjusted by an amount (which shall not, in any event, exceed the book value of the asset) sufficient to cause any such substantial matter to be released, removed or discharged of record or to cause any consequences actually or potentially arising from the existence of the same to be eliminated to Buyer's reasonable satisfaction. For the purposes of this Section 9.5.1, the term "substantial matter" shall mean any matter affecting title to any real estate asset which (i) secures an obligation for the payment of money or the performance of a duty or undertaking, or (ii) would or could substantially and adversely affect the value thereof or the use of such property for the purpose for which the same is used by Seller. Seller may elect to cure any substantial matter but shall have no obligation to cure any such matter except to pay indebtedness or obligations of an ascertainable amount secured by liens or that otherwise are matters affecting title. Buyer agrees to cooperate in good faith with Seller to cure any such substantial matters.

9.5.2 To the extent any adjustment to the purchase price required pursuant to Section 9.5.1 can be determined prior to the day of the Second Closing, that amount

shall be subtracted from the amount to be paid by Buyer pursuant to Section 2.5 or shall be added to the amount to be paid by Seller pursuant to Section 2.5. If the amount of any adjustment required pursuant to Section 9.5.1 is determined after the Second Closing, that amount shall be paid in cash by Allied to Buyer not more than ten business days after the determination is made. Buyer and Seller agree to use all reasonable efforts to make such determinations as promptly as possible.

9.6 Buyer's Financing. Buyer shall keep Allied apprised of the status of its financing and shall promptly advise Allied of any material developments in connection with Buyer's financing.

ARTICLE X

INDEMNIFICATION

10.1 Indemnification by Allied. From and after the Closing, but subject to the conditions and limitations set forth in this Agreement, Allied shall defend, indemnify and save Buyer harmless from and against any and all loss, cost, damage or expense (including reasonable attorneys' fees) whatsoever resulting from or arising out of

10.1.1 (i) any and all liabilities and obligations resulting from a default that was subsisting on the Closing Date (or a condition that was subsisting on the Closing Date which with notice or lapse of time (or both) results in a default) under a Safe Harbor Lease (including, without limitation, any indemnity obligations that may arise thereunder as a result of such default),

(ii) any and all liabilities and obligations as may be necessary to discharge a Contested Tax Lien,

(iii) any failure of any Transferor to comply with the bulk sales law of any State or Province,

(iv) any fee payable to a broker or finder listed on Exhibit R in connection with the transactions contemplated hereby,

(v) any breach of a covenant or obligation contained in Article II or VII or Section 5.4, or

(vi) any obligation or liability identified or described in Section 2.3.1, 2.3.2, 2.3.5, 2.3.6, 2.3.7 or 2.3.8.

10.1.2 to the extent Allied has not indemnified Buyer pursuant to Section 10.1.1 (i) any Exposure Claim with respect to which Allied has notice of a claim, demand, suit or proceeding on or before the fifth anniversary of the Closing Date except that, to the extent Allied is found liable, or otherwise agrees in good faith to settle any such claim, demand, suit or proceeding, Buyer shall pay Allied an amount equal to: the judgment or settlement (excluding court costs, expenses and attorneys' fees), multiplied by the number of years the individual claimant was exposed to the product or the operations of the Business after the Closing Date divided by the total number of years the claimant was exposed to the product or the operations of the Business;

(ii) Environmental Liabilities in accordance with the following:

(A) up to an aggregate of $1,500,000 of such Liabilities, zero;

(B) from an aggregate of $1,500,000 to an aggregate of $6,500,000 of such Liabilities, 50%;

(C) from an aggregate of $6,500,000 to an aggregate of $10 million of such Liabilities, 100%, so long as (A) Allied has notice of a claim, demand, suit or proceeding relating to such Environmental Liability on or before the fifth anniversary of the Closing Date; (B) the violation giving rise to the claim, demand suit or proceeding was not disclosed on Exhibit L; (C) the violation would have been a violation under the applicable laws and regulations as in effect on the Closing Date; (D) the situation or condition giving rise to the violation was in existence on the Closing Date and not disclosed on Exhibit L; and (E) the Buyer has not contributed to the situation or condition by failing to establish or maintain appropriate monitoring,

