POOR LEGIBILITY

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DUE TO THE QUALITY OF THE ORIGINAL

SDMS DOCID# 2242029

VARGA BERGER LEDSKY HAYES & CASEY
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

SANTA FE BUILDING
224 SOUTH MICHIGAN AVENUE
SUITE 350
CHICAGO, ILLINOIS 60604-2507

TELEPHONE: 312-341-9400
FACSIMILE: 312-341-2900

NORMAN B. BERGER
(312) 341-9870

nberger@vblhc.com

August 4, 2010

VIA FEDERAL EXPRESS

Michael Massey
Assistant Regional Counsel
USEPA Region 9
75 Hawthorne Street
Mail Code: ORC-3
San Francisco, CA 94105

Re: July 1, 2010 Special Notice Letter ("SNL") for the North Hollywood Operable Unit ("NHOU") of the San Fernando Valley, Area 1 Superfund Site for upcoming RD/RA Activities

Dear Mr. Massey,

To follow up on our discussion concerning the referenced matter during the Informational Meeting on July 20, 2010, I enclose several documents concerning the potential liability of the entities that operated at the location of the Hawker Pacific facility ("Site") before Hawker Pacific began operations in 1987. The enclosed documents are as follows.

- Affidavit of David Lokken
- Affidavit of Harry Gunn
- Declaration of Harry Gunn
- Answer, Affirmative and Other Defenses, Cross-claims, and Third-Party Complaint of Hawker Pacific, Inc.
- Second Partial Consent Decree

As you know, it has been, and remains, the position of Hawker that the facility property has not contributed VOCs or emerging contaminants to the plumes in the NHOU. Nothing herein shall be construed to be a waiver of our position or an admission of liability in the NHOU. To the extent the government believes the Site has contributed, these documents establish that the prior operators of the facility should be considered potentially responsible parties ("PRPs") with regard to the NHOU and should be issued SNLs. David Lokken's Affidavit and its attachments show that Hawker Pacific never purchased, used, stored, or disposed of PCE. His Affidavit also shows that Hawker Pacific's predecessors used and disposed of solvents, including PCE. Harry Gunn worked at the Hawker Pacific facility before Hawker Pacific acquired the

property. His Affidavit and Declaration explain how the previous operators used and stored solvents at the facility. Hawker Pacific's Third-Party Complaint outlines the allegations against each prior facility operator (Electronic Solutions, Inc., Zero Corporation, Parker-Hannifin Corporation, and Inchcape, Inc.) and shows that releases of hazardous substances occurred during prior operations. The Third-Party Complaint also states that Hawker Pacific never used, stored, or disposed of PCE or TCE. Further, both Parker-Hannifin Corporation and Inchcape, Inc. were parties to and signed the Second Partial Consent Decree and signed an agreement (attached to the decree) to share in the costs.

Given this information and history, we see no basis for U.S. EPA proceeding as to this Site without including as PRPs the operators who used, and apparently disposed of, the VOCs. Please contact me with any questions or comments.

Very truly yours,

Norman B. Berger

NBB/jmk
Enclosures

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HAWKER PACIFIC, INC.,	)	
	)	CIVIL NOS. 93-6490 and
Third-Party Plaintiff	)	93-6570 (MRP) (Tx)
	)	
v.	)	
	)	
ELECTRONIC SOLUTIONS, INC.; ZERO CORPORATION; PARKER-HANNIFIN CORPORATION; INCHCAPE, INC.	)	
	)	
Third-Party Defendants	)	

AFFIDAVIT OF DAVID L. LOKKEN

DAVID L. LOKKEN, having been duly sworn on oath, deposes and states that he has personal knowledge of the facts set forth herein and if called as a witness could competently testify as follows:

1. My name is David L. Lokken.

2. From May 1989 until June 1993, I was the Executive Vice-President and Chief Operating Officer of Hawker Pacific, Inc. ("Hawker Pacific"). In June 1993, I was promoted to President of Hawker Pacific, and I currently am employed in that capacity. During the entire course of my employment at Hawker Pacific, I have had access to and control of company records.

3. Hawker Pacific manufactures, overhauls, and repairs aircraft landing gear and flight control equipment at a facility located 11310 Sherman Way, Sun Valley, California 91352 (the "facility").

4. Hawker Pacific purchased certain assets related to the business of the facility on April 1, 1987 and has operated the business since then pursuant to lease agreements with the property owners.

5. I supervised a thorough search for and review of facility records to determine the purchase, use, or disposal of solvents, including perchloroethylene ("PCE"), by Hawker Pacific and the prior operators of the facility. The search of records confirms that Hawker Pacific never purchased, used, stored, or disposed of PCE and never transported PCE off-site.

6. True and correct copies of facility records maintained in the ordinary course of business at the facility under my supervision and control are attached hereto as Exhibit A. These records show that the prior operators of the facility used and disposed of solvents, including PCE.

FURTHER AFFIANT SAYETH NOT.

Dated this 1 day of December, 1994.

David L. Lokken

DAVID L. LOKKEN

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

David L. Lokken appeared before me and made an oath that the foregoing Affidavit is true to the best of his knowledge, information or belief, and to the extent that the facts set forth in this Affidavit are based upon information and belief, he believes them to be true.

Jodene Jonte

Notary Public

My Commission Expires:

SEE REVERSE SIDES FOR INSTRUCTIONS. PLEASE TYPE OR PRINT CLEARLY.

PRESS HARD

CALIFORNIA HAZARDOUS WASTE MANIFEST

STATE DEPARTMENT OF HEALTH SERVICES
HAZARDOUS MATERIALS MANAGEMENT SECTION
744 P STREET, SACRAMENTO, CA 95814

363 – 00557

GENERATOR (GENERATOR MUST COMPLETE)

① NAME Parker Burton Services
EPA NO. CAT306462571
ADDRESS 11310 Sherman Way
CITY, STATE, ZIP CODE Sun Valley, CA. 91352
PHONE NO. 875-2930
ORDER PLACED BY Ron Toole ORDER DATE
P.O. CONTRACT NO. 123706 OIL

③ DESIGNATED TSD FACILITY (AUTHORIZED TO OPERATE UNDER AN APPROVED STATE OR FEDERAL PROGRAM)
NAME BKK Corp
EPA NO. CAD067716772
ADDRESS 2210 Azusa Ave
CITY, STATE, ZIP CODE West Covina
PHONE NO. 965-0911

④ ALTERNATE TSD FACILITY
NAME Casmalia Disposal
EPA NO. CAD020778125
ADDRESS Mtn Road
CITY, STATE, ZIP CODE Casmalia CA
PHONE NO. 805-937-8479

⑤ U.S. DOT PROPER SHIPPING NAME	U.S. DOT HAZARD CLASS	UN/NA I.D. NO.	WEIGHT OR VOLUME	UNITS	CONTAINERS: NUMBER
WASTE				900 gal	DRUMS / BAGS / CARTONS / DUMP TRUCK / X TANK TRUCK / OTHER
WASTE					

⑥ WASTE CATEGORY

⑦ LIST COMPONENTS:

		CONC. RANGE UPPER	CONC. RANGE LOWER	UNITS	
A	Oil + Oil Sludge			%	PPM
B	Water Soluble Oil			%	PPM
C	Solvents			%	PPM
D				%	PPM
E				%	PPM
F				%	PPM
G				%	PPM

⑧ EX. HAZ. WASTE PERMIT NO.

⑨ GENERATING PROCESS

NONHAZARDOUS MATERIAL %

⑩ WASTE PROPERTIES: PH ☐ TOXIC ☐ FLAMMABLE ☐ CORROSIVE/IRRITANT ☐ REACTIVE ☐ SENSITIZER ☐ CARCINOGEN/MUTAGEN

⑪ PHYSICAL STATE: ☐ SOLID ☒ LIQUID ☒ SLUDGE ☐ SLURRY ☐ GAS ☐ OTHER

⑫ SPECIAL HANDLING INSTRUCTIONS: ☒ GLOVES ☐ GOGGLES ☐ RESPIRATOR ☐ OTHER

GENERATOR CERTIFICATION: THIS IS TO CERTIFY THAT THE ABOVE NAMED MATERIALS ARE PROPERLY CLASSIFIED, DESCRIBED, PACKAGED, MARKED & LABELED, AND ARE IN PROPER CONDITION FOR TRANSPORTATION ACCORDING TO THE APPLICABLE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION AND THE EPA.

IN THE EVENT OF A SPILL CONTACT THE NATIONAL RESPONSE CENTER, U. S. COAST GUARD 1-800-424-8802.

⑬ Ron Toole
SIGNATURE OF AUTHORIZED AGENT & TITLE — DATE SHIPPED

TRANSPORTER (HAULER MUST COMPLETE)

⑭ NAME LIQUID WASTE MANAGEMENT
EPA NO CAD000072843
ADDRESS P.O. BOX 1082
CITY, STATE, ZIP CODE SUN VALLEY, CALIFORNIA 91352
PHONE NO. (213) 767-4424

JOB NO. 5
UNIT NO. 3

⑮ PICK-UP DATE 2/17/81
TIME 5 ☐ AM ☒ PM

⑯ [signature]
SIGNATURE OF AUTHORIZED AGENT & TITLE

TSD FACILITY (OPERATOR MUST COMPLETE)

⑰ NAME [illegible]
EPA NO [illegible]

⑱ QUANTITY (IF MEASURED) 11.62
⑲ STATE FEE (IF ANY) $11.62

⑳ INDICATE ANY SIGNIFICANT DISCREPANCIES BETWEEN MANIFEST AND SHIPMENT

㉑ IF WASTE IS HELD FOR DELIVERY ELSEWHERE, SPECIFY THE DESIGNATED TSD FACILITY
NAME
EPA NO.

⑳ [illegible]
SIGNATURE OF AUTHORIZED AGENT & TITLE

⑱ HANDLING OR DISPOSAL METHOD:
☐ SURFACE IMPOUNDMENT ☐ LANDFILL
☐ INJECTION WELL ☐ LAND TREATMENT
☐ TREATMENT (SPECIFY)
☐ RECOVERY OR REUSE ☐ STORAGE/TRANSFER

2/17/81
DATE ACCEPTED

REVISED 11/80

SEE REVERSE SIDES FOR INSTRUCTIONS. PLEASE TYPE OR PRINT CLEARLY.

PRESS HARD

CALIFORNIA HAZARDOUS WASTE MANIFEST

STATE DEPARTMENT OF HEALTH SERVICES
HAZARDOUS MATERIALS MANAGEMENT SECTION
744 P STREET, SACRAMENTO, CA 95814

363 – 00598

GENERATOR (GENERATOR MUST COMPLETE)

① NAME: [illegible] Service
EPA NO.: CAT306462 57
ADDRESS: 11310 Sherman Way
CITY, STATE, ZIP CODE: Sun Valley Calif 91352
PHONE NO.: (213) 875-2930
ORDER PLACED BY: Ron Toole
ORDER DATE:
P.O./CONTRACT NO.: 12970 E

③ DESIGNATED TSD FACILITY (AUTHORIZED TO OPERATE UNDER AN APPROVED STATE OR FEDERAL PROGRAM)
NAME: [illegible]
EPA NO.: [illegible]
ADDRESS: 2240 [illegible] Avenue
CITY, STATE, ZIP CODE: West Covina
PHONE NO.: 965-0911

④ ALTERNATE TSD FACILITY
NAME: Casmalia Disposal
EPA NO.: [illegible]
ADDRESS: [illegible] Road
CITY, STATE, ZIP CODE: Casmalia Calif.
PHONE NO.: 805-937-[illegible]

⑤ U.S. DOT PROPER SHIPPING NAME	U.S. DOT HAZARD CLASS	UN/NA I.D. NO.	WEIGHT OR VOLUME	UNITS	CONTAINERS: NUMBER
WASTE [illegible]				29	X DRUMS / BAGS / CARTONS / DUMP TRUCK / TANK TRUCK / OTHER [illegible]
WASTE					

⑥ WASTE CATEGORY:
⑦ LIST COMPONENTS:

		CONC. RANGE UPPER	CONC. RANGE LOWER	UNITS
A	Oil & Oil Sludge			% / PPM
B	Water Soluble Oil			% / PPM
C	Solvents			% / PPM
D	[illegible]			% / PPM

⑧ EX. HAZ. WASTE PERMIT NO.:
⑨ GENERATING PROCESS:

		CONC. RANGE UPPER	CONC. RANGE LOWER	UNITS
E				% / PPM
F				% / PPM
G				% / PPM

NONHAZARDOUS MATERIAL: %

⑩ WASTE PROPERTIES: PH 7 ☐ TOXIC ☐ FLAMMABLE ☐ CORROSIVE/IRRITANT ☐ REACTIVE ☐ SENSITIZER ☐ CARCINOGEN/MUTAGEN
⑪ PHYSICAL STATE: ☐ SOLID ☒ LIQUID ☒ SLUDGE ☐ SLURRY ☐ GAS ☐ OTHER
⑫ SPECIAL HANDLING INSTRUCTIONS: ☒ GLOVES ☐ GOGGLES ☐ RESPIRATOR ☐ OTHER

GENERATOR CERTIFICATION: THIS IS TO CERTIFY THAT THE ABOVE NAMED MATERIALS ARE PROPERLY CLASSIFIED, DESCRIBED, PACKAGED, MARKED & LABELED, AND ARE IN PROPER CONDITION FOR TRANSPORTATION ACCORDING TO THE APPLICABLE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION AND THE EPA.

IN THE EVENT OF A SPILL CONTACT THE NATIONAL RESPONSE CENTER, U.S. COAST GUARD 1-800-424-8802.

⑬ [signature] SIGNATURE OF AUTHORIZED AGENT & TITLE — 2/24/81 DATE SHIPPED

TRANSPORTER (HAULER MUST COMPLETE)

⑭ NAME: LIQUID WASTE MANAGEMENT
EPA NO.: CAD000072843
ADDRESS: P.O. BOX 1082
CITY, STATE, ZIP CODE: SUN VALLEY, CALIFORNIA 91352
PHONE NO.: (213) 767-4424

JOB NO.:
UNIT NO.:

⑮ PICK-UP DATE: 2-24-81
TIME: [illegible] ☒ AM ☐ PM

⑯ [signature] SIGNATURE OF AUTHORIZED AGENT & TITLE

TSD FACILITY (OPERATOR MUST COMPLETE)

⑰ NAME: BKK (48)
EPA NO.: [illegible]

⑱ QUANTITY (IF MEASURED): 500
⑲ STATE FEE (IF ANY): $ [illegible]

⑳ INDICATE ANY SIGNIFICANT DISCREPANCIES BETWEEN MANIFEST AND SHIPMENT:

㉑ HANDLING OR DISPOSAL METHOD:
☐ SURFACE IMPOUNDMENT ☐ LANDFILL
☐ INJECTION WELL ☐ LAND TREATMENT
☐ TREATMENT (SPECIFY)
☐ RECOVERY OR REUSE ☐ STORAGE/TRANSFER

㉒ IF WASTE IS HELD FOR DELIVERY ELSEWHERE, SPECIFY THE DESIGNATED TSD FACILITY:
NAME:
EPA NO.:

REVISED 11/80

㉓ [signature] SIGNATURE OF AUTHORIZED AGENT & TITLE — [illegible] DATE ACCEPTED

SEE REVERSE SIDES FOR INSTRUCTIONS. PLEASE TYPE OR PRINT CLEARLY.

PRESS HARD

CALIFORNIA HAZARDOUS WASTE MANIFEST

STATE DEPARTMENT OF HEALTH SERVICES
HAZARDOUS MATERIALS MANAGEMENT SECTION
744 P STREET, SACRAMENTO, CA 95814

363 - 01107

GENERATOR (GENERATOR MUST COMPLETE)

① NAME [illegible]
EPA NO. [illegible]
ADDRESS [illegible]
CITY, STATE, ZIP CODE [illegible]
PHONE NO. [illegible]
ORDER PLACED BY Ron Toole ORDER DATE [illegible]
P.O. CONTRACT NO.

③ DESIGNATED TSD FACILITY (AUTHORIZED TO OPERATE UNDER AN APPROVED STATE OR FEDERAL PROGRAM)
NAME [illegible]
EPA NO. [illegible]
ADDRESS [illegible]
CITY, STATE, ZIP CODE [illegible]
PHONE NO. [illegible]

④ ALTERNATE TSD FACILITY
NAME [illegible]
EPA NO. [illegible]
ADDRESS [illegible]
CITY, STATE, ZIP CODE [illegible]
PHONE NO. [illegible]

⑤ U.S. DOT PROPER SHIPPING NAME	U.S. DOT HAZARD CLASS	UN/NA I.D. NO.	WEIGHT OR VOLUME	UNITS	CONTAINERS: NUMBER
WASTE Oil + Solvent			800	Gal	☑ TANK TRUCK; ☐ DRUMS ☐ BAGS ☐ CARTONS ☐ DUMP TRUCK ☐ OTHER
WASTE					

⑥ WASTE CATEGORY
⑦ LIST COMPONENTS:

		CONC. RANGE UPPER	CONC. RANGE LOWER	UNITS %	UNITS PPM
A	[illegible]				
B	Oil				
C	Solvents				
D					
E					
F					
G					

⑦ EX. HAZ. WASTE PERMIT NO.
⑧ GENERATING PROCESS

NONHAZARDOUS MATERIAL %

⑨ WASTE PROPERTIES: PH 7 ☐ TOXIC ☐ FLAMMABLE ☐ CORROSIVE/IRRITANT ☐ REACTIVE ☐ SENSITIZER ☐ CARCINOGEN/MUTAGEN
⑩ PHYSICAL STATE ☐ SOLID ☒ LIQUID ☒ SLUDGE ☐ SLURRY ☐ GAS ☐ OTHER
⑪ SPECIAL HANDLING INSTRUCTIONS: ☒ GLOVES ☐ GOGGLES ☐ RESPIRATOR ☐ OTHER

GENERATOR CERTIFICATION: THIS IS TO CERTIFY THAT THE ABOVE NAMED MATERIALS ARE PROPERLY CLASSIFIED, DESCRIBED, PACKAGED, MARKED & LABELED, AND ARE IN PROPER CONDITION FOR TRANSPORTATION ACCORDING TO THE APPLICABLE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION AND THE EPA.

IN THE EVENT OF A SPILL CONTACT THE NATIONAL RESPONSE CENTER, U.S. COAST GUARD 1-800-424-8802.

⑫ Ron Toole [illegible] SIGNATURE OF AUTHORIZED AGENT & TITLE — DATE SHIPPED 5/20/[illegible]

TRANSPORTER (HAULER MUST COMPLETE)

⑬ NAME LIQUID WASTE MANAGEMENT
EPA NO. CAD000072843
ADDRESS P.O. BOX 1082
CITY, STATE, ZIP CODE SUN VALLEY, CALIFORNIA 91352
PHONE NO. (213) 767-4424

JOB NO. 049
UNIT NO. 3

⑭ [illegible] SIGNATURE OF AUTHORIZED AGENT & TITLE

⑮ PICK-UP DATE 5/20/91
TIME ☒ AM ☐ PM

TSD FACILITY (OPERATOR MUST COMPLETE)

⑯ NAME [illegible]
EPA NO. [illegible]

⑰ QUANTITY (IF MEASURED) (66) Sec 1004
⑱ STATE FEE (IF ANY) $

⑲ HANDLING OR DISPOSAL METHOD:
☐ SURFACE IMPOUNDMENT ☒ LANDFILL
☐ INJECTION WELL ☐ LAND TREATMENT
☐ TREATMENT (SPECIFY)
☐ RECOVERY OR REUSE ☐ STORAGE/TRANSFER

⑳ INDICATE ANY SIGNIFICANT DISCREPANCIES BETWEEN MANIFEST AND SHIPMENT

㉑ IF WASTE IS HELD FOR DELIVERY ELSEWHERE, SPECIFY THE DESIGNATED TSD FACILITY:
NAME
EPA NO.
REVISED 11/90

㉒ [illegible] SIGNATURE OF AUTHORIZED AGENT & TITLE — DATE ACCEPTED 5/20/91

SEE REVERSE SIDES FOR INSTRUCTIONS. PLEASE TYPE OR PRINT CLEARLY.

PRESS HARD

CALIFORNIA HAZARDOUS WASTE MANIFEST

STATE DEPARTMENT OF HEALTH SERVICES
HAZARDOUS MATERIALS MANAGEMENT SECTION
744 P STREET, SACRAMENTO, CA 95814

363 - 5655.0 / 0924

GENERATOR (GENERATOR MUST COMPLETE)

① NAME: [illegible] SERVICES
EPA NO.: CAT000646257
ADDRESS: 11210 SHERMAN WAY
CITY, STATE, ZIP CODE: SUN VALLEY, CA 91352
PHONE NO.: 875-7430
ORDER PLACED BY: Ron Todd ORDER DATE: 6/15/81
P.O./CONTRACT NO.:

③ DESIGNATED TSD FACILITY (AUTHORIZED TO OPERATE UNDER AN APPROVED STATE OR FEDERAL PROGRAM)
NAME: RKK CORP
EPA NO.: CAD007382709
ADDRESS: 2210 AZUSA AVE
CITY, STATE, ZIP CODE: WEST COVINA
PHONE NO.: 965-0911

④ ALTERNATE TSD FACILITY
NAME: [illegible]
EPA NO.: [illegible]
ADDRESS: [illegible]
CITY, STATE, ZIP CODE: CASMALIA, CA.
PHONE NO.: 805-937-8449

⑤ U.S. DOT PROPER SHIPPING NAME	U.S. DOT HAZARD CLASS	UN/NA I.D. NO.	WEIGHT OR VOLUME	UNITS	CONTAINERS: NUMBER
WASTE OIL (WATER SOLUBLE)					DRUMS ☐ BAGS ☐ CARTONS ☐ DUMP TRUCK ☐
WASTE			120	gal	☒ TANK TRUCK ☐ OTHER

⑥ WASTE CATEGORY:
⑦ EX. HAZ. WASTE PERMIT NO.:
⑧ GENERATING PROCESS:

⑨ LIST COMPONENTS:

		CONC. RANGE UPPER	LOWER	UNITS %	PPM
A	OIL + WATER				
B	SOLVENTS				
C					
D					
E					
F					
G					

NONHAZARDOUS MATERIAL: ____ %

⑩ WASTE PROPERTIES: PH 7 ☐ TOXIC ☐ FLAMMABLE ☐ CORROSIVE/IRRITANT ☐ REACTIVE ☐ SENSITIZER ☐ CARCINOGEN/MUTAGEN
⑪ PHYSICAL STATE: ☐ SOLID ☒ LIQUID ☒ SEMI-SOLID ☐ SLURRY ☐ GAS ☐ OTHER
⑫ SPECIAL HANDLING INSTRUCTIONS: ☒ GLOVES ☒ GOGGLES ☐ RESPIRATOR ☐ OTHER

GENERATOR CERTIFICATION: THIS IS TO CERTIFY THAT THE ABOVE NAMED MATERIALS ARE PROPERLY CLASSIFIED, DESCRIBED, PACKAGED, MARKED & LABELED, AND ARE IN PROPER CONDITION FOR TRANSPORTATION ACCORDING TO THE APPLICABLE REGULATIONS OF THE DEPARTMENT OF TRANSPORTATION AND THE EPA.

IN THE EVENT OF A SPILL CONTACT THE NATIONAL RESPONSE CENTER, U.S. COAST GUARD 1-800-424-8802.

⑬ Ron Todd Plating Foreman — SIGNATURE OF AUTHORIZED AGENT & TITLE — DATE SHIPPED 6-15-81

TRANSPORTER (HAULER MUST COMPLETE)

⑮ NAME: LIQUID WASTE MANAGEMENT
EPA NO.: CAD000072843
ADDRESS: P.O. BOX 1082
CITY, STATE, ZIP CODE: SUN VALLEY, CALIFORNIA 91352
PHONE NO.: (213) 767-4424

JOB NO.:
UNIT NO.:

⑯ PICK-UP DATE: 6/15/81
TIME: 12:30 ☐ AM ☒ PM

⑭ Ron [illegible] — SIGNATURE OF AUTHORIZED AGENT & TITLE

RECEIVED JUL 1 2 1981

TSD FACILITY (OPERATOR MUST COMPLETE)

⑰ NAME: RKK
EPA NO.: CAD007382709

⑱ QUANTITY (IF MEASURED): XE23 (48) 4.5
⑲ STATE FEE (IF ANY): $

⑳ INDICATE ANY SIGNIFICANT DISCREPANCIES BETWEEN MANIFEST AND SHIPMENT:

㉑ IF WASTE IS HELD FOR DELIVERY ELSEWHERE, SPECIFY THE DESIGNATED TSD FACILITY:
NAME:
EPA NO.:

㉒ (60) SIGNATURE OF AUTHORIZED AGENT & TITLE — DATE RECEIVED 6/11/81

㉓ HANDLING OR DISPOSAL METHOD:
☐ SURFACE IMPOUNDMENT ☐ LANDFILL
☐ INJECTION WELL ☐ LAND TREATMENT
☐ TREATMENT (SPECIFY)
☐ RECOVERY OR REUSE ☐ STORAGE/TRANSFER

REVISED 11/80

State of California—Health and Welfare Agency

Department of Health Services

HAZARDOUS MATERIALS MANAGEMENT SECTION
744 P Street
Sacramento, CA 95814

UNIFORM HAZARDOUS WASTE MANIFEST

66505

(Please print or type with ELITE type (12 characters per inch).

STATE ID NUMBER 8205234

TO BE FILLED IN BY THE GENERATOR

GENERATOR NAME AND MAILING ADDRESS
Flight Accessory Service
11310 Sherman Way
Sun Valley
AREA CODE/PHONE NUMBER 818-875-2930

MANIFEST DOCUMENT NUMBER
EPA ID NUMBER CAT000646257 0001

TRANSPORTER NO. 1
Rho-Chem Corp.

VEH./CONTAINER NO. 4398

EPA ID NUMBER CAD008364932

TRANSPORTER NO. 2/ALTERNATE TSD FACILITY
BKK Corporation

EPA ID NUMBER CAD027786049

TREATMENT, STORAGE, OR DISPOSAL (TSD) FACILITY
Rho-Chem Corp
425 E 15 Ave
Inglewood Cal 90301
AREA CODE/PHONE NUMBER

EPA ID NUMBER CAD008364632

PROPER U.S. D.O.T. SHIPPING NAME AND HAZARD CLASS	UN/NA NUMBER	TOTAL QUANTITY	UNIT WT/VOL	CONTAINER NO.	CONTAINER TYPE	WASTE CAT. NO.
Waste Corr-A	NA1760	000000	G	001	DT	
Non flammable liquid						

COMPONENTS	CONC. UPPER	RANGE LOWER	UNITS %	UNITS ppm
Rho Perc 235	80	70	✓	
Oil	15	08	✓	
Water	5	2	✓	

SPECIAL HANDLING INSTRUCTIONS
Goggles + Gloves

This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation and the EPA.

PRINTED OR TYPED FULL NAME AND SIGNATURE Edwin P. Conley — MO. 12 DAY 15 YR. 89

☐ CHECK IF CONTINUATION SHEET IS USED. NUMBER OF CONTINUATION SHEETS _____

TO BE FILLED IN BY TRANSPORTER

TRANSPORTER 1 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE MATERIALS — DATE REC'D & ACCEPTED 66505

PRINTED OR TYPED FULL NAME AND SIGNATURE Luciano Coppeti — MO. 12 DAY 15 YR. 89

TRANSPORTER 2 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE MATERIALS — DATE REC'D & ACCEPTED

PRINTED OR TYPED FULL NAME AND SIGNATURE — MO. DAY YR.

TO BE FILLED IN BY TSDF

DISCREPANCY INDICATION SPACE

Facility owner or operator: Certification of receipt of hazardous material covered by this manifest except as noted in the discrepancy indication space above. Note: TSDF must complete waste number. See instructions. — DATE REC'D & ACCEPTED

PRINTED OR TYPED FULL NAME AND SIGNATURE — EPA ID NUMBER — MO. DAY YR.

Original—White—Disposer send to DHS; Green—Hauler; Yellow—Disposer; Pink—Generator

DHS #022 (7/82)

State of California—Health and Welfare Agency

Department of Health Services

HAZARDOUS MATERIALS MANAGEMENT SECTION
44 P Street
Sacramento, CA 95814

UNIFORM HAZARDOUS WASTE MANIFEST

Please print or type with ELITE type (12 characters per inch).

STATE ID NUMBER 205235

TO BE FILLED IN BY THE GENERATOR

GENERATOR NAME AND MAILING ADDRESS
Flight Accessory Service
11310 Sherman Way
AREA CODE/PHONE NUMBER Sun Valley

MANIFEST DOCUMENT NUMBER
EPA ID NUMBER
CA7000646257 0007

TRANSPORTER NO. 1
Rho-Chem Corp.

VEH./CONTAINER NO. 4571

EPA ID NUMBER
CAD008364432

TRANSPORTER NO. 2/ALTERNATE TSD FACILITY
BRK Corporation

EPA ID NUMBER
CAD067756749

TREATMENT, STORAGE, OR DISPOSAL (TSD) FACILITY
Rho-Chem Corp
425 I S Isque
Inglewood, Cal. 90301
AREA CODE/PHONE NUMBER

EPA ID NUMBER
CAD008364432

PROPER U.S. D.O.T. SHIPPING NAME AND HAZARD CLASS	UN/NA NUMBER	TOTAL QUANTITY	UNIT WT/VOL	CONTAINER NO.	CONTAINER TYPE	WASTE CAT. NO.
Waste ORM-A		00055	G	002	DM	211 01
Non-flammable liquid						

COMPONENTS	CONC. UPPER	RANGE LOWER	UNITS %	UNITS ppm
Rho-Perc 235	80	70	✓	
Oil	15	08	✓	
Water	5	2	✓	

SPECIAL HANDLING INSTRUCTIONS
Goggles & gloves

This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation and the EPA.

Edwin P Conley
PRINTED OR TYPED FULL NAME AND SIGNATURE Edwin P. Conley MO. 06 DAY 21 YR. 83

☐ CHECK IF CONTINUATION SHEET IS USED. NUMBER OF CONTINUATION SHEETS _____

TO BE FILLED IN BY TRANSPORTER

TRANSPORTER 1 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE MATERIALS — DATE REC'D & ACCEPTED
ALFRED MAY Alfred May #72042
PRINTED OR TYPED FULL NAME AND SIGNATURE MO. 06 DAY 21 YR. 83

TRANSPORTER 2 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE MATERIALS — DATE REC'D & ACCEPTED
PRINTED OR TYPED FULL NAME AND SIGNATURE MO. DAY YR.

TO BE FILLED IN BY TSDF

DISCREPANCY INDICATION SPACE

Facility owner or operator: Certification of receipt of hazardous material covered by this manifest except as noted in the discrepancy indication space above. Note: TSDF must complete waste number. See instructions. — DATE REC'D & ACCEPTED

PRINTED OR TYPED FULL NAME AND SIGNATURE EPA ID NUMBER MO. DAY YR.

Original—White—Disposer send to DHS; Green—Hauler; Yellow—Disposer; Pink—Generator

DHS 8022 (7/82)

of California Health and Welfare Agency
HAZARDOUS WASTE MANAGEMENT BRANCH
54 P Street
Sacramento, CA 95814

Department of Health Services

UNIFORM HAZARDOUS WASTE MANIFEST

print or type with ELITE type (12 characters per inch)

STATE ID NUMBER 83327456

GENERATOR NAME AND MAILING ADDRESS: Fine Blanking Products

MANIFEST DOCUMENT NUMBER

EPA ID NUMBER

AREA CODE/PHONE NUMBER: CA 7 0 6 0 4 4 1 5 7

TRANSPORTER NO. 1: Rho-Chem Corp. 4205-ISIS Inglewood Calif.

VEH./CONTAINER NO.: 20 4 7 4 6

EPA ID NUMBER: CAD 0 9 8 1 0 6 1 2 1 5

TRANSPORTER NO. 2/ALTERNATE TSD FACILITY: G.P.K.

VEH./CONTAINER NO.:

EPA ID NUMBER: CAD 0 0 6 1 7 1 2 6 7 F

TREATMENT, STORAGE, OR DISPOSAL (TSD) FACILITY: Rho-Chem Corp

EPA ID NUMBER:

AREA CODE/PHONE NUMBER: CA D 0 9 8 1 0 6 1 2 1 5

PROPER U.S. D.O.T. SHIPPING NAME AND HAZARD CLASS	UN/NA NUMBER	TOTAL QUANTITY	UNIT WT/VOL	CONTAINER NO.	CONTAINER TYPE	WASTE CAT. NO.	DIS ME
	UN1693	155	Gal.	001	CM	111	C

COMPONENTS	CONC. RANGE UPPER	CONC. RANGE LOWER	UNITS %	UNITS PPM
Oil + Perchloroethylene	90	10	X	

SPECIAL HANDLING INSTRUCTIONS: None

This is to certify that the above-named wastes are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable requirements of the Department of Transportation and the EPA.

Printed or typed full name and signature: Edwin P. Conley

MO. 11 DAY 21 YR 94

☐ Check if continuation sheet is used. Number of continuation sheets

TRANSPORTER 1 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE WASTES

Printed or typed full name and signature

DATE REC'D & ACCEPTED MO. 11 DAY 21 YR 94

TRANSPORTER 2 ACKNOWLEDGEMENT OF RECEIPT OF ABOVE WASTES

Printed or typed full name and signature

DATE REC'D & ACCEPTED MO. DAY YR

DISCREPANCY INDICATION SPACE

Facility owner or operator: Certification of receipt of hazardous waste covered by this manifest except as noted in the discrepancy indication space above. Note: TSDF must complete waste number See instructions.

EPA ID NUMBER

DATE RECEIVED & ACCEPTED MO DAY YR

Printed or typed full name and signature

DHS-8022A 11-82

GENERATOR COPY

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HANKER PACIFIC, INC.,	)	
	)	CIVIL NOS. 93-6490 and
Third-Party Plaintiff	)	93-6570 (MRP) (Tx)
	)	
v.	)	
	)	
ELECTRONIC SOLUTIONS, INC.; ZERO CORPORATION; PARKER-HANNIFIN CORPORATION; INCHCAPE, INC.	)	
	)	
Third-Party Defendants	)	

AFFIDAVIT OF HARRY GUNN

HARRY GUNN, having been duly sworn on oath, deposes and states that he has personal knowledge of the facts set forth herein and if called as a witness could competently testify as follows:

1. My name is Harry Gunn.

2. From 1970 to 1990, I was employed at the manufacturing facility located at 11310 Sherman Way, Sun Valley, California 91352 (the "facility"). During my employment, the facility engaged in the business of manufacturing, overhauling and repairing aircraft landing gear.

3. From 1970 to 1980, I was employed as a machinist at the facility, and in that capacity I was involved in the machining of parts as part of the manufacturing, overhauling and repairing process. During the following time periods, I was employed as a machinist by the companies identified below:

Period of Employment	Company
1970 to 1977	Canoga Industries
1977 to 1979	Zero Corporation

1979 to 1980	Bertea Corporation

4. In 1980, I was promoted to the position of machine shop supervisor at the facility and supervised the machine shop activities related to the above described process. I was employed in that capacity by the following companies during the approximate time periods identified below:

Period of Employment	Company
1980 to 1982	Parker Hannifin Corporation
1982 to 1987	Inchcape PLC
1987 to 1990	Hawker Pacific, Inc.

5. During the entire course of my employment at the facility from 1970 until 1990 and in connection with the performance of my duties as a machinist and machine shop supervisor, I was involved in and participated in and observed the daily operations of the facility, including the operations which used and stored solvents and various cutting, lubricating, and hydraulic oils ("oils").

6. Prior to Hawker Pacific's operation of the facility, it was the facility's practice to store approximately six to eight fifty-five gallon drums containing solvents and oils horizontally on a tilt-rack between buildings known as Building No. 1 and Building No. 2 (the "storage area"). Employees of the facility would fill containers with solvents and oils from the storage area for use at their work stations.

7. The storage area was bermed to contain releases of solvents and oils from drums in the storage area.

8. During my employment prior to Hawker Pacific's operation of the facility, I observed periodic spills and leaks of solvents and oils from the fifty-five gallon drums in the storage area. These spills and leaks caused solvents and oils to accumulate within the bermed storage area.

9. During this time period, approximately once a week, the accumulated solvents and oils would be vacuumed out of the storage area.

FURTHER AFFIANT SAYETH NOT.

Dated this 1 day of Dec, 1994.

Harry Gunn

Harry Gunn

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

Harry Gunn appeared before me and made an oath that the foregoing Affidavit is true to the best of his knowledge, information or belief, and to the extent that the facts set forth in this Affidavit are based upon information and belief, he believes them to be true.

Notary Public

My Commission Expires:

JODENE JONTE
COMM. # 996040
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires JUL 5, 1997

DECLARATION OF HARRY GUNN

I, HARRY GUNN, declare:

1. I am a retired machinist supervisor for Hawker Pacific, Inc. ("Hawker Pacific"). I make this declaration in connection with Hawker Pacific's submissions to the United States Environmental Protection Agency concerning the facility it currently operates at 11310 Sherman Way, Sun Valley, California (the "11310 Sherman Way facility"). I have personal knowledge of the matters contained in this declaration, and could testify competently to them if called as a witness in any proceeding.

2. I began working at the 11310 Sherman Way facility in 1969. I was employed full-time at that facility continuously until my retirement in 1991.

3. Throughout my twenty-two years of employment at the 11310 Sherman Way facility, I worked in either Building 1, Building 2, or Building 3, as shown on the attached site map. Between 1969 and 1983 I was employed as a machinist; between 1983 and my retirement in 1991, I was supervisor of all machine operations in Building 1. Based upon that employment history, I am thoroughly familiar with the various operations at the facility, and the changes which have been made at the facility over

time, particularly in Buildings 1 and 2, and the area between those buildings.

4. Between 1969 and 1991, operations at the facility that involved ongoing use of a degreasing solvent bath took place in the Plating Shop in the rear (south end) of Building 2. Those operations involved the use of organic solvents to clean various aircraft components prior to plating.

5. Between 1969 and 1991, no substantial quantities of solvent were used in ongoing operations in Machine Shop operations, which were located in Building 1, the front (north portion) of Building 2 and Building 3. (I retired inn 1991, the machine shop operation in Building 2 was moved to Building 1 and that area of Building 2 was used for engineering and records storage.) Small quantities of solvent were occasionally used in maintenance to clean the outsides of the machine shop equipment in those areas. That solvent was obtained from the Plating Shop in 1 or 2 gallon buckets.

6. Between 1969 and approximately 1982, solvents used for degreasing at the facility were stored in steel drums located on the asphalt parking lot in an area approximately one-half way between Buildings 4 and 5. In approximately 1982, solvent storage was moved into a large tank immediately behind the south end of Building 2.

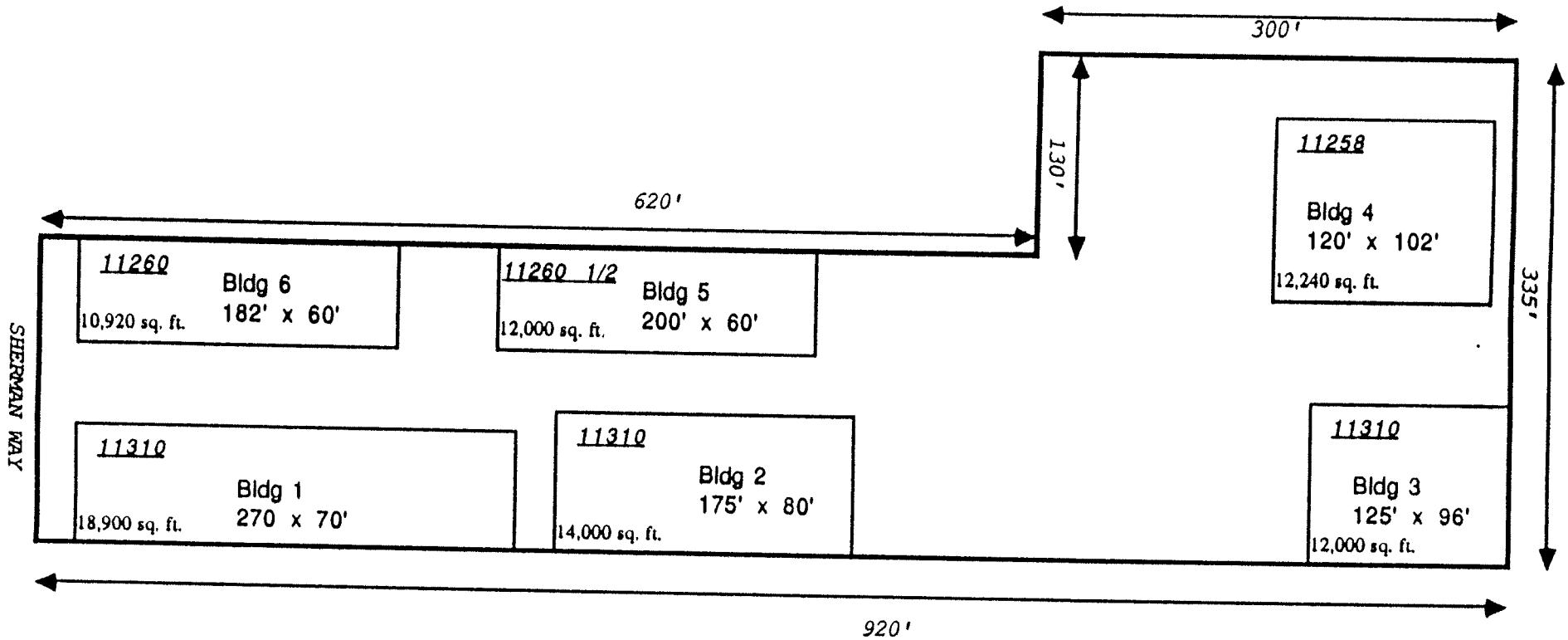
7. At no time between 1969 and 1991 were solvents stored in the area between Buildings 1 and 2. Between 1969 and 1991, the area between Buildings 1 and 2 was used to store machine oils, coolants and lubricants for use in the Building 1 and 2 Machine Shops.

8. Between 1969 and 1991, the ground area between Buildings 1 and 2 was entirely covered by cement. In approximately 1982 a low cinder block birm wall was constructed in the area between Buildings 1 and 2. This was the area where the machine oils, coolants and lubricants mentioned above in paragraph 7 were stored. Except for that birm wall, between 1969 and 1991 no construction activities took place in that area. Specifically, at no point during that period was an underground tank installed between Buildings 1 and 2.

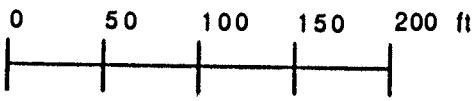
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 16th day of April, 1993.

Harry Gunn

LL931050069



HAWKER PACIFIC
SUN VALLEY, CA



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FILED
CLERK, U.S. DISTRICT COURT
MAY 12 1997
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DEPUTY

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CLERK, U.S. DISTRICT COURT
MAY 14 1997
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CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

ENTERED
CLERK, U.S. DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA Plaintiff, v. ALLIED-SIGNAL, INC., et al., Defendants.	CIVIL NO. 93-6490-MRP <u>SECOND</u> <u>PARTIAL CONSENT DECREE</u>
STATE OF CALIFORNIA Plaintiff, v. ALLIED-SIGNAL, INC., et al., Defendants.	<u>SECOND</u> <u>PARTIAL CONSENT DECREE</u>

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I. BACKGROUND

A. COMPLAINTS. On October 26, 1993, the United States of America ("United States"), on behalf of the Administrator of the United States Environmental Protection Agency ("EPA"), and, on October 29, 1993, the State of California ("State"), on behalf of the State Department of Toxic Substances Control (formerly, the Toxic Substances Control Program of the State Department of Health Services), filed complaints in this matter pursuant to Sections 107 and 113 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. §§ 9607 and 9613. Both the United States and the State ("Plaintiffs") filed, prior to the lodging of this Consent Decree, amended complaints, which add additional defendants to the original complaints. In the amended complaints, the Plaintiffs seek recovery of response costs incurred by the Plaintiffs in connection with actions taken pursuant to CERCLA in response to releases and threatened releases of hazardous substances from the Defendants' facilities in the San Fernando Valley Groundwater Basin ("Basin") and at the North Hollywood Operable Unit Site ("NHOU Site") within the Basin.

B. SITE DESCRIPTION.

1. Basin. The San Fernando Valley Superfund Sites ("SFV Sites") are located in the eastern half of the Basin, between the San Gabriel and the Santa Monica Mountains, in Los Angeles County, California. EPA has divided the SFV Sites in two different ways. For the purpose of placing the SFV Sites on the National Priorities List ("NPL"), EPA divided the SFV Sites into the following four areas based on the location of drinking water

well fields that were known to be contaminated by volatile organic compounds ("VOCs") in 1984: Area 1 (North Hollywood Area), Area 2 (Crystal Springs Area), Area 3 (Verdugo Basin), and Area 4 (Pollock Area). Once more was known about the extent of groundwater contamination and for the purpose of accelerating the investigation and cleanup of the SFV Sites, EPA divided the SFV Sites into the following five Operable Units ("OUs"): North Hollywood (the NHOU Site), Burbank, Glendale North, Glendale South, and Pollock.