maintenance, compliance and operational controls and procedures; except that Allied shall have no liability under this Section 10.1.2 until and then only to the extent that the liabilities and obligations described in this Section 10.1.2 together with Allied's liabilities and obligations with respect to Workers Compensation Claims and Retained Litigation (including Sellers' court costs, expenses and attorneys' fees as well as amounts paid in settlement and satisfaction of judgments, if any,) exceed, in the aggregate, $750,000; provided, however, that Seller shall use all reasonable efforts, to the extent practicable, to consult with Buyer prior to agreeing to a settlement of any such claim, demand, suit or proceeding and that Buyer shall have no liability to contribute to any settlement as to which Buyer bears 50% or more of the liability unless Buyer's consent was obtained prior to such settlement. Unless and to the extent that Allied's liabilities and obligations under this Section 10.1.2 without regard to the proviso of the preceding sentence, including amounts reimbursed under this sentence, aggregate less than $750,000, Buyer shall, notwithstanding Sections 2.3.3, 2.3.5 and 10.1.1(vi), reimburse Allied for such liabilities and obligations upon receipt of such invoices as Allied may provide to Buyer from time to time specifying the amounts paid by Allied under this Section 10.1.2.

10.1.3 (i) to the extent Allied has not indemnified Buyer pursuant to Sections 10.1.1 or 10.1.2 any breach of any covenant, obligation, representation or warranty of Allied contained herein, or

(ii) any liability or obligation arising directly or indirectly out of the conduct of the Business prior to the Closing which is not an Assumed Liability, except that Allied shall have no liability under this Section 10.1.3 until and then only to the extent that the liabilities and obligations described in this Section 10.1.3 exceed, in the aggregate, $1,750,000.

10.2 Indemnification by Buyer. From and after the Closing, but subject to the conditions and limitations set forth in this Agreement, Buyer shall defend, indemnify and save Sellers harmless from and against any and all loss, cost, damage or expense (including reasonable attorneys' fees) whatsoever resulting from or arising out of (i) any material breach of any covenant, obligation, representation or warranty of Buyer contained herein, (ii) the Contract Assets or use thereof after the Closing, (iii) the Assumed Liabilities, (iv) any liability or obligation arising directly or indirectly out of the conduct of the Business after the Closing, (v) any fee payable to National City Bank of Cleveland in connection with the transactions contemplated hereby, or (vi) any liability or obligation to an individual who is an employee of the Business on the Closing Date that results from Buyer's complete termination of its severance pay policy.

10.3 Claims. If either Buyer or a Seller (the "Claimant") desires to make a claim against the other (the "Indemnitor") under Section 10.1 or 10.2, the Claimant shall give prompt written notice to the Indemnitor of the institution

of any action, suit, proceeding or demand at any time instituted against or made upon Claimant in connection with which the Claimant could claim indemnification under Section 10.1 or 10.2 and shall advise the Indemnitor in writing, to the extent known, of the amount and circumstances surrounding the same. If the Indemnitor agrees in writing that it is responsible to indemnify (fully and completely) for such claim under this Section 10.3, the Claimant shall give the Indemnitor (at the sole expense of the Indemnitor) full authority to defend, adjust, compromise or settle the action, suit, proceeding or demand as to which notice has been given (in the name of the Claimant or otherwise as the Indemnitor shall elect); provided, however, that to the extent any settlement, judgment, order or decree involves any obligation other than the payment of money or may affect Buyer's operation of the Business, Allied agrees to use all reasonable efforts to consult with Buyer and Allied shall not agree to any such settlement, judgment, order or decree without Buyer's consent which consent shall not be unreasonably withheld.

ARTICLE XI

GENERAL PROVISIONS

11.1 **Notices.** All notices, requests, consents and other communications hereunder shall be in writing (including telex) and shall be effective upon receipt, in each case addressed:

If to Allied, to: Allied Corporation
P.O. Box 3245R
Morristown, New Jersey 07960
Attention: Corporate Secretary
Telex: 1-36410

If to ACI, to:

Allied Canada Inc.
201 City Centre Drive
11th Floor
Mississauga, Ontario L5B 3A3
Canada
Attention: Corporate Secretary
Telex: 06960294

If to Buyer, to:

NARCO Investors, Inc.
900 Nanna Building
1422 Euclid Avenue
Cleveland, Ohio 44115
Attention: President
Telex: 4932078

With a copy to:

Kirtland Capital Corporation
Interstate Square 1
4230 St. Rte. 306 at Interstate 90
Suite 200
Willoughby, Ohio 44094
Attention: President
Telex: none

With a copy to:

Michael J. Horvitz, Esq.
Jones, Day, Reavis & Pogue
1700 Huntington Building
Cleveland, Ohio 44115
Telex: 980369

provided, however, that if any party shall have designated a different address by notice to the other, then to the last address so designated.