2. NHOU Site. This Consent Decree focuses on the NHOU Site, originally listed as part of the San Fernando Valley Area 1/North Hollywood Area NPL site. The NHOU Site is comprised of the areal extent of hazardous substance groundwater contamination that is presently located in the vicinity of the North Hollywood Well Field and includes any areas to which and from which such hazardous substance groundwater contamination migrates.

C. NATURE OF SITE CONTAMINATION. Tests conducted in the early 1980s to determine the presence of certain industrial chemicals in the State's drinking water revealed extensive VOC contamination in the Basin's groundwater. The primary contaminants of concern were and are the solvents trichloroethene ("TCE") and tetrachloroethene ("PCE"), widely used in a variety of industries including metal plating, machinery degreasing, and dry cleaning. By August 1985, groundwater from 27 of the 35 production wells in the North Hollywood Well Field alone exceeded the Federal Maximum Contaminant Level ("MCL") for TCE. MCLs are drinking water standards established under the Safe Drinking

Water Act of 1974, as amended, 42 U.S.C. § 300f et seq. Other VOC contaminants in the Basin have also been detected above their MCLs. As a result of this groundwater contamination, many production wells have been taken out of service, despite the fact that the Basin's groundwater has been used to supply the domestic water needs of approximately 800,000 people. According to recent estimates, the plumes of TCE contamination above the MCL in the Basin's groundwater extend over an area eleven miles long and as great as three miles wide.

D. NPL LISTING. In June 1986, EPA placed the SFV Sites, which include the NHOU Site, on the NPL (see 51 Federal Register 21054). The NPL is promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, and is a list of the most seriously contaminated hazardous substances sites in the country (see 40 C.F.R. Part 300, Appendix B). As stated in Section I.B.1 above, the SFV Sites listed on the NPL are Area 1 (North Hollywood Area), Area 2 (Crystal Springs Area), Area 3 (Verdugo Basin), and Area 4 (Pollock Area). The original boundaries of the SFV Sites were based on the location of the drinking water well fields that were known to be contaminated by VOCs in 1984. Groundwater data collected since 1984 show that VOC groundwater contamination extends beyond the original boundaries drawn at the time the SFV Sites were placed on the NPL.

E. OU DESIGNATION. In 1985, EPA determined that the most effective way of dealing with the spreading groundwater contamination in the Basin was to divide the SFV Sites into OUs. Each OU represents a discrete, interim remedial action that will inhibit the migration of contamination in the groundwater prior

to the completion of a Basin-wide Remedial Investigation ("RI") and Feasibility Study ("FS") and selection of any Basin-wide remedial actions. As stated in Section I.B.1 above, EPA has identified the following five OUs: North Hollywood (the NHOU Site), Burbank, Glendale North, Glendale South, and Pollock. EPA has issued Record of Decision ("ROD") documents selecting interim remedial actions for four of these OUs: NHOU Site (1987), Burbank OU (1989), and Glendale North and South OUs (1993).

F. NHOU SITE FS AND ROD. In November 1986, pursuant to a cooperative agreement with EPA and the State of California, the Los Angeles Department of Water and Power ("LADWP") completed an OU FS for the NHOU Site. After providing an opportunity for the public to comment on the completed OU FS, in September 1987, EPA issued a ROD for the NHOU Site. The interim remedial action selected in the 1987 NHOU ROD is fifteen years of groundwater extraction and treatment.

G. NHOU SITE INTERIM REMEDIAL ACTION. In 1989, pursuant to another cooperative agreement with EPA and the State of California, LADWP constructed the NHOU Site groundwater extraction and treatment facilities. These facilities pump out contaminated groundwater, remove the contaminants from the groundwater, and convey the treated groundwater to LADWP's pump station for distribution to the public. Consistent with Section 104(c)(3) of CERCLA, 42 U.S.C. § 9604(c)(3), EPA paid for ninety percent and the State paid for ten percent of the construction costs of the extraction and treatment facilities; and EPA is paying for ninety percent and the State is responsible for paying ten percent of the operating costs of the NHOU Site interim

remedial action. Pursuant to its cooperative agreement with EPA and the State of California, LADWP will continue to operate and maintain the NHOU Site Interim Remedial Action.

H. BASIN-WIDE GROUNDWATER AND SOIL CLEANUP ACTIVITIES. Remediation of groundwater in the Basin is a collaborative undertaking of EPA, the State, LADWP, and the California Regional Water Quality Control Board, Los Angeles Region ("RWQCB"). In December 1992, pursuant to another cooperative agreement with EPA, LADWP completed the Phase 1 Basin-wide groundwater RI. EPA has begun preparing a Basin-wide groundwater FS. In addition to groundwater investigation and remediation activities, EPA, in conjunction with the State and RWQCB, has conducted and continues to conduct soil investigations at individual facilities throughout the Basin to uncover potential sources of groundwater contamination. In September 1989, EPA entered into a cooperative agreement with RWQCB to provide funds to augment the State's program to investigate sources of groundwater contamination in the Basin.

I. PLAINTIFFS' ALLEGATION OF DEFENDANTS' LIABILITY. The Plaintiffs allege that: (i) the past, present, or potential migrations of "hazardous substances," as defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14), from the Defendants' "facilities," as defined in Section 101(9) of CERCLA, 42 U.S.C. § 9601(9), constitute actual or threatened "releases," as defined in Section 101(22) of CERCLA, 42 U.S.C. § 9601(22); (ii) the Defendants are persons subject to liability under Section 107(a) of CERCLA, 42 U.S.C. § 9607(a); (iii) the releases or threatened releases of hazardous substances from the Defendants' facilities

have caused the Plaintiffs to incur and to continue to incur "response" costs, within the meaning of Section 101(25) of CERCLA, 42 U.S.C. § 9601(25); and (iv) the actions taken by the Plaintiffs in response to releases or threatened releases of hazardous substances from the Defendants' facilities were not inconsistent with the National Contingency Plan.

J. SETTLING DEFENDANTS' DENIAL OF LIABILITY. The Defendants that have entered into this Consent Decree ("Settling Defendants") do not admit and expressly deny any liability to the Plaintiffs arising out of the transactions or occurrences alleged in the amended complaints or as set forth above. The Plaintiffs and the Settling Defendants agree that neither this Consent Decree, nor the entry into settlement, nor any payments pursuant to this Consent Decree shall constitute or be construed as a finding or an admission, adjudication or acknowledgement of any fact or law, or of any liability, fault or wrongdoing, or evidence of such, or an admission of violation of any law, rule or regulation by Settling Defendants nor as an estoppel or waiver of any defenses of Settling Defendants except as provided in Section VI.G of this Consent Decree.

K. PURPOSE.

1. Pursuant to a cooperative agreement with EPA and the State of California, LADWP is implementing the NHOU Site Interim Remedial Action selected in the 1987 NHOU ROD. The purpose of this Consent Decree is to avoid prolonged litigation and to provide for the Settling Defendants' payment of specified amounts of the past and future response costs for the NHOU Site Interim Remedial Action selected in the 1987 NHOU ROD and of the

past costs of Basin-wide investigations relating to their facilities located at the NHOU Site in full and complete satisfaction of any and all claims against Settling Defendants for such costs.

2. The parties to this Consent Decree ("Parties") recognize that the Settling Defendants' payment represents only a part of the total cost of the NHOU Site Interim Remedial Action selected in the 1987 NHOU ROD and of the past costs of Basin-wide investigations relating to the facilities located at the NHOU Site.

3. In entering into this Consent Decree, the Plaintiffs have considered the circumstances of the releases and threatened releases of hazardous substances in the Basin, the involvement of the Settling Defendants in the ownership and/or operation of facilities located at the NHOU Site and the willingness and capacity of Settling Defendants and the other Defendants to resolve this matter.

4. The Parties agree, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and implementation of this Consent Decree will expedite the cleanup of the NHOU Site and will avoid prolonged and complicated litigation between the Parties, and that this Consent Decree is fair, reasonable, and in the public interest.

THEREFORE, with the consent of the parties to this Consent Decree, it is ORDERED, ADJUDGED, AND DECREED:

II. DEFINITIONS

Unless otherwise expressly provided herein, terms used in this Consent Decree that are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this Consent Decree or in any appendices attached hereto and incorporated hereunder, the following definitions shall apply:

A. "Basin-wide Response Costs" shall mean all costs that the Plaintiffs have incurred or may incur for Basin-wide/non-operable unit specific investigations or other non-operable unit specific response actions.

B. "CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 et seq.

C. "Certification of Completion" shall mean EPA's certification pursuant to Section 122(f)(3) of CERCLA, 42 U.S.C. § 9622(f)(3), that all remedial actions have been completed that relate to the NHOU Site in accordance with the requirements of the National Contingency Plan and any applicable Record of Decision.

D. "Consent Decree" or "Second Partial Consent Decree" shall mean this Decree and any attached appendices. In the event of conflict between this Decree and any appendix, this Decree shall control. "First Consent Decree" shall mean the Partial Consent Decree in this action lodged with this Court on March 14,

1996 and entered by this Court on August 8, 1996.

E. "Day" shall mean a calendar day. In computing any period of time under this Consent Decree, where the last day would fall on a Saturday, Sunday, or Federal Holiday, the period shall run until the close of business of the next working day.

F. "EPA" shall mean the United States Environmental Protection Agency and any successor departments or agencies of the United States.

G. "Future Basin-wide Response Costs" shall mean all Basin-wide response costs that EPA has incurred or will incur after April 30, 1992 and that the State has incurred or will incur after December 31, 1993.

H. "Interest," in accordance with Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), shall mean interest at the rate specified for interest on investments of the Hazardous Substance Superfund established pursuant to the Internal Revenue Code, 26 U.S.C. § 9507. In calculating interest, Plaintiffs may compound on a monthly or annual basis.

I. "Interim Remedial Action" shall mean the interim remedial action selected in the 1987 NHOU ROD.

J. "North Hollywood Operable Unit" or "NHOU Site" shall mean the areal extent of hazardous substance groundwater contamination that is presently located in the vicinity of the North Hollywood Well Field and includes any areas to which and from which such hazardous substance groundwater contamination migrates. EPA has determined that each of the Settling Defendants named in its amended complaints has owned and/or operated and/or currently owns and/or operates facilities that

are located at the NHOU Site and/or has arranged for the disposal of hazardous substances at a facility located at the NHOU Site.

K. "Parties" shall mean the United States, the State of California, and the Settling Defendants.

L. "Past Basin-wide Response Costs" shall mean Basin-wide Response Costs incurred by EPA prior to and including April 30, 1992 and Basin-wide Response Costs incurred by the State prior to and including December 31, 1993.

M. "Plaintiffs" shall mean the United States and the State of California.

N. "Releasees" shall mean Settling Defendants and their officers, directors, employees and agents, and where the Settling Defendant is a trustee, its successor trustees appointed to carry out the purposes of said trust; and where the Settling Defendant is a corporate entity, its corporate successors to potential liability for the NHOU Site. "Releasees" shall also mean the entities associated with one or more of the Settling Defendants as set forth in Appendix 1 to this Consent Decree. However, Releasees shall not include any person or entity with liability for the NHOU Site independent of that person's or entity's association with a Settling Defendant.

O. "Settling Defendants" shall mean

1. Defendants AlliedSignal, Inc., Hawker Pacific, Inc., Peggy M. Wagner, Joseph Basinger, California Car Hikers Service, Inc., and Los Angeles By-Products Co.;

2. The following parties who were not sued by the governments, and who, as described below, are related to one or more of the other defendants, or third party defendants, or to

the property where such other defendant(s) or third party defendant(s) operate or operated in the past:

a. Textron, Inc., related to third party defendant HR Textron, Inc.;

b. Sundstrand Corporation, Joan O'Brien, William E. Tolson, Gary O'Brien, and Jean W. Blomberg, related to the property in Pacoima, California where third party defendant HR Textron operates;

c. Sam Adlen, related to defendant California Car Hikers Service, Inc.;

d. The Los Angeles County Metropolitan Transportation Authority, related to the property in Sun Valley, California where defendant California Car Hikers Service, Inc. operates; and

e. Unitrode, Inc. and U.S. Mikrotec Components, related to the property in Sun Valley, California, where third party defendant AVX Filters Corporation operates.

3. Third party defendants, who have not been sued by the governments, Parker-Hannifin Corporation, Inchcape, Inc., Crown Disposal Company, Inc., Western Waste Industries, Browning-Ferris Industries of California, Inc., E.I. DuPont De Nemours, HR Textron, Inc., AVX Filters Corporation, Price Pfister, Inc., Nupla Corporation, Chase Chemical Company, Inc., Holchem, Inc., Herman and Isabel Benjamin, and the Benjamin Family Trust.

4. Third party defendants Parker-Hannifin Corporation and Inchcape, Inc. were brought into this litigation by third party complaints filed by Hawker Pacific, Inc., Gordon and Peggy Wagner and Joseph Basinger. Those parties have entered into a

separate Settlement Agreement, a copy of which is attached as Exhibit A, which shall govern as between and among them to the extent their respective rights, obligations and releases set forth in said Settlement Agreement differ from and/or are greater than those contained in this Consent Decree.

P. "State" shall mean the State of California.

Q. "United States" shall mean the United States of America.

R. "1987 NHOU ROD" shall mean the EPA Record of Decision relating to the North Hollywood Operable Unit of the San Fernando Valley Area 1/North Hollywood Area National Priorities List site that was signed in September 1987 by the EPA Region IX Deputy Regional Administrator, acting for the Regional Administrator, and all attachments thereto.

S. "1987 NHOU ROD Response Costs" shall mean all past and future costs that the Plaintiffs or any other person have incurred or will incur for implementation of the remedy selected in the 1987 NHOU ROD.

III. JURISDICTION

This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. §§ 9606, 9607, and 9613(b). This Court also has personal jurisdiction over the Settling Defendants. Solely for the purposes of this Consent Decree, the Settling Defendants waive all objections and defenses that they may have to jurisdiction of this Court or to venue in this District and shall not challenge the entry of this Consent Decree or this Court's jurisdiction to enter and enforce this Consent Decree.

IV. PARTIES BOUND

This Consent Decree is binding upon the Plaintiffs, and upon the Settling Defendants and their heirs, successors, and assigns. Any change in ownership or corporate or other legal status, including but not limited to any transfer of assets or real or personal property, shall in no way alter the status or responsibilities of the Settling Defendants under this Consent Decree.

V. REIMBURSEMENT OF RESPONSE COSTS AND RELATED OBLIGATIONS

A. PAYMENT OF RESPONSE COSTS. Except as otherwise provided in Paragraph V.F, within thirty (30) days of entry of this Consent Decree, each Settling Defendant shall pay the settlement amount it is obligated to pay pursuant to Paragraph V.F below to the United States and to the State for 1987 NHOU ROD Response Costs and Past Basin-wide Response Costs.

B. FORM OF PAYMENT. Payment to the United States by each Settling Defendant shall be made in accordance with instructions provided by Plaintiff United States to the Settling Defendants upon execution of the Consent Decree. Of the total amount to be paid to EPA pursuant to this Consent Decree, $ 2,961,540 shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for past response costs incurred at or in connection with the Site as of the Effective Date of this Consent Decree, and $ 1,850,960 ("the Remainder") and any Interest payments shall be deposited in the NHOU Special Account to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the NHOU Special Account after completion of the response at or in

connection with the Site shall be deposited in the EPA Hazardous Substance Superfund. Payment to the State shall be made in the form of a certified check or cashier's check made payable to "Cashier, Department of Toxic Substances Control," and shall be forwarded to:

Department of Toxic Substances Control
State of California
Accounting Office
400 P Street, 4th Floor
Sacramento, California 95814

Each Settling Defendant shall send a transmittal letter with the check referencing the North Hollywood Operable Unit/San Fernando Valley Area 1 Site, Project Nos. 300126 and 300287. Each Settling Defendant shall also send a copy of its check and transmittal letter to the State as specified in Section XI.

C. FAILURE TO MAKE TIMELY PAYMENTS

1. Interest on Late Payments. In the event that any payments required under Section V are not made when due, Interest on the unpaid amount shall begin to accrue thirty (30) days after the effective date of this Consent Decree, at the rate specified in Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), through the date of payment.

2. Stipulated Penalties. If any amounts due to the Plaintiffs under this Consent Decree are not paid by the required date, the delinquent Settling Defendant shall pay as a stipulated penalty, in addition to the interest required by Section V.C.1 above, $1000 for the first 30 days and $5,000 thereafter per day that such payment is late. Stipulated penalties are due and payable within thirty (30) days of the delinquent Settling Defendant's receipt from either Plaintiff of a demand for payment

of the penalties. All payments of stipulated penalties to the United States shall be made in the form of a certified check or cashier's check made payable to "EPA Hazardous Substance Superfund," and shall be forwarded to:

U.S. Environmental Protection Agency, Region IX
Superfund Accounting
P.O. Box 360863M
Pittsburgh, Pennsylvania 15251
Attention: Collection Officer for Superfund

The delinquent Settling Defendant shall send a transmittal letter with the check referencing the North Hollywood Operable Unit/San Fernando Valley Area 1 Site and the civil action number 93-6490-MRP(Tx), and shall also state that the funds are to be applied to site spill identifier numbers N1 and 59. The delinquent Settling Defendant shall also send copies of the check and transmittal letter to the United States as specified in Section XI. All payments of stipulated penalties to the State shall be made in the form and manner specified in Section V.B above. Penalties shall accrue as provided above regardless of whether Plaintiffs have notified the delinquent Settling Defendant of the violation or made a demand for payment, but need only be paid upon demand. However, payment shall be considered timely with respect to each Settling Defendant so long as the Settling Defendant has given timely instructions to a competent financial institution for the subject Electronic Funds Transfer ("EFT") to be made in a timely manner, and has promptly upon the transfer obtained a written verification from the financial institution that the EFT was made in accordance with the Settling Defendant's instructions.

D. COLLECTION ACTIONS. If either Plaintiff must bring an action to collect any payment required by this Consent Decree,

the delinquent Settling Defendant shall reimburse the Plaintiff bringing the action for all costs of such action, including but not limited to costs of attorney time.

E. RELATION TO OTHER REMEDIES. Payments made under Section V shall be in addition to any other remedies or sanctions available to the Plaintiffs by virtue of a delinquent Settling Defendant's failure to make timely payments required by this Consent Decree.

F. PAYMENT SCHEDULE. The Settling Defendants shall pay the United States and the State the following sums, when and in the manner described in Sections V.A and V.B, above.

	United States	State of California
AlliedSignal, Inc.	$ 2,990,000	$ 156,000
Hawker Pacific, Inc.	$ 382,500	$ 40,950
Parker-Hannifin Corporation	$ 150,000	
Inchcape, Inc.	$ 150,000	
Peggy M. Wagner and Joseph Basinger	$ 150,000	$ 9,000
California Car Hikers Service	$ 271,800	$ 16,200
Los Angeles County Metropolitan Transp. Authority	$ 28,200	$ 1,800
Los Angeles By-Products Co.	$ 526,020	$ 31,680
Crown Disposal Company, Inc.	$ 33,280	$ 1,920
Western Waste Industries	$ 15,600	$ 900
Browning-Ferris Industries	$ 15,600	$ 900
E.I. DuPont De Nemours	$ 15,600	$ 900
HR Textron, Inc.	$ 10,400	$ 600
AVX Filters Corporation	$ 10,400	$ 600

Price Pfister, Inc.	$	5,200	$	300
Nupla Corporation	$	15,600	$	900
Herman and Isabel Benjamin and/or The Benjamin Family Trust	$	42,300	$	2,700

In lieu of the lump sum settlement payment specified in Paragraph F above, AlliedSignal, Inc. may make payments as follows:

AlliedSignal, Inc. shall pay $ 1,000,000 to the United States and $ 64,000 to the State when and in the manner described in Sections V.A. and B above in accordance with instructions provided by Plaintiff United States to the Settling Defendants upon execution of the Consent Decree. AlliedSignal, Inc. shall pay the balance of the amount described in Section V.F above as follows: On or before the first anniversary of the entry of this Consent Decree, AlliedSignal, Inc. shall pay $ 1,000,000 plus $ 89,700 in interest to the United States and $ 46,000 plus $ 4,140 in interest to the State; and, on or before the second anniversary of the Effective Date of this Consent Decree, AlliedSignal, Inc. shall pay the remaining $ 990,000 to the United States and the remaining $ 46,000 to the State.

G. <u>ADDITIONAL OBLIGATIONS OF ALLIEDSIGNAL, INC.</u>

In addition to reimbursing the United States and the State for response costs as set forth in this Section, AlliedSignal, Inc. shall complete the work described in the Addendum to Remedial Action Plan for Shallow Soils Impacted by Volatile Organic Compounds (Hydrologue, August 1, 1994). AlliedSignal, Inc. shall complete such work under the primary direction and oversight of the Los Angeles Regional Water Quality Control Board, and under the general oversight of the United States

pursuant to its cooperative agreements with the State Water Resources Control Board for RWQCB investigations. Such work is anticipated to cause AlliedSignal, Inc. to incur costs in the approximate amount of $ 500,000; however, AlliedSignal, Inc. shall complete such work notwithstanding whether its costs to perform the work are greater or less than $ 500,000.

VI. COVENANTS NOT TO SUE AND RESERVATIONS OF RIGHTS

A. PLAINTIFFS' COVENANT NOT TO SUE. In consideration of the settlement payments that will be made by Settling Defendants under the terms of the Consent Decree, and except as specifically provided in Sections VI.B, VI.C, VI.E, and VI.F, the Plaintiffs covenant not to sue or to take administrative action against Settling Defendants and such additional Releasees as are defined in Section II, pursuant to Sections 106 and 107(a) of CERCLA and Section 7003 of the Resource Conservation and Recovery Act and comparable state law, including but not limited to the California Hazardous Substance Account Act, Health and Safety Code Section 25300, et seq., and/or common law with regard to all 1987 NHOU ROD Response Costs and all Past Basin-wide Response Costs.

1. The covenant not to sue shall take effect as to each Settling Defendant and such additional Releasees as are defined in Section II upon the receipt by Plaintiffs of the payments of that Settling Defendant required by Section V, except as follows:

a. As to AlliedSignal, Inc., the covenant not to sue shall take effect upon the receipt by the Plaintiffs of the initial payments required by Section V of AlliedSignal, Inc.

b. As to Los Angeles By-Products Co., the

covenant not to sue shall take effect upon payment of the total of the amounts due from Los Angeles By-Products, Inc. and the following third party defendants: Crown Disposal Company, Inc., Western Waste Industries, Browning-Ferris Industries of California, Inc., E.I. DuPont De Nemours, HR Textron, Inc., AVX Filters Corporation, Price Pfister, Inc., Nupla Corporation, and Herman and Isabel Benjamin and/or the Benjamin Family Trust.

c. As to Hawker Pacific, Inc., the covenant not to sue shall take effect upon payment of the total of the amounts due from Hawker Pacific, Inc., Parker-Hannifin Corporation and Inchcape, Inc.

d. As to Sundstrand Corporation, Joan O'Brien, William E. Tolson, Gary O'Brien, Jean W. Blomberg, and Textron, Inc., the covenant not to sue shall take effect upon payment of the amount due from HR Textron, Inc.

e. As to California Car Hikers Service, Inc. and Sam Adlen, the covenant not to sue shall take effect upon payment of the total of the amounts due from California Car Hikers Service, Inc. and the Los Angeles County Metropolitan Transportation Authority.

f. As to Unitrode, Inc. and U.S. Mikrotec Components, the covenant not to sue shall take effect upon payment of the amount due from AVX Filters Corporation.

g. As to Holchem, Inc. and Chase Chemical Company, Inc., the covenant not to sue shall take effect upon payment of the amounts due from Herman and Isabel Benjamin and/or the Benjamin Family Trust.

h. As to Peggy M. Wagner and Joseph Basinger, the

covenant not to sue shall take effect upon payment of the amounts due from both of them.

2. The covenant not to sue as to each Settling Defendant is conditioned upon the Settling Defendant making all of the payments required of that Settling Defendant by this Consent Decree, except as described in Section VI.A.1.b-g, and as follows:

As to AlliedSignal, Inc., the covenant not to sue is also conditioned upon completion of its obligations under Section V.G.

3. The covenant not to sue extends only to the Settling Defendants and the Releasees as defined in Section II, and does not extend to any other person. In the event of any breach by a Settling Defendant of its obligations under this Consent Decree, the covenant not to sue shall remain in effect as to the other Settling Defendants and Releasees despite said breach, except as to Los Angeles By-Products Co., as described in Section VI.A.1.b; Hawker Pacific, Inc. as described in Section VI.A.1.c; Sundstrand Corporation, Joan O'Brien, William E. Tolson, Gary O'Brien, Jean W. Blomberg, and Textron, Inc. as described in Section VI.A.1.d; California Car Hikers Service, Inc. and Sam Adlen as described in Section VI.A.1.e; Unitrode, Inc. and U.S. Mikrotek Components as described in Section VI.A.1.f; and except also as to Herman and Isabel Benjamin and the Benjamin Family Trust as described in Section VI.A.1.g, as between whom the obligation to pay $ 45,000 is joint and several; and Peggy M. Wagner and Joseph Basinger as described in Section VI.A.1.h, as between whom the obligation to pay $ 150,000 is

joint and several.

B. PLAINTIFFS' PRE-CERTIFICATION RESERVATIONS. Notwithstanding any other provision of this Consent Decree, the Plaintiffs reserve, and this Consent Decree is without prejudice to, the right to institute proceedings in this action or in a new action, or to issue an administrative order seeking to compel the Settling Defendants (i) to perform further response actions relating to the NHOU Site or (ii) to reimburse Plaintiffs for costs of response related to such further response actions, if prior to the Certification of Completion:

1. conditions at the NHOU Site, previously unknown to the Plaintiffs, are discovered, or
2. information, previously unknown to the Plaintiffs, is received, in whole or in part,

and these previously unknown conditions or information together with any other relevant information indicates that any remedial action taken at the NHOU Site is not protective of human health or the environment. As of the date of entry of this Consent Decree, EPA agrees that the interim remedial measures being implemented at the NHOU Site under the 1987 NHOU ROD are protective of human health and the environment.

C. PLAINTIFFS' POST-CERTIFICATION RESERVATIONS. Notwithstanding any other provision of this Consent Decree, the Plaintiffs reserve, and this Consent Decree is without prejudice to, the right to institute proceedings in this action or in a new action, or to issue an administrative order seeking to compel the Settling Defendants (i) to perform further response actions relating to the NHOU Site or (ii) to reimburse the Plaintiffs for

such costs of response if, subsequent to the Certification of Completion:

1. conditions at the NHOU Site, previously unknown to the Plaintiffs, are discovered, or
2. information, previously unknown to the Plaintiffs, is received, in whole or in part,

and these previously unknown conditions or this information together with other relevant information indicate that any remedial action taken at the NHOU Site is not protective of human health or the environment.

D. INFORMATION AND CONDITIONS KNOWN TO THE PLAINTIFFS. For purposes of Section VI.B, the information and the conditions known to the Plaintiffs shall include only that information and those conditions set forth in the 1987 NHOU ROD, the administrative record supporting the 1987 NHOU ROD, the San Fernando Valley Phase I Groundwater RI, December 1992, and all documents submitted to EPA in response to CERCLA Section 104(e) inquiries or other EPA requests, including discovery requests in the above-captioned action, prior to May 23, 1996. For purposes of Section VI.C, the information and the conditions known to the Plaintiffs shall include the information and conditions known to the Plaintiffs for purposes of Section VI.B, and that information and those conditions set forth in (i) any future Explanation(s) of Significant Differences, ROD(s), or Amendment(s) to any ROD(s) relating to the NHOU Site; (ii) the administrative record supporting any future Explanations of Significant Differences, ROD(s), or Amendments to any ROD(s) relating to the NHOU Site, (iii) all documents submitted to EPA in response to CERCLA

Section 104(e) inquiries or other EPA requests, including discovery requests in the above-captioned action, prior to issuance of the Certification of Completion; and (iv) the record for the NHOU Site maintained by EPA following issuance of any ROD(s) but prior to issuance of the Certification of Completion.

E. PLAINTIFFS' GENERAL RESERVATION OF RIGHTS. The covenant not to sue set forth above does not pertain to any matters other than those expressly specified in Section VI.A. The Plaintiffs reserve, and this Consent Decree is without prejudice to, all rights against each Settling Defendant with respect to all other matters, including, but not limited to, the following:

1. claims based on a failure by that Settling Defendant to meet a requirement of this Consent Decree;
2. liability arising from the past, present, or future disposal, release, or threat of release of hazardous substances outside of the NHOU Site;
3. liability for damages for injury to, destruction of, or loss of natural resources;
4. liability for response costs to enforce CERCLA or any other federal environmental law that have been or may be incurred by any federal agencies other than EPA or the Department of Justice on behalf of EPA;
5. liability for response costs to enforce CERCLA or any state environmental law that has been or may be incurred by any state agencies other than DTSC or the State Department of Justice on behalf of

DTSC; and

6. criminal liability.

F. PLAINTIFFS' NHOU SITE-SPECIFIC RESERVATION OF RIGHTS. The covenant not to sue set forth above specifically does not pertain to the performance of any RI/FS other than the 1986 OU/FS that formed the basis for the 1987 NHOU ROD; additional response actions that may be implemented pursuant to any final remedy or pursuant to any future Explanation(s) of Significant Differences, ROD(s), or Amendment(s) to any ROD(s); costs or activities related to any OU other than the NHOU Site, including any future OU(s); or any unknown environmental condition as to which Plaintiffs have reserved their rights in Paragraphs C and D above.

Plaintiff State currently does not fund the costs of operation and maintenance of the NHOU Site remedy and is not seeking to recover such costs in this action. Costs of operations and maintenance are being funded by the United States and LADWP pursuant to contractual agreement. However, in the event that the State subsequently incurs operations and maintenance costs due to a failure by either the United States or the LADWP to fund the operation and maintenance costs of the NHOU Site remedy, such costs are not to be considered "1987 NHOU ROD response costs" as defined in this Consent Decree and the State reserves the right to seek recovery of such operations and maintenance costs from any potentially responsible party, including each of the Settling Defendants.

G. SETTLING DEFENDANTS' RESERVATION OF RIGHTS. Settling Defendants reserve any and all defenses or rights they

may have with respect to any actions concerning the NHOU Site except any rights expressly waived in this Consent Decree. Settling Defendants retain any and all rights, claims, remedies and defenses that they have or may have against any person or entity not expressly waived in this Consent Decree, except for rights, claims and remedies any Settling Defendant has or may have against any other Settling Defendant(s) or Releasees for matters addressed in this Consent Decree, which are hereby expressly waived. This reservation shall not affect each Settling Defendant's obligation to perform its obligation under this Consent Decree, and shall not affect EPA's ability to assess stipulated penalties in accordance with Section V.C.2 (Stipulated Penalties).

H. SETTLING DEFENDANTS' COVENANT. The Settling Defendants hereby covenant not to sue and agree not to assert any claims or causes of action against either Plaintiff with respect to 1987 NHOU ROD Response Costs and Past Basin-wide Response Costs including, but not limited to, (i) any direct or indirect claim for reimbursement from the Hazardous Substance Superfund (established pursuant to the Internal Revenue Code, 26 U.S.C. § 9507), under CERCLA §§106(b)(2), 107, 111, 112, or 113, or any other provision of law; (ii) any claim against the United States or the State, including any department, agency, or instrumentality of the United States or State pursuant to Sections 107 and 113 of CERCLA related to the 1987 NHOU ROD Response Costs or the Past Basin-wide Response Costs; or (iii) any claims arising out of response activities at the NHOU Site. However, and notwithstanding the foregoing, nothing in this

Consent Decree shall be interpreted as waiving, abrogating, or resolving (1) any claims which any Settling Defendant has or may have based upon any alleged liability which the United States Department of Defense, any branch or division thereof, or any predecessor agency has or may have for conditions at the NHOU Site pursuant to CERCLA Section 106, 107, 113, 120 or 310, 42 U.S.C. §§ 9606, 9607, 9613, 9620 or 9659, or RCRA Section 7002, 42 U.S.C. § 6972, or (2) any claims which any Settling Defendant has or may have with respect to the 1987 NHOU ROD response costs or Past Basin-wide Response Costs against the United States pursuant to any contract between any Settling Defendant and the United States or any government contractor(s). Nothing in this Consent Decree shall be deemed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.700(d).

VII. CONTRIBUTION PROTECTION

A. Except for the Releasees as defined in Section II, nothing in this Consent Decree shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Consent Decree. Each of the Parties expressly reserves any and all rights (including, but not limited to, any right to contribution), defenses, claims, demands, and causes of action which each party may have with respect to any matter, transaction, or occurrence relating in any way to the NHOU Site against any person not a party hereto or a Releasee.

B. With regard to claims for contribution against the Releasees for matters addressed in this Consent Decree, the Parties hereto agree that the Releasees are entitled to the

protection from contribution actions or claims provided by Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

C. "Matters addressed in this Consent Decree" mean 1987 NHOU ROD Response Costs and Past Basin-wide Response Costs and shall include any claim for such costs that either Plaintiff has or may have against any Releasee with respect to any facility located within the NHOU Site.

D. The Settling Defendants agree that with respect to any suit or claim for contribution brought by them for matters addressed in this Consent Decree they will notify the Plaintiffs in writing no later than sixty (60) days prior to the initiation of such suit or claim. The Settling Defendants also agree that with respect to any suit or claim for contribution brought against them for matters addressed in this Consent Decree they will notify in writing the Plaintiffs within sixty (60) days of service of the complaint on them. In addition, the Settling Defendants shall notify the Plaintiffs within ten (10) days of service or receipt of any Motion for Summary Judgment for matters addressed in this Consent Decree and within ten (10) days of receipt of any order from a court setting a case for trial for matters addressed in this Consent Decree.

E. The Parties recognize and acknowledge that the settlement embodied in this Consent Decree relates only to the Interim Remedial Action selected in the 1987 NHOU ROD, as well as Past Basin-wide Response Costs, and that additional remedial actions may be necessary to address the contamination at the NHOU Site. In any subsequent administrative or judicial proceeding initiated by the United States or the State and not precluded by

this Consent Decree, for injunctive relief, recovery of response costs, or other appropriate relief relating to the NHOU Site, the Settling Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States or the State in the subsequent proceeding were or should have been brought in the instant case; provided, however, that nothing in this Section VII.E affects the enforceability of the covenants not to sue set forth in Section VI.

VIII. NHOU SITE ACCESS

A. Commencing upon the date of entry of this Consent Decree and terminating upon issuance of a final ROD for the NHOU Site, the Settling Defendants who own property at the NHOU Site agree to provide the Plaintiffs and their representatives access at all reasonable times to their facilities located at the NHOU Site and any other property owned or controlled by the Settling Defendants to which access is required for the implementation of response actions for the NHOU Site, including, but not limited to, the following actions:

1. monitoring, investigation, remedial, or other activities at the NHOU Site;
2. verifying any data or information submitted to either Plaintiff;
3. conducting investigations relating to contamination at or near the NHOU Site;
4. obtaining samples; and

5. assessing the need for, planning, or implementing response actions at or near the NHOU Site.

To the extent Plaintiffs deem consistent with protection of human health and the environment, Plaintiffs will provide the Settling Defendant with twenty-four (24) hours' notice prior to entry to properties accessed pursuant to this Consent Decree. In accessing Settling Defendants' properties pursuant to this Consent Decree, Plaintiffs shall not unreasonably interfere with Settling Defendants' business activities. However, nothing in this paragraph shall provide any Settling Defendant with any claim or cause of action whatsoever against Plaintiffs, including without limitation any claim for injunctive relief. It shall not constitute an unreasonable interference with Settling Defendants' business activities for a Plaintiff to take any action in response to an emergency deemed by such Plaintiff to constitute an endangerment to human health or the environment. Plaintiffs agree to split samples taken on property owned or controlled by a Settling Defendant if requested by the Settling Defendant.

B. Notwithstanding any provision of this Consent Decree, the Plaintiffs retain all of their respective access authorities and rights, including enforcement authorities related thereto, under CERCLA and any other applicable statute or regulation.

IX. ACCESS TO INFORMATION

A. The Settling Defendants shall provide to the Plaintiffs, upon request, copies of all non-privileged documents and information within their possession or control or that of their contractors or agents relating to the NHOU Site Interim Remedial Action, including, but not limited to, sampling,

analysis, chain of custody records, manifests, trucking logs, receipts, reports, sample traffic routing, correspondence, or other documents or information related to the NHOU Site Interim Remedial Action.

B. The Settling Defendants may assert business confidentiality claims covering part or all of the documents or information submitted to the Plaintiffs under this Consent Decree to the extent permitted by and in accordance with Section 104(e)(7) of CERCLA, 42 U.S.C. § 9604(e)(7), and 40 C.F.R. § 2.203(b). Documents or information determined to be confidential by EPA will be afforded the protection specified in 40 C.F.R. Part 2, Subpart B. If no claim of confidentiality accompanies documents or information when they are submitted to either Plaintiff, or if EPA has notified the Settling Defendants that the documents or information are not confidential under the standards of Section 104(e)(7) of CERCLA, the public may be given access to such documents or information without further notice to the Settling Defendants.

C. The Settling Defendants may assert that certain documents, records, and other information are privileged under the attorney-client privilege or any other privilege recognized by federal or state law. If the Settling Defendants assert such a privilege in lieu of providing documents, they shall provide the Plaintiffs with the following: (i) the title of the document, record, or information; (ii) the date of the document, record, or information; (iii) the name and title of the author of the document, record, or information; (iv) the name and title of each addressee and recipient; (v) a description of the subject of

the document, record, or information; and (vi) the privilege asserted. However, no documents, reports, or other information created or generated pursuant to the requirements of this or any other consent decree with the United States shall be withheld on the grounds that they are privileged. If a claim of privilege applies only to a portion of a document, the document shall be provided to Plaintiffs in redacted form to mask the privileged information only.

D. No claim of confidentiality or privilege shall be made with respect to any document that falls within Section 104(e)(7)(F) of CERCLA, 42 U.S.C. § 9604(e)(7)(F).

E. Notwithstanding any provision of this Consent Decree, the Plaintiffs retain all of their respective information gathering authorities and rights, including enforcement authorities related thereto, under CERCLA and any other applicable statute or regulation.

X. RETENTION OF RECORDS

A. Until ten (10) years after the entry of this Consent Decree, each Settling Defendant shall preserve and retain all records and documents now in its possession or control or which come into its possession or control that relate in any manner to releases of hazardous substances or liability for response actions taken at the NHOU Site or the liability of any person for releases of hazardous substances or liability for response actions conducted and to be conducted at the NHOU Site, regardless of any corporate retention policy to the contrary.

B. At the conclusion of this document retention period, the Settling Defendants shall notify the Plaintiffs at least

ninety (90) days prior to the destruction of any such records or documents, and, upon request by either Plaintiff, the Settling Defendants shall deliver any such records or documents to the Plaintiff who made the request. The Settling Defendants may assert that certain documents, records, and other information are privileged under the attorney-client privilege or any other privilege recognized by federal or state law. If the Settling Defendants assert such a privilege, they shall provide the Plaintiffs with the following: (i) the title of the document, record, or information; (ii) the date of the document, record, or information; (iii) the name and title of the author of the document, record, or information; (iv) the name and title of each addressee and recipient; (v) a description of the subject of the document, record, or information; and (vi) the privilege asserted. However, no documents, reports, or other information created or generated pursuant to the requirements of this or any other consent decree with the United States shall be withheld on the grounds that they are privileged. If a claim of privilege applies only to a portion of a document, the document shall be provided to Plaintiffs in redacted form to mask the privileged information only.

C. Each Settling Defendant hereby certifies, individually, that it has not since notification of potential liability by the United States or the State or the filing of suit against it regarding the NHOU Site altered, mutilated, discarded, destroyed, or otherwise disposed of any records, documents, or other information relating to its potential liability regarding the NHOU Site which are the sole record of factual information,

except as such documents are destroyed or altered in the ordinary course of Settling Defendants' business and in compliance with State and federal law, and have not been destroyed for an improper purpose. Each Settling Defendant further warrants that it has fully complied with any and all EPA requests for information pursuant to Sections 104(e) and 122(e) of CERCLA, 42 U.S.C. §§ 9604(e) and 9622(e), and Section 3007 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6927.

XI. NOTICES AND SUBMISSIONS

Whenever, under the terms of this Consent Decree, notice is required to be given or a document is required to be sent by one Party to another, it shall be directed to the individuals at the addresses specified below, unless those individuals or their successors give notice of a change to the other Parties in writing. Written notice as specified herein shall constitute complete satisfaction of any written notice requirement of the Consent Decree with respect to the United States, EPA, the State, and the Settling Defendants, respectively.

As to the United States:

David B. Glazer
Environmental Enforcement Section
Environment and Natural Resources Division
United States Department of Justice
301 Howard Street, Suite 870
San Francisco, California 94115

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044
Re: Case No. 90-11-3-1149

As to EPA:

Duane James

Remedial Project Manager — North Hollywood Operable Unit
San Fernando Valley Superfund Site
Hazardous Waste Management Division
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, California 94105

Marie M. Rongone
Assistant Regional Counsel
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street, RC-3-3
San Francisco, California 94105

As to the State of California Department of Toxic Substances Control:

Ann Rushton
Deputy Attorney General, Environment Section
California Department of Justice
300 South Spring Street, #500
Los Angeles, California 90013

Hamid Saebfar
Chief, Site Mitigation Branch
Department of Toxic Substances Control, Region 3
1011 North Grandview Avenue
Glendale, California 91201

As to the Settling Defendants: As listed in Appendix 2.

XII. RETENTION OF JURISDICTION

This Court shall retain jurisdiction of this matter for the purpose of enforcing the terms of this Consent Decree.

XIII. LODGING AND OPPORTUNITY FOR PUBLIC COMMENT

A. This Consent Decree shall be lodged with the Court for a period of thirty (30) days for public notice and comment. The United States also shall publish notice in the Federal Register of the proposed settlement pursuant to section 122 of CERCLA, 42 U.S.C. § 9622(1). The United States hereby gives notice and opportunity to the public for a public meeting in the affected area, and a reasonable opportunity to comment on the proposed settlement prior to its final entry, pursuant to section 6973(d) of RCRA, 42 U.S.C. § 7003(d). The Plaintiffs reserve the

right to withdraw or withhold their consent if the comments regarding the Consent Decree disclose facts or considerations that indicate that this Consent Decree is inappropriate, improper, or inadequate. The Settling Defendants consent to the entry of this Consent Decree without further notice.

B. If for any reason this Court, or upon appeal, a higher court should decline to approve this Consent Decree in the form presented, this agreement is voidable as to a Settling Defendant by written notice by such Settling Defendant to all other parties, or as to either Plaintiff by written notice by such Plaintiff to all other parties, and the terms of the agreement may not be used as evidence in any litigation between any of the remaining Parties to this Consent Decree and that Settling Defendant or Plaintiff as to whom this Consent Decree is void.

XIV. SECTION HEADINGS

The section headings set forth in this Consent Decree and its Table of Contents are included for convenience or reference only and shall be disregarded in the construction and interpretation of any of the provisions of this Consent Decree.

XV. SIGNATORIES

Each undersigned representative of a Settling Defendant to this Consent Decree, the Assistant Attorney General for the Environment and Natural Resources Division of the United States Department of Justice, and the Deputy Attorney General of the California Department of Justice certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind such party to this

document.

SO ORDERED THIS 12 DAY OF May, 1997

MARIANA R. PFAELZER

United States District Judge

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., and California v. Allied-Signal, Inc., et al., 93-6490-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR THE UNITED STATES OF AMERICA

Date: 2/5/97

LOIS J. SCHIFFER
Assistant Attorney General
Environment and Natural Resources Division
U.S. Department of Justice

Date: 2-14-97

DAVID R. GLAZER
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date: _____

FELICIA MARCUS
Regional Administrator, Region IX
U.S. Environmental Protection Agency

Date: _____

MARIE M. RONGONE
Assistant Regional Counsel, Region IX
U.S. Environmental Protection Agency

FOR THE STATE OF CALIFORNIA

Date: _____

Hamid Saebfar
Chief, Site Mitigation Branch
California Department of Toxic Substances Control, Region 3

Date: _____

ANN RUSHTON
Deputy Attorney General
California Department of Justice

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., and California v. Allied-Signal, Inc., et al., 93-6490-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR THE UNITED STATES OF AMERICA

Date: _____

LOIS J. SCHIFFER
Assistant Attorney General
Environment and Natural Resources Division
U.S. Department of Justice

Date: _____

DAVID B. GLAZER
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date: 1.16.97

John Wise
FELICIA MARCUS for
Regional Administrator, Region IX
U.S. Environmental Protection Agency

Date: 1/10/97

Marie M. Rongone
MARIE M. RONGONE
Assistant Regional Counsel, Region IX
U.S. Environmental Protection Agency

FOR THE STATE OF CALIFORNIA

Date: _____

Hamid Saebfar
Chief, Site Mitigation Branch
California Department of Toxic Substances Control, Region 3

Date: _____

ANN RUSHTON
Deputy Attorney General
California Department of Justice

FOR THE STATE OF CALIFORNIA

Date: 8/14/96

Hamid Saebfar
Chief, Site Mitigation Branch
California Department of Toxic
Substances Control, Region 3

Date: 10/7/96

Ann Rushton

ANN RUSHTON
Deputy Attorney General
California Department of Justice

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: AlliedSignal, Inc. (Name of Defendant)

_____ (Name and Title of Signatory)

Richard H. Bennett, VP-Health, Safety, and Environment

Dated: October 2, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: HAWKER PACIFIC, INC. (Name of Defendant)

David Lokken (Name and Title of Signatory)

DAVID LOKKEN, PRESIDENT & CEO

Dated: 25 October 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Wagner Living Trust (Name of Defendant)

Peggy M Wagner, Sole Trustee (Name and Title of Signatory)

PEGGY WAGNER, Sole Trustee

Dated: Oct 28, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Joseph Basinger (Name of Defendant)

Joseph Basinger (Name and Title of Signatory)
JOSEPH BASINGER, Defendant

Dated: 10/28/96

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Parker-Hannifin Corporation (Name of Defendant)

Christopher L. Morgan (Name and Title of Signatory)
Asst. General Counsel

Dated: Oct 28, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: INCHCAPE, INC. (Name of Defendant)

Robert E. Wangard, Secretary and Attorney-In-Fact (Name and Title of Signatory)

Dated: November 15, 1996

FOR DEFENDANT: CALIFORNIA CAR HIKERS SERVICE, INC. and SAM ADLEN

DATED: 8/2/96

CALIFORNIA CAR HIKERS SERVICE, INC.