11.2 Assignment. This Agreement and the rights and duties hereunder shall be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto, but shall not be assignable or delegable by any party without the prior written consent of the other, and any purported assignment without such prior written consent shall be null and void; provided, however, that Buyer may assign its rights or delegate its duties under this Agreement, in whole or in part, to one or

more wholly owned subsidiaries of Buyer and that Buyer may grant a security interest in this Agreement to Bank One and to any other bank that may participate with Bank One in providing loans to Buyer and Buyer may otherwise pledge this Agreement to such banks and provide the benefits available to Buyer under this Agreement (including, without limitation, the representations and warranties of Allied) to such banks; provided, further, that no such assignment, delegation or pledge shall (a) relieve the Buyer of any duties or obligations under this Agreement, nor (b) modify, amend or impair any defense Allied may have against Buyer under this Agreement including the right to assert such defense against any of Buyer's designees, delegatees or pledgees.

11.3 Bulk Sales. Buyer waives compliance by Sellers with the provisions of the bulk sales law of any State or Province.

11.4 Waivers. Any waiver by a Seller or by Buyer of any breach of or failure to comply with any provision of this Agreement by another party shall be in writing and shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

11.5 Transfers. Buyer and Sellers shall cooperate and take such action as may be reasonably requested by the other in order to effect an orderly transfer of the Business with a minimum of disruption to the operations of the Business and the employees associated therewith.

11.6 Complete Agreement. Except as set forth in any instrument signed by the party to be bound thereby which makes reference to this Agreement, this Agreement and the documents in the form of the Schedules hereto set forth the entire understanding of the parties hereto and supersede all prior agreements, covenants, arrangements, communications, representations or warranties, whether oral or written, by any party (or any officer, employee or representative of any party).

11.7 Governing Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New York applicable to agreements executed and performed entirely in such state.

11.8 Third Parties. Nothing herein is intended or shall be construed to confer upon or give to any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

11.9 Amendment; Termination. This Agreement may not be amended or terminated orally but only by an instrument in writing duly executed by the parties.

11.10 Headings. The headings of the Articles and Sections of this Agreement and in the Exhibits and Schedules to this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or thereof.

11.11 Exhibits and Schedules. The Exhibits and Schedules attached hereto and referred to in this Agreement are a part of this Agreement for all purposes. Except as otherwise specifically provided in this Agreement, references to Exhibits

and Schedules are references to the Exhibits and Schedules of this Agreement. Unless otherwise specifically noted references to Exhibit A refer to Exhibit A-1 and A-2 collectively.

11.12 Counterparts. More than one counterpart of this Agreement may be executed by the parties hereto, each of which shall be deemed an original.

11.13 Publicity. Any public announcements with respect hereto or the transactions contemplated hereby shall be made at such time and in such manner as Allied and Buyer shall mutually agree; provided, however, that nothing herein shall prevent any party from making such public announcement as such party may consider necessary in order to satisfy such party's legal or contractual obligations.

11.14 Passage of Title and Risk of Loss. Legal title, equitable title and risk of loss with respect to the Contract Assets will not pass to Buyer until the Contract Assets are transferred at the Closing.

11.15 Costs and Expenses. Each party hereto shall be solely liable for all costs and expenses (including but not limited to attorneys', accountants', brokers and finders fees) incurred by it in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby. Filing fees, transfer taxes and other fees and expenses incurred in connection with the transfer of the Contract Assets shall be paid by the party obligated to pay such tax, fee or expense under local law or under local convention. The cost of title examination for title commitments described in Section

9.5, together with all costs and fees payable in respect of the examination of title to all of the Contract Assets and any and all termination fees or other costs which may be or become payable in the event Buyer does not elect to purchase title insurance coverage, shall be paid by Seller, but Buyer shall be responsible for the cost of any title insurance premiums for title insurance coverage which Buyer chooses to purchase for any Contract Assets. Any land surveys of Contract Assets shall be made at the sole discretion, responsibility and cost of the Buyer.

11.16 Proration of Accrued and Prepaid Items. To the extent not otherwise provided for in this Agreement or any Schedule hereto, all items of (a) accrued expenses and liabilities of the Business existing on the Closing Date, including without limitation accrued vacation pay, salaries and wages, unemployment compensation charges, hourly pension contributions, utility charges, state and local property taxes or worker's compensation contributions, and (b) prepaid and deferred expenses, the benefits of which are obtained by the Buyer after the Closing Date, shall be pro-rated between the Seller and the Buyer on the basis of the number of days elapsed during the period to which such accrued or prepaid item relates. Such items shall be settled by the parties as soon as practicable following the Closing Date.

11.17 Miscellaneous. As used in this Agreement, the phrase "to the knowledge of" any party means to the knowledge of the senior management of such party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

ALLIED CORPORATION

By: _____
Vice President
Planning & Development

ALLIED CANADA INC.

By: _____
Title

NARCO INVESTORS, INC.

By: _____
Title

See CD

For Balance

Of

Documents