By: _____
SAM ADLEN, OWNER

DATED: 8/2/96

SAM ADLEN, an individual

By: _____
SAM ADLEN

THE UNDERSIGNED PARTY enters into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP(Tx), and California v. Allied-Signal, Inc., et al., 93-6570-MRP(Tx), North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR THIRD PARTY DEFENDANT and RELEASEE:

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
(f/k/a Southern California Rapid Transit District)

Ronald W. Stamm

RONALD W. STAMM
Deputy County Counsel

Date: September 9, 1996

jb\doc\rws\uss\condecr

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Holchem, Inc. (Name of Defendant)

Adrian Hol V.P. (Name and Title of Signatory)

Adrian Hol
Corporate Vice President

Dated: June 17, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Los Angeles By-Products Co (Name of Defendant)

M. R. McAllister, President (Name and Title of Signatory)

Dated: July 1, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Crown Disposal Co., Inc. (Name of Defendant)

John T. Richardson, Vice President/ Secretary (Name and Title of Signatory)

Dated: July 26, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al, 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: USA Waste Services, Inc., alleged successor in interest to Western Waste Industries, and Western Waste Industries, alleged successor in interest to Western Rubbish Service, and Western Rubbish Service

DATED: June 30, 1996

BY: _____
(Signature)

NAME: Leslie N. Bittenson
(Type name in here)

TITLE: Vice President

COMPANY: USA Waste Services, Inc.

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Browning-Ferris Industries of California, Inc. (Name of Defendant)

Gerald K Barga (Name and Title of Signatory)
Vice President/Secretary

Dated: June 18, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: _____ (Name of Defendant)
E. I. du Pont de Nemours and Company

John B Frazier (Name and Title of Signatory)
MGR. REMEDIATION PROGRAMS

Dated: 12/26/96

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied -Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR THIRD PARTY DEFRENDANT: HR TEXTRON INC.

By _____ (Name and Title of Signatory)

JOHN HEDGES

Vice President

Dated: July 2, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied -Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: TEXTRON INC. AS THE PARENT CORPORATION OF THIRD PARTY DEFENDANT HR TEXTRON INC.

By _____ (Name and Title of Signatory)

Executive Vice President and Corporate Secretary

7/3/96

Dated: July 1, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: AVX Corporation, a Delaware corporation (Name of Defendant)

Donald Montanari (Name and Title of Signatory)

Dated: August 6, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: *** (Name of Defendant)

*** Unitrode Corporation, a Maryland corporation, also known or doing business as U.S. Microtek Components

Allan R. Campbell (Name and Title of Signatory)

Allan R. Campbell
Group Vice President

Dated: August 6, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP. and California v. Allied -Signal, Inc., et al., 93-6570-MRP. North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: OWNER OF PROPERTY OPERATED BY THIRD PARTY DEFENDANT HR TEXTRON INC.

By Jean W. Blomberg (Name and Title of Signatory)

JEAN W. BLOMBERG

Dated: July 29, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP. and California v. Allied -Signal, Inc., et al., 93-6570-MRP. North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: OWNER OF PROPERTY OPERATED BY THIRD PARTY DEFENDANT HR TEXTRON INC.

By Gary O'Brien (Name and Title of Signatory)

GARY O'BRIEN

Dated: 7/24, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP. and California v. Allied -Signal, Inc., et al., 93-6570-MRP. North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: OWNER OF PROPERTY OPERATED BY THIRD PARTY DEFENDANT HR TEXTRON INC.

By William E Tolson (Name and Title of Signatory)

WILLIAM E. TOLSON

Dated: July 27, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP. and California v. Allied -Signal, Inc., et al., 93-6570-MRP. North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: OWNER OF PROPERTY OPERATED BY THIRD PARTY DEFENDANT HR TEXTRON INC.

By _____ (Name and Title of Signatory)

JOAN O'BRIEN

Dated: July 31, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied -Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR: SUNDSTRAND CORPORATION AS OWNER OF PROPERTY OPERATED BY THIRD PARTY DEFENDANT HR TEXTRON INC.

By William H. Evola (Name of Signatory)

Assistant Secretary (Title of Signatory)

Dated: August 5, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Price Pfister, Inc. (Name of Defendant)

Linda H. Biagioni (Name and Title of Signatory)
Linda H. Biagioni
Vice President

Dated: June 17, 1996

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANTS, HERMAN BENJAMIN, ISABEL BENJAMIN, HERMAN BENJAMIN AND ISABEL BENJAMIN, AS CO-TRUSTEES FOR THE BENJAMIN FAMILY TRUST DATED OCTOBER 13, 1987, AND CHASE CHEMICAL COMPANY, INC., A DISSOLVED CALIFORNIA CORPORATION:

Dated: June 30, 1996

HERMAN BENJAMIN

Dated: June 30, 1996

ISABEL BENJAMIN

Dated: June 30, 1996

THE
BENJAMIN FAMILY TRUST DATED
OCTOBER 13, 1987

By: _____
HERMAN BENJAMIN, Co-Trustee of the Benjamin Family Trust Dated October 13, 1987

By: _____
ISABEL BENJAMIN, Co-Trustee of the Benjamin Family Trust Dated October 13, 1987

Dated: June 30, 1996

CHASE CHEMICAL COMPANY, INC., a Dissolved California Corporation

By: _____
HERMAN BENJAMIN, its former Chief Executive Officer

THE UNDERSIGNED PARTIES enter into this Consent Decree in the matter of U.S. v. Allied-Signal, Inc., et al., 93-6490-MRP, and California v. Allied-Signal, Inc., et al., 93-6570-MRP, North Hollywood Operable Unit/San Fernando Valley Area 1 Site.

FOR DEFENDANT: Nupla Corporation (Name of Defendant)

J. Allen Carmien, Chairman, CEO, ~~Acting~~ President (Name and Title of Signatory)

Dated: July 15, 1996

SETTLEMENT AGREEMENT AND LIMITED RELEASE

This Settlement Agreement and Limited Release ("Agreement") is entered into by and between Hawker Pacific, Inc. ("Hawker"), Peggy M. Wagner, as Trustee of the Wagner Living Trust, and Joseph Basinger ("Wag/Bas") and Parker-Hannifin Corporation ("Parker") and Inchcape, Inc. ("Inchcape") (collectively, the "Parties"), as of the date of execution of the Agreement by all signatories hereto in accordance with the terms and conditions set forth below.

WHEREAS, in or about October, 1993, the United States of America and the State of California ("Plaintiffs") each filed lawsuits in the United States District Court for the Central District of California, naming as defendants, among other parties, Hawker and Wag/Bas. The lawsuits were served on Hawker and Wag/Bas in June, 1994. The lawsuits alleged that the groundwater in the San Fernando Valley Basin ("SFVB") had been contaminated with volatile organic compounds; that the Plaintiffs had undertaken response actions to investigate, evaluate and remedy the contamination; that releases of hazardous substances from defendants' facilities caused, and continue to cause, Plaintiffs to incur response costs, including costs relating to the investigation and interim remedy in the North Hollywood Operable Unit ("NHOU") of the SFVB, as well as investigation associated with the final remedy for the SFVB; and that, therefore, the defendants were liable to Plaintiffs for costs incurred and to be incurred. Plaintiffs raised claims under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and sought both recovery of costs and a

EXHIBIT A

declaration that defendants be found jointly and severally liable for costs the Plaintiffs would incur in the future.

Plaintiffs alleged that Wag/Bas and Hawker were, respectively, the current owners and operator of a facility located at 11310 Sherman Way, Sun Valley, California (the "Site"), and that Plaintiffs had incurred and would incur costs responding to releases of hazardous substances from the Site. The Site is one of many facilities that Plaintiffs claim has released hazardous substances and contributed to groundwater contamination in the SFVB, and which has caused Plaintiffs to incur response costs. Hawker and Wag/Bas denied Plaintiffs' claims and denied that Plaintiffs were entitled to any of the relief requested.

WHEREAS, on or about August 22, 1994, Hawker and Wag/Bas served Parker and Inchcape, among others ("third-party defendants"), with complaints seeking, among other relief, a declaration that Parker and Inchcape, as former operators of the Site, were liable to Hawker and Wag/Bas for contribution, among other claims. Hawker's and Wag/Bas's pleadings are fully incorporated by reference as part of this Agreement. State of California vs. Allied-Signal, Inc., et al., Civil No. 93-6570, Answer, Affirmative and Other Defenses, Cross-Claims, and Third-Party Complaint of Hawker Pacific Inc. (C.D. Cal. Aug. 22, 1994), State of California vs. Allied-Signal, Inc., et al., Civil No. 93-6570, Answer, Cross-Claims, and Third-Party Complaint of Gordon N. Wagner and Peggy M. Wagner, in their capacity as Trustees of the Wagner Living Trust, and Joseph W. Basinger (C.D. Cal. Aug. 18, 1994), United States of America vs. Allied-Signal, Inc., et al., Civil No. 93-6490, Answer,

Affirmative and Other Defenses, Cross-Claims, and Third-Party Complaint of Hawker Pacific, Inc. (C.D. Cal. Aug. 19, 1994), United States of America vs. Allied-Signal, Inc., et al., Civil No. 93-6490 , Answer, Cross-Claims, and Third-Party Complaint of Gordon N. Wagner and Peggy M. Wagner, in their capacity as Trustees of the Wagner Living Trust, and Joseph W. Basinger (C.D. Cal. Aug. 18, 1994).

WHEREAS, Parker and Inchcape filed answers denying Hawker's and Wag/Bas's allegations and any and all liability and, among other actions, filed counterclaims against Hawker and Wag/Bas and raised certain affirmative defenses. Parker's and Inchcape's pleadings are fully incorporated by reference as part of this Agreement. United States of America vs. Allied-Signal, Inc., et al., and State of California vs. Allied-Signal, Inc., et al. Civil No. 93-6490 consolidated with 93-6570, Answer to Third-Party Complaint of Hawker Pacific, Inc., Affirmative and Other Defenses, Third-Party Cross-Claims, Third-Party Counter-Claim, and Third-Party Complaint of Inchcape, Inc. (C.D. Cal. Feb. 28, 1995), United States of America vs. Allied-Signal, Inc., et al., and State of California vs. Allied-Signal, Inc., et al. Civil No. 93-6490 consolidated with 93-6570, Answer to Third-Party Complaint of Gordon N. Wagner, Peggy M. Wagner, and Joseph W. Basinger, Affirmative and Other Defenses, Third-Party Cross-Claims and Third-Party Complaint of Inchcape, Inc. (C.D. Cal. Feb. 28, 1995), United States of America vs. Allied-Signal, Inc., et al., and State of California vs. Allied-Signal, Inc., et al. Civil No. 93-6490 consolidated with 93-6570, Answer of Parker-Hannifin Corporation to Third-Party Complaint of Hawker Pacific, Inc.; Counterclaims; Cross-Claims against Electronic Solutions, Inc., Zero Corp., Inchcape, and Gordon N. Wagner and Peggy

Wagner, in their capacity as Trustees of the Wagner Living Trust; and Joseph W. Basinger (C.D. Cal. Feb. 28, 1995), United States of America vs. Allied-Signal, Inc., et al., and State of California vs. Allied-Signal, Inc., et al. Civil No. 93-6490 consolidated with 93-6570, Answer of Parker-Hannifin Corporation to Third-Party Complaint of Gordon N. Wagner and Peggy Wagner, in their capacity as Trustees of the Wagner Living Trust; and Joseph W. Basinger; Counterclaims; Cross-Claims against Electronic Solutions, Inc., Zero Corporation, Inchcape, and Hawker Pacific Corporation (C.D. Cal. Feb. 28, 1995).

WHEREAS, Plaintiffs' lawsuits were consolidated by order of Court entered in or about December, 1994 as United States of America, et al. v. AlliedSignal, et al. in the United States District Court for the Central District of California, Consolidated Case Nos. 93-6490 and 93-6570 MRP (Tx) (the "Litigation"). The Litigation remains pending, including the referenced third-party actions, as well as other third-party actions.

WHEREAS, in September, 1995, Plaintiffs amended their complaints to delete their prayers for declaratory relief.

WHEREAS, Hawker and Wag/Bas have reached settlements in principle with Plaintiffs pursuant to which, among other things, Hawker and Wag/Bas and Plaintiffs have agreed to settlement amounts for the claims relating to past costs associated with 1) the NHOU interim remedy; and 2) a share of SFVB basin-wide investigation costs through April 30, 1992. Pursuant to the terms of this settlement in principle, Hawker and Wag/Bas shall

make certain payments to Plaintiffs and shall become signatories to, and receive the protections of, a second partial consent decree (the "Second Partial Consent Decree") to be signed by the Parties and presented to the Court for approval in the Litigation.

WHEREAS, as part of the settlement in principle negotiated by Hawker and Wag/Bas with Plaintiffs, Plaintiffs have represented that if Hawker and Wag/Bas reach agreement with any or all of their third-party defendants to settle the third-party claims raised in the Litigation and, pursuant to such agreements, third-party defendants contribute money towards the settlement of Plaintiffs' claims against Hawker and Wag/Bas, then said third-party defendants may also become signatories to, and receive the protections of, the Second Partial Consent Decree.

WHEREAS, Hawker and Wag/Bas and Parker and Inchcape have reached settlements in principle with respect to the third-party and other claims they have raised in the Litigation, including the basis on which Parker and Inchcape each will contribute certain amounts in connection with the settlement Hawker and Wag/Bas will enter into with Plaintiffs and in return therefor receive the protections of the Second Partial Consent Decree and certain additional releases as herein provided, and in the interests of avoiding further litigation and without making any admission as to the claims raised, the Parties desire to enter into this Agreement for the purposes just stated.

WHEREAS, in anticipation of such settlement, on or about April 3, 1996, Hawker, Wag/Bas, Parker and Inchcape (plus third-party defendants Electronic Solutions and Zero, which will not be parties to either this Agreement or the Second Partial Consent Decree) entered into an agreed stipulation to dismiss without prejudice ("Dismissal"), all claims in the Third-Party Action, whether counter, cross or third-party, with each party to bear its own attorneys fees and costs of suit.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which from each to the other is hereby acknowledged, the Parties agree as follows:

1. Parker and Inchcape shall each pay to Plaintiffs the sum total of One Hundred Fifty Thousand Dollars ($150,000), for total payment of Three Hundred Thousand Dollars ($300,000), as contributions to the settlement negotiated between Hawker, Wag/Bas and Plaintiffs, pursuant to and in accordance with the terms of the Second Partial Consent Decree to be signed by the Parties, including Parker and Inchcape. Hawker and Wag/Bas shall make payments required of them under the Second Partial Consent Decree.

2. In consideration of the payments described in paragraph 1, Hawker and Wag/Bas and their respective parents, subsidiaries, and affiliated companies, and their respective directors, officers, shareholders, employees and agents shall fully and forever release and discharge each of Parker and Inchcape and their respective parents, subsidiaries, and affiliated companies and their respective parents, subsidiaries, and affiliated companies

and their respective directors, officers, shareholders, employees, and agents from: (a) any and all claims which have been raised in the Litigation and are settled by the Second Partial Consent Decree, including, but not limited to all past, present, and future investigation, remediation and related costs associated with the NHOU interim remedy and for past SFVB basin-wide costs through April 30, 1992, but not including any future claims arising out of future NHOU or SFVB regional groundwater investigation or remediation; and (b) any and all claims for all past, present and future investigation, response, remediation, or attorneys', consultants', and experts' fees associated with any investigation or remediation, whether voluntary or required, of the Site, including Site soils (or other soils impacted by migration of contaminants from Site soils) and Site groundwater cleanup, if any.

3. In consideration for the releases provided by Hawker and Wag/Bas to Parker and Inchcape, and the performance by Hawker and Wag/Bas of their obligations hereunder, and subject to the provisions of paragraph 6 hereof, Parker and Inchcape and their respective parents, subsidiaries, and affiliated companies, and their respective directors, officers, shareholders, employees, and agents shall fully and forever release and discharge Hawker and Wag/Bas and their respective parents, subsidiaries and affiliated companies, and their respective directors, shareholders, employees, and agents from: (a) any and all claims which have been raised in the Litigation and are settled by the Second Partial Consent Decree, including, but not limited to all past, present, and future investigation, remediation and related costs associated with the NHOU interim remedy and for past SFVB basin-wide costs through April 30, 1992, but not including any future claims arising out of future NHOU or SFVB regional groundwater investigation or remediation; and (b) any and all claims for all past investigation, response, remediation, or attorneys', consultants' and experts' fees which may

have been previously incurred by Parker or Inchcape and which are associated with any prior investigation or remediation, whether voluntary or required, of the Site, including Site soils (or other soils impacted by migration of contaminants from Site soils) and Site groundwater cleanup, if any.

4. In consideration for the releases provided by Parker and Inchcape to each other and the performance by Parker and Inchcape of their obligations hereunder, Parker and Inchcape and their respective parents, subsidiaries, and affiliated companies, and their respective directors, officers, shareholders, employees, and agents shall fully and forever release and discharge each other and their respective parents, subsidiaries, and affiliated companies, and their respective directors, officers, shareholders, employees, and agents from (a) any and all claims which have been raised in the Litigation and are settled by the Second Partial Consent Decree, including but not limited to all past, present and future investigation, remediation and related costs associated with the NHOU interim remedy and for past SFVB basin-wide costs through April 30, 1992, but not including any future claims arising out of future NHOU or SFVB regional groundwater investigation or remediation; and (b) any and all claims for all past investigation, response, remediation, or attorneys', consultants', and experts' fees which may have been previously incurred and which are associated with any prior investigation or remediation, whether voluntary or required, of the Site including Site soils (or other soils impacted by migration of contaminants from Site soils) and Site groundwater cleanup, if any.

5. As additional consideration, upon the entry by the court of the Second Partial Consent Decree, the Parties (a) agree to dismiss without prejudice all claims against each

other in the Litigation: and (b) agree and covenant not to sue each other with regard to any of the claims released in paragraphs 2, 3 and 4 above. The Parties further agree that: (a) each party shall bear its own attorneys' fees and costs of suit; and (b) in this or in any other litigation, no party shall attempt to recover some or all of its attorneys' fees and costs of suit relating to the Litigation; and (c) the Parties shall not refile claims against each other in the Litigation.

6. Nothing herein shall be interpreted or construed (a) to limit, alter or amend in any way any rights or obligations of any of the Parties to the Agreement of Purchase and Sale of Assets between Hawker and Inchcape [as Flight Accessory Services, Inc.] dated February 25, 1987 and the Asset Purchase Agreement between Parker and Inchcape [as Atkins, Kroll & Co., Ltd.] dated August 2, 1982, all of which shall be preserved. Without limitation, the Parties reserve all rights, claims and defenses relating to their respective liabilities and obligations under the above agreements; or (b) as an admission of or by any party of any question of fact or law, or as a waiver of any defense, and this Agreement may not be used or asserted by any party hereto or any third party (including any administrative agency) as a precedent in any litigation or other proceeding. No party may introduce this Agreement into evidence in any action or proceeding, other than an action or proceeding to enforce the terms hereof or a party's rights hereunder and this Agreement does not serve to establish an allocation of any party's share of liability.

7. Hawker and Wag/Bas each agree to timely and fully perform all obligations imposed upon them (or which may seek to be imposed upon Parker and/or Inchcape, other than Parker's and/or Inchcape's cash payment, record access and record retention obligations)

as Settling Defendants under the Second Partial Consent Decree -- including, but not limited to, payment of all amounts required of Hawker and Wag/Bas thereunder.

8. This Agreement shall be appended as an Exhibit to the Second Partial Consent Decree. To the extent there is any conflict or difference between the terms of this Agreement and the Second Partial Consent Decree, the terms of this Agreement shall control as between and among the Parties hereto insofar as their respective rights and obligations are concerned.

9. The Parties represent that they have been fully apprised of all material facts regarding the matters settled by this Agreement, and that each has had the benefit and advice of counsel of its choice and therefore enters into this Agreement with full knowledge of the consequences of its actions.

10. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

11. This Agreement contains the final, complete, and exclusive agreement among the Parties and supersedes and prevails over all prior communications regarding the matters contained herein. This Agreement may not be amended, modified, or waived except by an instrument in writing executed by the Parties. This Agreement is executed without reliance upon any promise, warranty, or representation other than those expressly contained herein.

12. This Agreement shall be construed and interpreted according to the laws of the State of California.

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

14. The Parties represent and warrant that the individuals executing this Agreement are empowered and authorized to sign on behalf of the Parties for whom they have signed.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Agreement on the date shown by their signatures below.

HAWKER PACIFIC, INC.

By: _____

Printed: DAVID LOKKEN

Title: PRESIDENT & CEO

Date: 25 October 1996

PARKER-HANNIFIN CORPORATION

By: _____

Printed: _____

Title: _____

Date: _____

PEGGY M. WAGNER
as Trustee of the Wagner Living Trust

_____

Date: _____

INCHCAPE, INC.

By: _____

Printed: _____

Title: _____

Date: _____

JOSEPH BASINGER

_____

Date: _____

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

14. The Parties represent and warrant that the individuals executing this Agreement are empowered and authorized to sign on behalf of the Parties for whom they have signed.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Agreement on the date shown by their signatures below.

HAWKER PACIFIC, INC.

By: _____

Printed: _____

Title: _____

Date: _____

PARKER-HANNIFIN CORPORATION

By: _____

Printed: _____

Title: _____

Date: _____

PEGGY M. WAGNER
as Trustee of the Wagner Living Trust

Peggy M. Wagner, Trustee

Date: Oct 28, 1996

INCHCAPE, INC.

By: _____

Printed: _____

Title: _____

Date: _____

JOSEPH BASINGER

_____

Date: _____

13. This Agreement may be executed in counterparts. each of which shall be deemed an original. but all of which together shall constitute one and the same instrument.

14. The Parties represent and warrant that the individuals executing this Agreement are empowered and authorized to sign on behalf of the Parties for whom they have signed.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Agreement on the date shown by their signatures below.

HAWKER PACIFIC. INC.

By: _____

Printed: _____

Title: _____

Date: _____

PARKER-HANNIFIN CORPORATION

By: _____

Printed: _____

Title: _____

Date: _____

PEGGY M. WAGNER
as Trustee of the Wagner Living Trust

_____

Date: _____

INCHCAPE, INC.

By: _____

Printed: _____

Title: _____

Date: _____

→ JOSEPH BASINGER

Joseph Basinger

Date: 10/28/96

50

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

14. The Parties represent and warrant that the individuals executing this Agreement are empowered and authorized to sign on behalf of the Parties for whom they have signed.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Agreement on the date shown by their signatures below.

HAWKER PACIFIC, INC.

By: _____

Printed: _____

Title: _____

Date: _____

PARKER-HANNIFIN CORPORATION

By: Christopher H. Morgan

Printed: Christopher H. Morgan

Title: Asst. Gen. Counsel

Date: 10/28/96

PEGGY M. WAGNER
as Trustee of the Wagner Living Trust

_____

Date: _____

INCHCAPE, INC.

By: _____

Printed: _____

Title: _____

Date: _____

JOSEPH BASINGER

_____

Date: _____

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

14. The Parties represent and warrant that the individuals executing this Agreement are empowered and authorized to sign on behalf of the Parties for whom they have signed.

IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this Agreement on the date shown by their signatures below.

HAWKER PACIFIC, INC.

By: _____

Printed: _____

Title: _____

Date: _____

PARKER-HANNIFIN CORPORATION

By: _____

Printed: _____

Title: _____

Date: _____

PEGGY M. WAGNER
as Trustee of the Wagner Living Trust

_____

Date: _____

INCHCAPE, INC.

By: Robert E. Wangard

Printed: Robert E. Wangard

Title: Secretary and Attorney-In-Fact

Date: November 15, 1996

JOSEPH BASINGER

_____

Date: _____

Appendix 1
Releasees

Affiliates of AlliedSignal, Inc.: Garrett Corporation, Bendix Corporation.

Affiliates of California Car Hikers Service, Inc.: Aadlen Bros. Auto Wrecking, Inc., Samson Auto Salvage, Inc., Brothers Foreign Car Auto Wrecking, Inc., Solid Waste General Corp. of America, Inc., Aadlen Bros. Auto Wrecking, Samson Auto Salvage, Brothers Foreign Car Auto Wrecking, U-Pick Parts, A-U Foreign Car Auto Wrecking, "A" Foreign Car Auto Wrecking, Brothers Auto Sales, Samson Auto Sales, Sun Valley Swap Meet, American Truck Salvage Lot, Universal Auto Wrecking, Tuxford-Telfair-Penrose Enterprises, aka TTPE, Adlen Group Enterprises, Adlen Core Supply Co.

Affiliates of Crown Disposal Company, Inc.: ABC, All City, Arrow Pickup, Atomic Disposal, Booth Disposal, Coastal Rubbish, Pacific Pickup, Extra Rubbish, Larey Rubbish, Magic Roll-Off/Magic Disposal, Eagle Disposal, Sav-On Disposal, Superior Waste, W.R. Brown, Vick's Disposal, Diaz Rubbish, Aero Salvage, Disposal Control, Bonanza Disposal, Larry Ionicone, West Coast Rubbish, E-G, Western Reclamation, Community Recycling & Resource Recovery.

Affiliates of Hawker Pacific, Inc.: Dunlop Aviation Division, Dunlop Aviation Canada, Inc., Hawker Pacific Holland, and Flight Accessory Services.

Appendix 2
Notices and Submissions

For AlliedSignal, Inc.

AlliedSignal Aerospace
Vice President and General Counsel
2525 West 190th Street
Law Department
Torrance, CA 90504-6099

For AVX Filters Corporation, U.S. Mikrotec Components, and Unitrode, Inc.

Craig S.J. Johns
Crosby, Heafey, Roach & May
1999 Harrison Street
Oakland, CA 94612-3573

For Browning-Ferris Industries

Michael L. Miller
Browning-Ferris Industries
757 N. Eldridge Street
Houston, TX 77079

For Joseph Basinger and Peggy Wagner

Aaron Rosen, Esq.
9606 S. Santa Monica Boulevard
Suite 200
Beverly Hills, CA 90210

For California Car Hikers Service, Inc.

Milton Hoffman, General Manager
California Car Hikers Service, Inc.
Adlen Brothers Autowrecking
11409 Penrose
Sun Valley, California 91352

For Chase Chemical Company, Inc.,
Herman and Isabel Benjamin
and The Benjamin Family Trust

Zane S. Averbach, Esq.
Steven L. Feldman, Esq.
Goldfarb, Sturman & Sturman
15760 Ventura Boulevard, Suite 1900
Encino, CA 91436

For Crown Disposal Company, Inc.

John Richardson, President
Crown Disposal Company, Inc.
9189 DeGarmo Avenue
P.O. Box 1081
Sun Valley, CA 91352

For E.I. DuPont De Nemours

Legal Department D-8042
1007 Market Street
Wilmington, Delaware 19898

For Hawker Pacific, Inc.

David L. Lokken
President and Chief Executive Officer
Hawker Pacific, Inc.
11310 Sherman Way
Sun Valley, California 91352

Robert C. Hamaberg
Chairman
Hawker Pacific, Inc.
c/o BTR Aerospace Group
200-1780 Wellington Avenue
Winnipeg, Manitoba R3H1B3
Canada

Edgar P. DeVylder, Jr., Esq.
Vice President and General Counsel
BTR, Inc.
Stamford Harbor Park
333 Ludlow Street
Stamford, CT 06902

Norman B. Berger, Esq.
Varga Berger Ledsky & Hayes
224 South Michigan Avenue
Suite 350
Chicago, IL 60604

For Holchem, Inc.

Mr. Adrian Hol
Corporate Vice President
Holchem, Inc.
1551 North Tustin Avenue
Suite 430
Santa Ana, CA 92701

(Holchem, Inc., cont'd.)
and

Richard Montevideo, Esq.
Rutan & Tucker
P.O. Box 1950
Costa Mesa, CA 92628-1950

For Inchcape, Inc.

Robert Wangard, Esq.
Ann Beckert, Esq.
Ross & Hardies
150 North Michigan Avenue
Chicago, ILL 60601-7567

For Los Angeles By-Products Co.

Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, CA 90058
Attn.: M.R. McAllister

Greenwald, Hoffman & Meyer
500 N. Brand Blvd., Ste. 920
Glendale, CA 91203-1904
Attn.: L.F. Meyer

For Los Angeles County Metropolitan Transportation Authority

Ronald W. Stamm
Deputy County Counsel
Transportation Division
One Gateway Plaza
Los Angeles, CA 90012-2932

For Nupla Corporation

J. Allen Carmien
Chairman, CEO, President
Nupla Corporation
11912 Sheldon Street
Sun Valley, CA 91352

Kurt Weissmuller, Esq.
McClintock, Weston, Benshoof,
Rochefort, Rubalcava & MacCuish LLP
444 South Flower Street, Suite 4300
Los Angeles, CA 90071

For Parker-Hannifin Corporation

Christopher Morgan, Esq.
Parker-Hannifin Corporation

17325 Euclid Avenue
Cleveland, OH 44112

Joann Lichtman, Esq.
Howrey & Simon
550 South Hope Street, Suite 1400
Los Angeles, CA 90071

For Price Pfister, Inc.

Linda L. Biagioni
Vice President, Environmental Affairs
Black & Decker Corporation
701 E. Joppa Rd.
Towson, MD 21204

For Sundstrand Corporation

Sundstrand Corporation
4949 Harrison Avenue
P.O. Box 7003
Rockfort, Ill. 61125-7003

and

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For Jean W. Blomberg:

Jean W. Blomberg
2386 Saddleback Drive
Danville, CA 94506

and

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For Joan O'Brien

Joan O'Brien
1031 N. Fairoaks
Sunnyvale, CA 94089

and

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For Gary O'Brien

Gary O'Brien
9 Dawn Place
Mill Valley, CA 94941

and

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For William E. Tolson:

William E. Tolson
999 Green St.
Apartment 1001
San Francisco, CA 94133

and

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For H.R. Textron and Textron, Inc.

Michael Hickok, Esq.
11444 West Olympic Blvd.
10th fl.
Los Angeles, CA 90064

For Western Waste Industries

Timothy Gallagher, Esq.
Gallagher & Gallagher
611 West Sixth St., Suite 2500
Los Angeles, CA 90017

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 9

75 Hawthorne Street
San Francisco, CA 94105-3901

MEMORANDUM

SUBJECT: San Fernando Valley Superfund Sites, North Hollywood (Area 1), North Hollywood Operable Unit Partial Settlement -- Ten-Point Analysis

FROM: Marie M. Rongone, Assistant Regional Counsel MMR

TO: Nancy Marvel, Regional Counsel

THROUGH: Kathleen Johnson, Acting Hazardous Waste Branch Chief
Michael Hingerty, Senior Counsel

DATED: December 9, 1996

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PROOF OF SERVICE BY MAILING

I, Marilen Iliscupides, declare:

I am over the age of 18 and not a party to the within action. I am employed by the office of United States Attorney, Central District of California. My business address is 300 North Los Angeles Street, Suite 7516, Los Angeles, California 90012.

On February 18, 1997, I served a copy of: **SECOND PARTIAL CONSENT DECREE** on each person or entity named below by enclosing a copy in an envelope addressed as shown below and placing the envelope for collection and mailing on the date and at the place shown below following our ordinary office practices. I am readily familiar with the practice of this office for collection and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid.

Date of mailing: February 18, 1997. Place of mailing: Los Angeles, California.

Addressed to: SEE ATTACHED SERVICE LIST

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on February 18, 1997 at Los Angeles, California.

Marilen Iliscupides

MARILEN ILISCUPIDES

SERVICE LIST
CASE NO. CV 93-6490-MRP(Tx),

For Defendant Allied-Signal, Inc.

Michelle M. Carroll, Esq.
Latham & Watkins
633 West Fifth Street
Los Angeles, California 90071-2007

For Defendant Hawker Pacific, Inc.

Norman Berger, Esq.
Varga, Berger, Ledsky & Hayes
224 South Michigan Avenue
Suite 350
Chicago, Illinois 60604-2507

Michael S. Mostow, Esq.
Holleb & Coff
55 East Monroe Street, Suite 4100
Chicago, Illinois 60603-5896

For Defendant Los Angeles By Products Co.

Raul M. Montes, Esq.
Greenwald, Hoffman & Meyer
800 North Brand Boulevard
Suite 920
Glendale, California 91203

For Defendant California Car Hikers Service

Michael C. Phillips, Esq.
David A. Borchert, Esq.
Anderson, McPharlin & Conners
624 South Grand Avenue
19th Floor
Los Angeles, California 90017

Nathan Hoffman, Esq.
Daniels, Baratta & Fine
1801 Century Park East, 9th Floor
Los Angeles California 90067

Mitchell Ezer, Esq.
Ezer, Sment & Williamson
1888 Century Park East, Suite 2020
Los Angeles, California 90067

For Defendants Gordon H. and Peggy M. Wagner and Joseph M. Easinger

Aaron Rosen, Esq.
9406 S. Santa Monica Blvd., Ste 200
Beverly Hills, California 90210

For Defendant Waste Management Recycling and Disposal Services of California, Inc.

F.E. "Lynn" Walker, Esq.
Senior Environmental Counsel
Waste Management, Inc.
1300 South Wadsworth Blvd. Ste 600
Lakewood, Colorado 80235

For Defendants Lockheed Corporation and Lockheed Air Terminal, Inc.

Gregory R. McClintock, Esq.
McClintock, Weston, Benshoof,
Rochefort, Rubalcava & MacCuish
444 S. Flower Street, 43rd Floor
Los Angeles, California 90071

For Defendant CalMat Co.

Barry C. Vaughan, Esq.
Gibbs, Giden, Locher, Fleming & Acret
One Century Plaza, 34th Floor
2029 Century Park East
Los Angeles, California 90067

For Defendant Pick-Your-Part Auto Wrecking

Nick E. Brestoff, Esq.
Radcliff, Brestoff & Frandsen
777 South Figueroa St., 40th Floor
Los Angeles, California 90017

For Defendants Fleetwood Machine Products, Inc.; Pacific Steel Treating Company, Inc.; Niels Bruun-Andersen; William L. Cooke, and Jerry Conrow

Charles H. Pomeroy, Esq.
McKenna & Cuneo
444 S. Flower Street
Los Angeles, California 90071

For Inoncape, Ltd.

Robert Wangard, Esq.
Ann Beckert, Esq.
Ross & Hardies
150 N. Michigan Avenue, Ste 2500
Chicago, Illinois 60601

For Parker-Hannifin Corporation

David A. Giannotti, Esq.
Joanne Lichtman, Esq.
Howrey & Simon
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Los Angeles, California 90071

For AVX Filters Corporation

Craig S. Johns, Esq.
Crosby, Heafey, Roach & May
700 South Flower Street, Suite 2200
Los Angeles, California 90017

For HR Textron, Inc. and Textron, Inc.

Michael L. Hickok, Esq.
11444 West Olympic Blvd., 10th Floor
Los Angeles, California 90064

For Electronic Solutions, Inc.
and Zero Corporation

Jeffrey Z.B. Springer
Regina Liudzius Cobb
Demetriou, Del Guercio, Springer & Moyer
801 South Grand Avenue, 10th Floor
Los Angeles, California 90017-4613

For Price Pfister, Inc.

Gary J. Smith, Esq.
Julie K. Walters, Esq.
Beveridge & Diamond
One Sansome Street, Suite 3400
San Francisco, California 94104-4438

For Browning-Ferris Industries

Dean R. Massey, Esq.
Parcel, Mauro, Hultin & Spaanstra
1801 California Street, Suite 3600
Denver, Colorado 80202-2636

For E.I. DuPont de Nemours & Co.

G. Christian Roux, Esq.
McClintock, Weston, Benshoof, Rochefort
Rubalcava & MacCuish
444 S. Flower Street, 43rd Floor
Los Angeles, California 90071

For Lockheed Corporation

Elliot Hiede, Esq.
McClintock, Weston, Benshoof, Rochefort
Rubalcava & MacCuish
444 S. Flower Street, 43rd Floor
Los Angeles, California 90071

For Western Waste Industries

Timothy V.P. Gallagher, Esq.
Gallagher & Gallagher
611 West Sixth Street, Suite 2500
Los Angeles, California 90017

For Crown Disposal Company, Inc.

Gary A. Meyer, Esq.
Mark E. Elliott, Esq.
Parker, Milliken, Clark, O'Hara
& Samuelian
333 South Hope Street, 27th Floor
Los Angeles, California 90071-1488

For Chase Chemical Company, Inc./The Benjamins

Steven L. Feldman, Esq.
Goldfarb, Sturman & Averbach
15760 Ventura Boulevard
Encino, California 91436-3012

For Holchem, Inc.

Richard Montevideo, Esq.
Rutan & Tucker
611 Anton Boulevard, Suite 1400
Costa Mesa, California 92626-1998

For Nupla Corporation

Ward L. Benshoof, Esq.
Kurt Weissmuller, Esq.
McClintock, Weston, Benshoof, Rochefort
Rubalcava & MacCuish
444 S. Flower Street, 43rd Floor
Los Angeles, California 90071

For Sundstrand Corporation, Joan O'Brien, Jean W. Blomberg, Gary O'Brien, William E. Tilson

Michael L. Hickok, Esq.
11444 West Olympic Blvd., 10th Floor
Los Angeles, California 90064

For Los Angeles County Metropolitan Tranportation Authority

De Witt W. Clinton, County Counsel
Ronald W. Stamm, Deputy County Counsel
Office of the County Counsel
One Gateway Plaza, 24th Floor
Los Angeles, California 90012

NORMAN B. BERGER
Holleb & Coff
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Attorney for Defendant Hawker Pacific, Inc.

MICHAEL S. MOSTOW
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Suite 4100
Chicago, Illinois 60603
Telephone: (312) 807-4600
Attorney for Defendant Hawker Pacific, Inc.

ANNE E. LINK
Holleb & Coff
55 East Monroe Street
Suite 4100
Chicago, Illinois 60603
Telephone: (312) 807-4600
Attorney for Defendant Hawker Pacific, Inc.

DAVID A. BELOFSKY
Belofsky & Jenkins
Del Amo Financial Center
Union Bank Tower
Suite 900
21515 Hawthorne Boulevard
Torrance, California 90503
Telephone: (310) 543-4642
Attorney for Defendant Hawker Pacific, Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

STATE OF CALIFORNIA, on behalf of the State Department of Toxic Substances Control, Plaintiff, v. ALLIED-SIGNAL, INC.; CALIFORNIA CAR HIKERS SERVICE; HAWKER PACIFIC, INC.; LOS ANGELES BY-PRODUCTS COMPANY; GORDON N. WAGNER and PEGGY M. WAGNER, in their capacity as Trustees of the Wagner Living Trust; and JOSEPH W. BASINGER, Defendants.	CIVIL NO. 93-6570 MRP(Tx) ANSWER, AFFIRMATIVE AND OTHER DEFENSES, CROSS-CLAIMS, AND THIRD-PARTY COMPLAINT OF HAWKER PACIFIC INC.

HAWKER PACIFIC, INC.

Cross-Claimant

v.

ALLIED-SIGNAL, INC.;
CALIFORNIA CAR HIKERS SERVICE;
LOS ANGELES BY-PRODUCTS COMPANY;

Cross-Defendants

HAWKER PACIFIC, INC.

Third-Party Plaintiff

v.

ELECTRONIC SOLUTIONS, INC.;
ZERO CORPORATION;
PARKER-HANNIFIN CORPORATION;
INCHCAPE, INC.

Third-Party Defendants.

ANSWER

Defendant Hawker Pacific, Inc. ("Hawker Pacific"), by its attorneys, Norman B. Berger, Michael S. Mostow, and Anne E. Link, HOLLEB & COFF, and David A. Belofsky, BELOFSKY & JENKINS, answers Plaintiff's complaint as follows:

ALLEGATION: 1. This is a civil action by the State of California for the recovery of response costs and for declaratory relief pursuant to Sections 107(a) and 113 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9607(a), 9613, (hereinafter referred to as "CERCLA").

ANSWER: Paragraph 1 consists of introductory statements characterizing Plaintiff's lawsuit as well as legal conclusions to which no response is required.

ALLEGATION: 2. The response costs for which the State of California seeks recovery were incurred in connection with actions taken pursuant to CERCLA by several governmental agencies, including the State, in response to soil and groundwater contamination in the San Fernando Valley Basin ("SFVB") and in the portion of that basin referred to herein as the North Hollywood Operable Unit ("NHOU").

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 2, and therefore neither admits nor denies same.

JURISDICTION AND VENUE

ALLEGATION: 3. This Court has jurisdiction over the subject matter of and the parties to this action pursuant to Sections 107(a) and 113(b) of CERCLA, 42 U.S.C. §§ 9607(a), 9613(b), and 28 U.S.C. §§ 1331.

ANSWER: Paragraph 3 consists of legal conclusions to which no response is required.

ALLEGATION: 4. Venue is proper in this district pursuant to Section 113(b) of CERCLA, 42 U.S.C. § 9613(b), because the releases or threatened releases of hazardous substances that have given rise to this claim occurred in this district, and because the defendants may be found in this district.

ANSWER: Hawker Pacific denies that there have been releases or threatened releases of hazardous substances from the area located at and around 11310 Sherman Way, Sun Valley, California. The allegations concerning venue consist of legal conclusions to which no response is required. The allegations concerning releases or threatened releases of hazardous substances for which the other defendants are responsible are not directed to Hawker Pacific, and therefore, no response thereto is required.

PARTIES

ALLEGATION: 5. Plaintiff is the State of California, on behalf of the State Department of Toxic Substances Control. The State Department of Toxic Substances Control is the state agency with responsibility under state law for determining whether there has been a release or threatened release of a hazardous substance into the environment, as well as the necessity of taking actions in response thereto. On July 17, 1991, the Department of Toxic Substances control succeeded to, and was vested with, all the duties, powers, purposes, responsibilities, and jurisdiction of the Toxic Substances Control Program of the State Department of Health Services. The response costs for which the State seeks recovery were incurred by the State Department of Toxic Substances Control or its predecessor, the Toxic Substances Control Program of the State Department of Health Services.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 5, and therefore neither admits nor denies same.

ALLEGATION: 6. Defendant Allied-Signal, Inc. ("Allied") is a Delaware corporation doing business in the State of California. Allied is a "person," as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

ANSWER: The allegations in Paragraph 6 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 7. Defendant California Car Hikers Service ("CCHS") is a corporation established under the laws of, and doing business in, the State of California. CCHS is a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

ANSWER: The allegations in Paragraph 7 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 8. Defendant Hawker Pacific, Inc. ("Hawker Pacific") is a corporation established under the laws of, and doing business in, the State of California. Hawker Pacific is a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

ANSWER: Hawker Pacific admits that it is incorporated under the laws of California and maintains its principal place of business in California. The remainder of Paragraph 8 consists of legal conclusions to which no response is required.

ALLEGATION: 9. Defendant Los Angeles By-Products Company ("LA By-Products") is a corporation established under the laws of, and doing business in, the State of California. LA By-Products is a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

ANSWER: The allegations in Paragraph 9 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 10. Defendants Gordon N. Wagner and Peggy M. Wagner (the "Wagners") are individuals who reside in the State of California. The Wagners are "persons" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21). The Wagners are named as defendants in their capacity as trustees of the Wagner Living Trust.

ANSWER: The allegations in Paragraph 10 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 11. Defendant Joseph W. Basinger ("Basinger") is an individual who resides in the State of California and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

ANSWER: The allegations in Paragraph 11 are not directed to Hawker Pacific, and therefore, no response thereto is required.

GENERAL ALLEGATIONS

ALLEGATION: 12. The NHOU is comprised of the areal extent of hazardous substance contamination that is presently located in the vicinity of the North Hollywood Well Field and includes areas to which and from which such hazardous substance contamination has been and is migrating. The NHOU is one of two operable units ("OU's") within the San Fernando Valley Area 1 Site ("Area 1 Site"). The other Area 1 Site OU is the Burbank OU.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 12, and therefore neither admits nor denies same.

ALLEGATION: 13. The Area 1 Site is one of four sites in the SFVB that were placed on the National Priorities List ("NPL") in June, 1986. The NPL is promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, and is a list of the most serious hazardous substance release sites in the United States.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 13, and therefore neither admits nor denies same. The remainder of Paragraph 13 consists of legal conclusions to which no response is required.

ALLEGATION: 14. The groundwater within the SFVB is extensively contaminated by several volatile organic compounds, principally the industrial solvents trichloroethylene ("TCE") and tetrachloroethylene ("PCE"). Approximately 800,000 residents of the San Fernando Valley currently depend upon groundwater from the SFVB for their water needs.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 14, and therefore neither admits nor denies same.

ALLEGATION: 15. By August, 1985, groundwater from 27 of the 35 production wells in the North Hollywood Well Field exceeded federal Maximum Contaminant Levels ("MCL's") for TCE. These MCL's are established under the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. Basinwide contamination has resulted in TCE contamination in excess of MCL's in 47 of the 120 production wells in the SFVB. It is estimated that the plume of groundwater contamination in the SFVB extends over an area eleven miles long and up three miles wide.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in the first, third, and fourth sentences of Paragraph 15, and therefore neither admits nor denies same. The remainder of

Paragraph 15 consists of legal conclusions to which no response is required.

ALLEGATION: 16. In 1985, EPA determined that the most effective method of dealing with the spreading groundwater contamination in the SFVB was to implement a series of interim actions, known as operable units ("OU's"). The first two of these OU's was planned for the Area 1 Site, consisting of the North Hollywood and Burbank OU's. The objective of these interim actions was to slow down or halt the spread of groundwater contamination.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 16, and therefore neither admits nor denies same.

ALLEGATION: 17. In 1986, pursuant to a cooperative agreement with EPA, the Los Angeles Department of Water and Power ("LADWP") performed a feasibility study for the NHOU. Following that study, in September 1987, EPA issued a Record of Decision ("ROD") for the NHOU. This ROD selected as an interim action the construction and operation of a series of extraction wells. The wells were to be designed to pump out contaminated groundwater, remove the hazardous substances and other contaminants from the extracted groundwater, and then return the treated water to the public water supply system. Later, in a June 1989 ROD, a similar system was selected as an interim remedy for the Burbank OU.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 17, and therefore neither admits nor denies same.

ALLEGATION: 18. In early 1989, LADWP completed construction of the NHOU extraction well system pursuant to another cooperative agreement with EPA. Extraction and treatment became fully operational in December 1989. Consistent with section 104(c)(3) of CERCLA, 42 U.S.C. § 9604(c)(3), EPA paid for 90 percent of the construction costs of the extraction and treatment system and is paying for 90 percent of the operating costs of the system. The Department of Toxic Substances Control paid for the remaining ten percent of construction and operating expenses, and for oversight of these activities, with funds in the State Hazardous Waste Control Account, the State Hazardous Substance Account and the State Hazardous Substance Cleanup Fund.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 18, and therefore neither admits nor denies same.

CLAIM FOR RELIEF

ALLEGATION: 19. Paragraphs 1 through 18 are incorporated herein, as though fully set forth below.

ANSWER: Hawker Pacific repeats and realleges its answers to Paragraphs 1 through 18 as its answer to Paragraph 19.

ALLEGATION: 20. Defendant Allied is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA. 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility owned and operated by defendant Allied is located at 11510 and 11600 Sherman Way, Sun Valley, California.

ANSWER: The allegations in Paragraph 20 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 21. Defendant CCHS is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility owned and operated by defendant CCHS is located at 8501 Tujunga Avenue, Sun Valley, California.

ANSWER: The allegations in Paragraph 21 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 22. Defendant Hawker Pacific is the current operator of a "facility," within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility operated by defendant Hawker Pacific is located at 11310 Sherman Way, Sun Valley, California.

ANSWER: Hawker Pacific denies the first sentence of Paragraph 22. Hawker Pacific admits that it operates at 11310 Sherman Way, Sun Valley, California.

ALLEGATION: 23. Defendant LA By-Products is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility owned and operated by defendant LA By-Products is located at 8251 Tujunga Avenue, Sun Valley, California.

ANSWER: The allegations in Paragraph 23 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 24. Defendants Gordon N. Wagner and Peggy M. Wagner are the trustees of the Wagner Living Trust, which is the current owner of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility owned by Wagner Living Trust is located at 11310 Sherman Way, Sun Valley, California.

ANSWER: The allegations in Paragraph 24 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 25. Defendant Joseph W. Basinger is the current owner of a "facility," within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility owned by defendant Basinger is located at 11310 Sherman Way, Sun Valley, California.

ANSWER: The allegations in Paragraph 25 are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 26. TCE and PCE are "hazardous substances," as defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14).

ANSWER: Paragraph 26 consists of legal conclusions to which no response is required.

ALLEGATION: 27. There have been releases or threatened releases of hazardous substances from defendants' facilities into the environment, within the meaning of Sections 101(8) and 101(22) of CERCLA, 42 U.S.C. §§ 9601(8), 9601(22).

ANSWER: Hawker Pacific denies that there have been releases or threatened releases, within the meaning of Sections 101(8) and 101(22) of CERCLA, 42 U.S.C. §§ 9601(8), 9601(22), of hazardous substances from the area located at and around 11310 Sherman Way, Sun Valley, California. The allegations concerning the other defendants' facilities are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 28. The releases and threatened releases from defendants' facilities have caused the State to incur response costs, within the meaning of Sections 101(25) and 107(a) of CERCLA, 42 U.S.C. §§ 9601(25), 9607(a), for which defendants are liable. The State has incurred at least $544,853.25 in response costs through December, 1992. The State has incurred and continues to incur, additional response costs for which defendants are liable.

ANSWER: Hawker Pacific denies that there have been releases or threatened releases of hazardous substances from the area located at and around 11310 Sherman Way, Sun Valley, California, and therefore denies that the State has incurred any response costs, within the meaning of Sections 101(25) and 107(a) of CERCLA, 42 U.S.C. §§ 9601(25), 9607(a), in connection with any alleged releases or threatened releases from the area located at and around 11310 Sherman Way, Sun Valley, California. The allegations concerning the other defendants' facilities are not directed to Hawker Pacific, and therefore, no response thereto is required. Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the amount of costs the State has allegedly incurred in response to the alleged releases or threatened releases of hazardous substances referred to in Paragraph 28, and therefore neither admits nor denies same. Hawker Pacific denies that the State has incurred or will incur response costs for which Hawker Pacific is liable. The allegations concerning the other defendants' liability are not directed to Hawker Pacific, and therefore, no response thereto is required.

ALLEGATION: 29. The response actions for which the State has incurred costs include investigations and studies to determine the nature and extent of contamination and to evaluate remedial alternatives to remedy that contamination, construction and operation and maintenance of remedial actions, and enforcement activities.

ANSWER: Hawker Pacific is without information and knowledge sufficient to form a belief as to the truth of the allegations in Paragraph 29, and therefore neither admits nor denies same.

ALLEGATION: 30. The actions taken in response to releases and threatened releases of hazardous substances from defendants' facilities, and for which the State has incurred costs, were not inconsistent with the NCP.

ANSWER: Hawker Pacific denies that there have been releases or threatened releases of hazardous substances from the area located at and around 11310 Sherman Way, Sun Valley, California. The allegations concerning the other defendants' facilities are not directed to Hawker Pacific, and therefore, no response thereto is required. Hawker Pacific denies that the actions taken in response to the alleged releases or threatened releases of hazardous substances refereed to in Paragraph 30 were not inconsistent with the NCP.

ALLEGATION: 31. Pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), defendants are jointly and severally liable to the State for all response costs incurred, and to be incurred, by the State in response to the releases and threatened releases of hazardous substances from their facilities.

ANSWER: Hawker Pacific denies that there have been releases or threatened releases of hazardous substances from the area located at and around 11310 Sherman Way, Sun Valley, California, and therefore denies that the State has incurred or will incur any response costs in connection with any alleged releases or

threatened releases from the area located at and around 11310 Sherman Way, Sun Valley, California. The allegations concerning the other defendants' facilities are not directed to Hawker Pacific, and therefore, no response thereto is required. Hawker Pacific denies that it is jointly and/or severally liable to the State for the alleged response costs incurred, or to be incurred, by the State in response to the alleged releases or threatened releases of hazardous substances referred to in Paragraph 31. The allegations concerning the other defendants' liability are not directed to Hawker Pacific, and therefore, no response thereto is required.

AFFIRMATIVE AND OTHER DEFENSES

First Defense

The Complaint, in whole or in part, fails to state a claim upon which relief can be granted.

Second Defense

Any releases or threatened releases of hazardous substances for which Plaintiff seeks relief, and any costs or damages arising therefrom, were caused by the acts or omissions of third parties who are neither employees or agents of Hawker Pacific, nor in a contractual relationship with Hawker Pacific in connection with said acts or omissions.

Third Defense

Plaintiff's alleged response costs are inconsistent, in whole or in part, with the NCP.

Fourth Defense

Plaintiff's alleged response costs were not incurred as a result of releases or threatened releases of hazardous substances from the area at and around 11310 Sherman Way, Sun Valley, California.

Fifth Defense

The alleged harm to the SFVB and the NHOU is divisible, and the acts or omissions of Hawker Pacific did not contribute to the harm in the SFVB or the NHOU; therefore, Hawker Pacific is not liable for the response costs incurred in connection with the alleged contamination of the SFVB or the NHOU.

Sixth Defense

The acts or omissions of Hawker Pacific did not contribute to the contamination of the SFVB and the NHOU, and therefore, under the doctrine of equitable allocation, no response costs should be allocated to Hawker Pacific.

Seventh Defense

Plaintiff's claim for response costs are barred, in whole or in part, by the doctrines of waiver, laches, and estoppel.

Eighth Defense

Hawker Pacific is not responsible for any release or threatened release of hazardous substances which was or is, in whole or in part, caused by an act of God or war.

WHEREFORE, Defendant Hawker Pacific, Inc. denies that Plaintiff is entitled to any of the relief requested in the Complaint, and requests that this Court enter judgment in Hawker

Pacific's favor and against Plaintiff. Hawker Pacific further requests that this Court award Hawker Pacific its reasonable attorneys' fees, costs of suit, and such other relief as the Court deems proper.

CROSS-CLAIMS

Cross-Claimant Hawker Pacific, Inc. ("Hawker Pacific"), by its attorneys, Norman B. Berger, Michael S. Mostow, and Anne E. Link, HOLLEB & COFF, and David A. Belofsky, BELOFSKY & JENKINS, without waiving any of its foregoing answers to Plaintiff's allegations, alleges as follows for its cross-claims:

Jurisdiction and Venue

1. This Court has jurisdiction over the subject matter of and the parties to these cross-claims pursuant to Sections 107(a) and 113(b) of CERCLA, 42 U.S.C. §§ 9607(a) and 9613(b), and 28 U.S.C. § 1331.

2. Venue is proper in this judicial district pursuant to Section 113(b) of CERCLA, 42 U.S.C. § 9613(b), and 28 U.S.C. § 1391(b) because the releases or threatened releases of hazardous substances that give rise to Hawker Pacific's cross-claims occurred in this district.

Parties

3. Cross-Claimant Hawker Pacific is a California corporation with its principal place of business in California.

4. Upon information and belief, Cross-Defendant Allied-Signal, Inc. ("Allied") is a Delaware corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

5. Upon information and belief, Cross-Defendant California Car Hikers Service ("CCHS") is a California corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

6. Upon information and belief, Cross-Defendant Los Angeles By-Products Company ("LA By-Products") is a California corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

General Allegations

7. Upon information and belief, Cross-Defendant Allied is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility is located at 11510 and 11600 Sherman Way, Sun Valley, California.

8. Upon information and belief, Cross-Defendant CCHS is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility is located at 8501 Tujunga Avenue, Sun Valley, California.

9. Upon information and belief, Defendant LA By-Products is the current owner and operator of a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility is located at 8251 Tujunga Avenue, Sun Valley, California.

CLAIMS UNDER CERCLA FOR CONTRIBUTION AND DECLARATORY RELIEF AGAINST ALL CROSS-DEFENDANTS

10. Hawker Pacific repeats, realleges, and incorporates by reference the allegations of Paragraphs 1 through 9 of its Cross-Claims as if set forth fully herein.

11. This is an action for contribution and declaratory relief under Sections 107 and 113 of CERCLA, 42 U.S.C. §§ 9607 and 9613.

12. Hawker Pacific has been sued by the State for recovery of costs the State has allegedly incurred in response to soil and groundwater contamination in the SFVB and the NHOU.

13. Hawker Pacific never stored, used, or disposed of PCE or TCE at or around the property located at 11310 Sherman Way, Sun Valley, California, the site where Hawker Pacific is currently a tenant.

14. Upon information and belief, Cross-Defendants Allied, CCHS, and LA By-Products are the current owners and operators of facilities from which there have been "releases" or threatened releases of hazardous substances into the environment, within the meaning of Section 101(22) of CERCLA, 42 U.S.C. § 9601(22), including PCE and TCE. These releases or threatened releases have caused the State to incur the response costs alleged in Plaintiff's Complaint.

15. Under Section 113 of CERCLA, 42 U.S.C. § 9613, Hawker Pacific may seek contribution from "any other party who is liable or potentially liable" under Section 107(a) for any CERCLA liability in connection with the SFVB and the NHOU.

16. Under Sections 107 and 113 of CERCLA, 42 U.S.C. §§ 9607 and 9613, Hawker Pacific is entitled to complete contribution from all Cross-Defendants for all costs for which Hawker Pacific may be held liable to pay in connection with the SFVB and the NHOU.

WHEREFORE, Cross-Claimant Hawker Pacific requests that the Court enter an Order:

A) Declaring that Hawker Pacific is entitled to complete contribution from all Cross-Defendants for all costs which Hawker Pacific may be held liable to pay in connection with the SFVB and the NHOU;

B) Awarding Hawker Pacific its reasonable attorneys' fees and costs of suit; and

C) Granting such other relief as the Court deems proper.

THIRD-PARTY COMPLAINT

Third-Party Plaintiff Hawker Pacific, Inc. ("Hawker Pacific"), by its attorneys, Norman B. Berger, Michael S. Mostow, and Anne E. Link, HOLLEB & COFF, and David A. Belofsky, BELOFSKY & JENKINS, without waiving any of its foregoing answers to Plaintiff's allegations, alleges as follows for its Third-Party Complaint:

Jurisdiction and Venue

1. This Court has jurisdiction over the subject matter of and the parties to Count I of this Third-Party Complaint pursuant to Sections 107(a) and 113(b) of CERCLA, 42 U.S.C. §§ 9607(a) and 9613(b), and 28 U.S.C. § 1331.

2. This Court has jurisdiction over the subject matter of and the parties to Count II of this Third-Party Complaint pursuant to 28 U.S.C. §§ 1332 and 1367 because there is complete diversity of citizenship between Third-Party Plaintiff Hawker Pacific and Third-Party Defendant Parker-Hannifin Corporation ("PHC"): Hawker Pacific is a California corporation with its principal place of business in California, and PHC is an Ohio corporation with its principal place of business in Ohio. The amount in controversy is greater than $50,000 -- the State has alleged that Hawker Pacific is jointly and severally liable for at least $544,853.25. Furthermore, this Court has supplemental jurisdiction over the claim in Count II because it is so related to the Count I CERCLA claim that it forms part of the same case and controversy.

3. Venue is proper in this judicial district pursuant to Section 113(b) of CERCLA, 42 U.S.C. § 9613(b), and 28 U.S.C. § 1391(b) because the releases or threatened releases of hazardous substances that give rise to Hawker Pacific's third-party claims occurred in this district.

Parties

4. Third-Party Plaintiff Hawker Pacific is a California corporation with its principal place of business in California.

5. Upon information and belief, Third-Party Defendant Electronic Solutions, formerly known as Canoga Industries, is a Nevada corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

6. Upon information and belief, Third-Party Defendant Zero Corporation ("Zero II") is a Delaware corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

7. Upon information and belief, Third-Party Defendant PHC is an Ohio corporation with its principal place of business in Ohio and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

8. Upon information and belief, Third-Party Defendant Inchcape, Inc. ("Inchcape") is a Delaware corporation and is a person as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

General Allegations

9. Upon information and belief, from approximately 1969 through 1977, Canoga Industries operated a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). The facility was located at 11310 Sherman Way, Sun Valley, California, the site where Hawker Pacific is

currently a tenant ("the Hawker Pacific Property"). On or about April 6, 1994, Canoga Industries changed its name to Electronic Solutions, Inc.

10. Upon information and belief, from approximately 1977 through 1979, Zero Corporation ("Zero I"), a California corporation, operated at the Hawker Pacific Property a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). On or about August 8, 1988, Zero I merged into Zero II, the Delaware corporation, with Zero II as the surviving company.

11. Upon information and belief, from approximately 1979 through 1980, Bertea Corporation operated at the Hawker Pacific Property a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). On or about March 31, 1981, Bertea Corporation merged into PHC, with PHC as the surviving company.

12. Upon information and belief, from approximately 1980 through 1982, PHC operated at the Hawker Pacific Property a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1).

13. Upon information and belief, from approximately 1982 through 1987, Flight Accessory Services, Inc. operated at the Hawker Pacific Property a "facility" within the meaning of Sections 101(9) and 107(a)(1) of CERCLA, 42 U.S.C. §§ 9601(9), 9607(a)(1). In approximately 1987, Flight Accessory Services,

Inc. changed its name to AK Holding Company. Subsequently, AK Holding Company merged into Inchcape, with Inchcape as the surviving company.

COUNT I
CLAIMS UNDER CERCLA FOR CONTRIBUTION AND DECLARATORY RELIEF AGAINST ALL THIRD-PARTY DEFENDANTS

14. Hawker Pacific repeats, realleges, and incorporates by reference the allegations of Paragraphs 1 through 13 of its Third-Party Complaint as if set forth fully herein.

15. Count I of this Third-Party Complaint is for contribution and declaratory relief under Sections 107 and 113 of CERCLA, 42 U.S.C. §§ 9607 and 9613. Count I of this Third-Party Complaint seeks contribution from the Third-Party Defendants only if Hawker Pacific is found liable, in whole or in part, for the costs the United States has allegedly incurred in connection with the SFVB and the NHOU. If Hawker Pacific is found not liable for the costs the United States has allegedly incurred in connection with the SFVB and the NHOU, this Count I should be considered withdrawn and of no effect.

16. Upon information and belief, Third-Party Defendants Electronic Solutions, Zero, PHC, and Inchcape operated or succeeded in interest to those who operated facilities at the time of "disposal" of "hazardous substances", within the meaning of Sections 101(29) and 101(14) of CERCLA, 42 U.S.C. §§ 9601(29) and 9601(14). These hazardous substances included PCE and TCE.

17. Upon information and belief, there have been "releases" or threatened releases of "hazardous substances" into the environment from the facilities operated by Third-Party Defendants or operated by the predecessors in interest to the Third-Party Defendants, within the meaning of Sections 101(22) and 101(14) of CERCLA, 42 U.S.C. §§ 9601(22) and 9601(14), including PCE and TCE. These releases or threatened releases have caused the State to incur the response costs alleged in Plaintiff's Complaint.

18. Hawker Pacific never stored, used, or disposed of PCE or TCE at or around the property located at 11310 Sherman Way, Sun Valley, California.

19. Under Section 113 of CERCLA, 42 U.S.C. § 9613, Hawker Pacific may seek contribution from "any other party who is liable or potentially liable" under Section 107(a) for any CERCLA liability in connection with the SFVB and the NHOU.

20. Under Sections 107 and 113 of CERCLA, 42 U.S.C. §§ 9607 and 9613, Hawker Pacific is entitled to complete contribution from all Third-Party Defendants for all costs for which Hawker Pacific may be held liable to pay in connection with the SFVB and the NHOU, as well as the costs Hawker Pacific has incurred and may incur in the future to investigate or perform other response actions at and around 11310 Sherman Way, Sun Valley, California, as these response costs will have been and will be necessary as part of the remedy of the SFVB and the NHOU.

WHEREFORE, Third-Party Plaintiff Hawker Pacific requests that the Court enter an Order:

A) Declaring that Hawker Pacific is entitled to complete contribution from all Third-Party Defendants for all costs which Hawker Pacific may be held liable to pay in connection with the SFVB and the NHOU;

B) Declaring that Hawker Pacific is entitled to complete contribution from all Third-Party Defendants for all response costs which Hawker Pacific has incurred and may incur at and around 11310 Sherman Way, Sun Valley, California;

C) Awarding Hawker Pacific judgment in the amount of its response costs to be determined at trial;

D) Awarding Hawker Pacific its reasonable attorneys' fees and costs of suit; and

E) Granting such other relief as the Court deems proper.

COUNT II
DECLARATORY RELIEF AGAINST THIRD-PARTY DEFENDANT PARKER-HANNIFIN CORPORATION

21. Hawker Pacific realleges the allegations of Paragraphs 1 through 20 of its Third-Party Complaint as if set forth fully herein.

22. This is an action for declaratory relief pursuant to 28 U.S.C. § 2201(a).

23. On information and belief, pursuant to an asset purchase agreement dated August 12, 1982 ("the PHC Agreement"), PHC sold to Atkins, Kroll & Company ("AKC") substantially all of its assets located at the Hawker Pacific Property . An unexecuted copy of the PHC Agreement is attached as Exhibit A. Pursuant to the PHC Agreement, PHC retained certain of its liabilities.

24. Under the PHC Agreement, PHC, in pertinent part, retained all liabilities "of every kind and nature, known, unknown, matured, contingent or otherwise . . . in connection with materials purchased or products manufactured . . . or services performed . . . prior to the Closing Date." (Exhibit A, p. 12 and Exhibit A, Assumption Agreement, p. 3).

25. Therefore, under the PHC Agreement, PHC retained all liabilities resulting from the discharge of hazardous substances during PHC's operation of the facility at the Hawker Pacific Property, and therefore retained all of its liabilities relating to the SFVB and the NHOU.

26. Also under the PHC Agreement, PHC agreed to indemnify AKC for all costs in excess of $75,000 that AKC incurred in connection with any and all claims arising out of the liabilities PHC had retained pursuant to the PHC Agreement. (Exhibit A p. 60).

27. The PHC Agreement is binding upon and inures to the benefit of the respective successors and assigns of PHC and AKC. (Exhibit A, p. 65).

28. On or about September 1, 1982, AKC changed its name to Flight Accessory Services, Inc. On or about June 26, 1987, Flight Accessory Services, Inc. changed its name to AK Holding Company. Subsequently, AK Holding Company merged into Inchcape, with Inchcape as the surviving company.

29. In an asset purchase agreement dated February 25, 1987 (Exhibit B), Flight Accessory Services, Inc. sold substantially all of its assets to Hawker Pacific. Among the assets sold to Hawker Pacific were "all of the assets, properties and interests relating to Seller's business . . . including but not limited to . . . [a]ll agreements or contractual arrangements (and) . . . [a]ny and all other contracts and agreements relating to Seller's business." (Exhibit B, pp. 1-4 and Exhibit B, Schedule of Assets, pp. 1,2).

30. Because PHC retained all liabilities resulting from the discharge of hazardous substances during PHC's operation of the facility at 11310 Sherman Way, Sun Valley, California, Flight Accessory Services, Inc. could not and did not transfer to Hawker Pacific the liability of PHC relating to the SFVB and the NHOU. Furthermore, Hawker Pacific is the assignee of Flight Accessory Services' indemnification rights against PHC.

31. Hawker Pacific, as assignee of Flight Accessory Services'/Inchcape's indemnification rights, is entitled to indemnification from PHC for all costs in excess of $75,000 that Hawker Pacific has incurred or may incur:

A) as a result of judgment or settlement of this action;

B) as a result of judgment or settlement of any and all other claims arising out of the alleged contamination of the SFVB and the NHOU;

C) to defend this action, including but not limited to costs and fees incurred for attorney, engineering consultant, and expert witness representation and services; and

D) to defend any and all other claims arising out of the alleged contamination of the SFVB and the NHOU, including but not limited to costs and fees incurred for attorney, engineering consultant, and expert witness representation and services.

WHEREFORE, Third-Party Plaintiff Hawker Pacific, Inc. requests that the Court enter an order:

A) Declaring that PHC retained all liabilities incurred as a result of the discharge of hazardous substances during PHC's operation of the facility at 11310 Sherman Way, Sun Valley, California, and therefore retained all liabilities relating to the SFVB and the NHOU;

B) Declaring that Hawker Pacific could not and did not succeed to the liabilities of PHC relating to the SFVB and the NHOU;

C) Declaring that PHC must indemnify Hawker Pacific for all costs in excess of $75,000 that Hawker Pacific has incurred or may incur:

1) as a result of judgment or settlement of this action;

2) as a result of judgment or settlement of any and all other claims arising out of the alleged contamination of the SFVB and the NHOU;

3) to defend this action, including but not limited to costs and fees incurred for attorney, engineering consultant, and expert witness representation and services; and

4) to defend any and all other claims arising out of the alleged contamination of the SFVB and the NHOU, including but not limited to costs and fees incurred for attorney, engineering consultant, and expert witness representation and services;

D) Awarding Hawker Pacific its reasonable attorneys' fees and costs of suit; and

E) Granting such other relief as the Court deems proper.

Dated: August 22, 1994

HAWKER PACIFIC, INC.,

By: _____

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ASSET PURCHASE AGREEMENT

between

PARKER-HANNIFIN CORPORATION,
AS SELLER,

and

ATKINS, KROLL & CO., LTD.,
AS BUYER

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THIS AGREEMENT, made as of the 11th day of August, 1982, by and between PARKER-HANNIFIN CORPORATION, an Ohio corporation ("Parker-Hannifin"), and ATKINS, KROLL & CO., LTD., a Delaware corporation ("Buyer"), provides for the purchase by the Buyer of the assets and businesses of the Helicopter Division and the Landing Gear Division (together, the "Divisions") of Parker-Hannifin.

W I T N E S S T H:

WHEREAS, Parker-Hannifin operates the Divisions as separate business units at leased facilities located in Sun Valley, California (the "Sun Valley Plant"); and

WHEREAS, the Divisions are each engaged in the business of designing and manufacturing component parts and providing maintenance, repair and overhaul services in the respective fields of helicopter service and aircraft landing gear service; and

WHEREAS, Parker-Hannifin owns or leases certain assets used in connection with businesses of the Divisions, including land and buildings, machinery and equipment, inventories and related tangible and intangible assets of Parker-Hannifin and the Divisions, and Parker-Hannifin has incurred and become subject to certain liabilities in connection with the operation of the businesses of the Divisions; and

WHEREAS, Parker-Hannifin desires to sell and assign, and Buyer desires to purchase and assume, the assets and businesses

of the Divisions and certain agreed liabilities in connection therewith, all in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the payment herein provided for and the representations, warranties and covenants herein contained, the parties hereto agree as follows:

I.

SALE AND PURCHASE OF ASSETS; ASSETS EXCLUDED

1.1 Sale and Purchase of Assets. Subject to the terms and provisions of this Agreement, Parker-Hannifin agrees to sell, assign and transfer, and Buyer agrees to purchase, all of the assets and interests relating to the businesses of the Divisions and owned, used or leased by Parker-Hannifin on the Closing Date (as the term "Closing Date" is defined in Section 9.1 hereof), including all such assets and interests now owned, used or leased by Parker-Hannifin or acquired by it between the date hereof and the Closing Date, excepting those assets or interests disposed of prior to the Closing Date as permitted under Section 7.1 hereof or expressly excluded under Section 1.4 hereof, including but not limited to the following:

1.1.1 Machinery and Equipment. All machinery and equipment of the Divisions, including motor vehicles, tooling, casting dies, office furniture, machinery, equipment, supplies, tools, consumable material and all other assets of a similar kind or character.

1.1.2 Inventories. All inventories of the Divisions located at the Sun Valley Plant or elsewhere or in transit, including raw materials, work in process, finished goods and rotable spares and exchange pool stock.

1.1.3 Leasehold Improvements. All leasehold improvements owned by Parker-Hannifin at the Sun Valley Plant.

1.1.4 Accounts Receivable. All of the accounts receivable relating to or arising out of the businesses of the Divisions, except the account receivable from Carson Helicopter in the amount of $14,550 which shall be retained by Parker-Hannifin.

1.1.5 Cash and Short Term Investments. All of the cash, cash equivalents and short term investments of the Divisions.

1.1.6 Pre-paid Expenses. All the pre-paid expenses of the Divisions.

1.1.7 Trade Names, Trademarks and Technical Know-How:

1.1.7.1 Trade Names and Trademarks. All of Parker-Hannifin's right, title and interest in and to the trade names or trademarks "Stellar", "Flight Accessory Services", "FAS International", "FAS Corporation" and "FAS", or any combination or approximation of the foregoing, including all of the issued and outstanding shares of FAS Corporation and of FAS International, Inc.

and of any other corporation formed and owned by Parker-Hannifin for the purpose of holding any of such names. Buyer shall bear all responsibility and expense for recording any instrument or instruments of assignment.

1.1.7.2 Technical Know-How, Etc. All of Parker-Hannifin's right, title and interest in and to all technical know-how (the "Know-How") relating to the components and/or parts designed, manufactured and sold for or by the Divisions except for components, parts or products manufactured under subcontract from other divisions of Parker-Hannifin (the "Products") and/or relating to the maintenance, repair and overhaul operations conducted by the Divisions relative to helicopters and/or landing gear equipment for aircraft of all types (the "Services"), namely: all proprietary and other technical information and technology owned by Parker-Hannifin and used or administered by the Divisions in the design, production, sale and operation of the Products, or in the conduct, performance or management of the Services, including, without limitation, methods, designs, instructions, explanations, specifications, drawings, manuals, blueprints, inventory software (Parker-Hannifin program numbers BALCL-INV, BALCL-STK and BALCL-HIS), material lists, work standard records, product application and test information, and other production data, and other records and documents pertaining

to designs, development work, practices, processes, procedures, operating and management manuals, equipment and apparatus.

1.1.8 Other Proprietary or Confidential Information and Records. All of Parker-Hannifin's right, title and interest in and to any and all other proprietary or confidential information and records relating to the businesses of the Divisions, including, without limitation, accounting records and instructions, catalogues, price lists and other pricing information, routings, correspondence, customer lists and other information concerning customers and prospects, mailing lists, sales materials and records, lists and other information concerning suppliers and all other information and records relating to the businesses of the Divisions.

1.1.9 Orders and Agreements. All of Parker-Hannifin's rights in or pursuant to the following orders, agreements and arrangements relating to the businesses of the Divisions:

1.1.9.1 Sales Orders. Unfilled sales orders from customers for the sale of Products or the provision of Services (including outstanding quotations that are noncancellable without liability or expense and including rights to use any designs provided by customers for the manufacturing of Products for such customers).

1.1.9.2 Purchase Orders. Inventory and supply purchase orders.

1.1.9.3 Leases. The Standard Industrial Lease, dated November 6, 1975, between Gordon N. Wagner and Joseph W. Basinger, as Lessors, and Stellar Hydraulics Company, as Lessee, for the premises located at 11310 Sherman Way, Sun Valley, California (the "Wagner/Basinger Lease"), and the Lease Agreement, dated January 31, 1969, between Industrial Bowling Corp., as Lessor, and Stellar Hydraulics Company, as Lessee, for the premises located at 11260 Sherman Way, Sun Valley, California (the "Industrial Bowling Lease"), at which Parker-Hannifin conducts the businesses of the Divisions.

1.1.9.4 Equipment Rental and Service Agreements. Equipment rental and service agreements.

1.1.9.5 Other Agreements. Any and all other contracts or agreements relating to the Divisions.

1.2 Schedules of Assets: Document and Contract List. Parker-Hannifin has delivered to Buyer a Schedule of Assets (the "Preliminary Schedule of Assets") which sets forth a true and complete list of all of the assets and interests of the Divisions as of the dates indicated therein with regard to particular categories of such assets and interests. At or promptly after the Closing, Parker-Hannifin shall deliver to Buyer a final Schedule of Assets (the "Final Schedule of Assets") which shall set forth a true and complete list or description of all assets and interests of the Divisions as of the Closing Date, including any

acquired between the date hereof and the Closing Date, and to be sold, transferred and assigned to Buyer hereunder. Attached as Exhibit A hereto is a true and complete Document and Contract List (the "Document and Contract List") which describes all agreements, contracts, orders and commitments to be sold, transferred and assigned to, and assumed by, Buyer hereunder and required to be listed thereon pursuant to Section 5.17 hereof.

1.3 Assets to be Free of Liens, Etc. Except as expressly assumed by Buyer pursuant to the provisions of Section 2.1 hereof, all of the assets and interests to be sold, assigned and transferred to Buyer hereunder shall be free and clear of all liens, security interests, mortgages, claims, liabilities, judgments or encumbrances of every kind or nature whatsoever except for liens and encumbrances which are not material and do not materially adversely affect the ownership, possession or use of any of said assets or interests.

1.4 Assets Excluded. Notwithstanding any other provision hereof, there shall be excluded from the sale, transfer and assignment to Buyer herein contemplated the following:

1.4.1 FAA Certificates. Federal Aviation Administration ("FAA") certificates of approval Nos. 4275 and 4252 issued to Parker Bertea Services, to the extent said certificates are non-transferable by Parker-Hannifin.

1.4.2 Intracompany Receivables. Any accounts receivable from Parker-Hannifin for advances made by the Divisions to Parker-Hannifin.

1.4.3 Certain Names. Any right, title or interest in or to the names "Parker", "Parker-Hannifin", "Bertea", "Parker/Bertea", "Parker/Bertea Services" or any combination or approximation thereof, except that Buyer shall have the right to use any of the foregoing in connection with Products included in inventory on the Closing Date and which have such trade names or trademarks imprinted or stamped thereon.

1.4.4 Non-transferable Rights. The rights of Parker-Hannifin under any order or written agreement with any third party and described in Section 1.1.9 hereof which is not freely assignable and in respect of which consent of the third party to the assignment to Buyer cannot be obtained; provided, that if any such order or agreement cannot be assigned as contemplated by the terms of this Agreement, the parties shall enter into an arrangement acceptable to Buyer to afford to Buyer the benefits of such order or agreement in as equivalent a manner as practicable. If any such arrangement involves Parker-Hannifin remaining liable to any party on a basis not otherwise required of Parker-Hannifin hereunder, Buyer shall indemnify Parker-Hannifin against any loss, liability, cost or expense in connection therewith as provided in Section 15.2 hereof. Parker-Hannifin shall, to the extent requested by Buyer, use its best efforts to obtain promptly after the Closing Date any consents in writing required, but not obtained on or before the Closing Date, with respect to the assignment to Buyer of any such order or

agreement. Upon obtaining any such consent, Parker-Hannifin shall promptly assign to Buyer the order or agreement to which such consent relates.

1.4.5 Assets Not Owned. Any assets or interests used in connection with the businesses of the Divisions but not owned by Parker-Hannifin, except that in any such case Parker-Hannifin shall transfer the right to use the same to Buyer (except for certain property delivered to the Divisions by Carson Helicopter) or, if non-transferable, enter into an appropriate arrangement under Section 1.4.4 hereof.

1.4.6 Certain Know-How, Etc. Any proprietary or confidential business, non-technical information of Parker-Hannifin other than the Know-How and the other proprietary or confidential information and records described in Section 1.1.8 hereof, including without limitation Parker-Hannifin drawing systems and company-wide procedures and instructions and Parker Bertea Aerospace Group group-wide procedures and instructions.

II.

LIABILITIES ASSUMED AND EXCLUDED

2.1 Assumption of Certain Liabilities. Buyer agrees to assume and be responsible for the following liabilities of the Divisions to which Parker-Hannifin is now subject, or to which it may become subject pursuant to the provisions of Section 7.1 hereof prior to the Closing Date, other than liabilities of the

Divisions discharged by Parker-Hannifin prior to the Closing Date pursuant to the provisions of said Section 7.1 or excluded under Section 2.3 hereof:

2.1.1 Accounts Payable. All accounts payable of the Divisions to creditors for the purchase of inventories and other assets of the Divisions and for the rendering of services to the Divisions.

2.1.2 Obligations Under Leases and Other Contracts. All obligations under the orders, leases, agreements and other arrangements of the Divisions described in the Document and Contract List.

2.1.3 Accrued Payroll, Etc. Accrued payroll, vacation and sick pay liabilities of Parker-Hannifin for employees of the Divisions.

2.1.4 Taxes. The liability of Parker-Hannifin for Federal and state income, franchise, property, payroll, unemployment compensation, and other taxes (but excluding any tax due as a result of gain on the assets sold hereunder or recapture of depreciation or investment tax credit in connection therewith) payable with respect to the operations of the Divisions from July 1, 1982 to the Closing Date, said tax liability to be determined, pro-rated or paid as set forth in Article IV hereof.

2.1.5 Other Liabilities. Except as excluded under Section 2.3 hereof, all accrued expenses, reserves for claims or contingencies or other liabilities of Parker-Hannifin

relative to the businesses of the Divisions listed in the Schedule of Liabilities, as hereinafter defined.

2.1.6 Liabilities Attributable to Operations After Closing. Any and all liabilities and obligations of every kind and nature, known, unknown, matured, contingent or otherwise, including but not limited to, warranty claims and obligations for refunds, returns, death, personal injury, property damage and customer loss of profits due to business interruption, claims of unfair competition or infringement of any patent, trademark, trade name, copyright or trade secret or any other reason in connection with materials purchased or products manufactured, sold or distributed or services performed by Buyer in connection with the operation of the businesses of the Divisions after the Closing Date.

2.2 Schedule of Liabilities. At the Closing or promptly thereafter, Parker-Hannifin shall deliver to Buyer a true and complete Schedule of Liabilities (the "Schedule of Liabilities") listing all of the liabilities and obligations of Parker-Hannifin relating to the businesses, properties and assets of the Divisions to be assumed by Buyer pursuant to Section 2.1 hereof.

2.3 Liabilities Excluded. Notwithstanding any other provision hereof to the contrary, there shall be excluded from the liabilities and obligations of Parker-Hannifin with respect to the Divisions to be assumed by Buyer hereunder the following:

2.3.1 Certain Pending Claims. Any and all liabilities and obligations in connection with and any all of the matters described in the Disclosure Schedule in connection with Sections 5.20 and 5.24 hereof and any other liabilities and obligations arising out of or in connection with, or relating to, any of the acts, incidents, claims, giving rise to such matters and any of the suits, actions or other proceedings described in Sections 5.20 and 5.24.

Excluded

2.3.2 Certain Liabilities Relating to Operations Prior to Closing. Any and all other liabilities and obligations of every kind and nature, known, unknown, matured, contingent or otherwise, including but not limited to, warranty claims and obligations for refunds, returns, death, personal injury, property damage, customer loss of profits due to business interruption, claims of unfair competition or infringement of any patent, trademark, trade name, copyright or trade secret, or any other reason in connection with materials purchased or products manufactured, sold or distributed or services performed by the Divisions prior to the Closing Date, except to the extent that any such liabilities or obligations shall be described in the Schedule of Liabilities.

2.3.3 Intracompany Liabilities. Any and all liabilities or obligations of the Divisions to Parker-Hannifin for advances of any amounts made to the Divisions by Parker-Hannifin.

III.

PURCHASE PRICE: TERMS OF PAYMENT

3.1 Purchase Price. The purchase price for the business, assets and interests of the Divisions to be sold, assigned and transferred by Parker-Hannifin and purchased by Buyer hereunder shall be as follows:

3.1.1 Payments. The sum of Seven Million Four Hundred Eleven Thousand Dollars ($7,411,000); and

3.1.2 Assumption of Liabilities. Assumption by the Buyer of the liabilities described in Section 2.1 hereof.

3.2 Terms of Payment. The payments required of Buyer under Subsection 3.1.1 shall be paid to Parker-Hannifin at the Closing by:

3.2.1 Cash Consideration. Wire transfer of immediately available funds in the aggregate amount of Five Million Nine Hundred Eleven Thousand Dollars ($5,911,000) to an account designated by Parker-Hannifin; and

3.2.2. Promissory Note. Delivery of a promissory note of Buyer (the "Note") in the principal amount of One Million Five Hundred Thousand Dollars ($1,500,000), in the form attached as Exhibit B hereto, guaranteed by The Anglo-Thai Corporation Limited.

IV.

ADJUSTMENTS AND PRORATIONS

4.1 Taxes. Pursuant to Section 2.1.4, Buyer is to assume certain tax liabilities of Parker-Hannifin with respect to the operations of the Divisions from July 1, 1982 to the Closing Date. As soon as feasible after the Closing, Parker-Hannifin shall prepare and render to Buyer a written statement setting forth the amount of federal and state income and franchise taxes due for said period of operations of the Divisions and describing the manner in which said amounts were calculated. For this purpose, the taxable income of the Divisions for the relevant period shall be determined in the usual manner by taking into account income and deductions of the Divisions for the relevant period and calculating the amount of tax due by applying the applicable tax rates to the taxable income of the Divisions so determined and taking into account any available credits against the tax attributable to the Divisions. Within forty-five (45) days after receipt of the aforesaid statement from Parker-Hannifin, Buyer shall either pay to Parker-Hannifin the amount of the tax liability shown on said statement or notify Parker-Hannifin in writing that it disputes the amount thereof. In the event that Buyer gives such notice and Parker-Hannifin and Buyer cannot reach agreement on the proper amount of the tax liability within thirty (30) days thereafter, they shall engage a certified public accounting firm acceptable to each of them to make a determination as promptly as feasible of the proper amount of the tax

liability of the Divisions for the relevant period. Such determination shall be binding on both Parker-Hannifin and Buyer and each shall bear one-half of the costs incurred in connection therewith. Buyer shall then pay to Parker-Hannifin, within fifteen (15) days after receipt of notice of such determination, the amount of the tax liability so determined to be due.

4.2 Prorations. All those real estate taxes, personal property taxes, water taxes, rents, standard service contracts, and all utility charges with respect to the Sun Valley Plant and the assets and interests of the Divisions to be sold, assigned and transferred to Buyer hereunder covering periods both before and after the close of business on June 30, 1982, if any, shall be adjusted and prorated as of such date. All such taxes and charges due and payable as of the Closing Date shall be paid by Parker-Hannifin prior thereto and all such taxes and charges due and payable after the Closing Date shall be paid by Buyer. Any adjustments between the parties hereunder shall be paid at the Closing if known, or if not known, as soon thereafter as the amount thereof shall be determined.

4.3 Net Intracompany Charges. At the Closing or as soon thereafter as Parker-Hannifin shall render an accounting to Buyer acceptable to Buyer, Buyer shall pay Parker-Hannifin, or Parker-Hannifin shall pay Buyer, as the case might be, the net balance of the intracompany account which shall be maintained by Parker-Hannifin for the period from July 1, 1982 to the Closing Date. A party entitled to reimbursement under this Section 4.3

may render to the other party interim statements with regard to particular expenses, and payment of such statements shall be upon receipt of proof of the propriety and amount of the expenses. Notwithstanding any other provision hereof, Buyer shall not be required to reimburse Parker-Hannifin for any amounts under this Section 4.3 to the extent any particular item has been otherwise paid or satisfied by Buyer.

V.

REPRESENTATIONS AND WARRANTIES OF PARKER-HANNIFIN

Parker-Hannifin makes the following representations and warranties to Buyer, all of which representations and warranties are now true and shall be true as of the Closing Date:

5.1 Organization, Standing and Qualification. Parker-Hannifin is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, is qualified to do business and is in good standing under the laws of the State of California, has all necessary corporate power to own the assets and operate the businesses of the Divisions as now owned and operated by them, and is not required to be qualified to do business in any other state where failure so to qualify would materially and adversely affect the assets or businesses of the Divisions.

5.2 Corporate Authority. All Parker-Hannifin corporate actions required to authorize and approve the entering into and the execution, delivery and performance of this Agreement and the

sale of assets and other transactions contemplated herein have been duly taken. Parker-Hannifin has full power, authority, and legal right to enter into this Agreement and any other agreements required to be entered into by it under the terms hereof and to consummate the transactions and perform its obligations contemplated hereby and thereby. Upon execution and delivery of this Agreement and any other agreements required of Parker-Hannifin hereunder, this Agreement and such other agreements each will constitute the legal, valid, and binding obligation of Parker-Hannifin enforceable against Parker-Hannifin in accordance with its terms except as its obligations hereunder and thereunder may be limited by bankruptcy, insolvency or other laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights.

5.3 Legal Violations and Effect. Neither the execution and delivery of this Agreement or of any other agreement required of Parker-Hannifin hereunder, nor the performance of or compliance with any of their respective terms and provisions: (a) conflicts or will conflict with, or result in the breach of, any of the provisions of Parker-Hannifin's Articles of Incorporation or Code of Regulations, or any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or any other agreement or restriction to which Parker-Hannifin is a party or by which it is bound, or constitutes or will constitute a default thereunder or violate any judgment, order, injunction, decree or

award of any court, administrative agency or governmental body by which Parker-Hannifin is bound or subject; or (b) contravenes any law, rule or regulation binding on Parker-Hannifin or requires the consent or approval of or any notice to any bureau, commission, board or regulatory agency other than as set forth in the Disclosure Schedule as hereinafter defined.

5.4 Financial Statements. The preliminary combined financial statements of the Divisions for the period ended June 30, 1982, consisting of a combined balance sheet as of the relevant date and a combined statement of income for the period then ended, a copy of which has heretofore been delivered to Buyer and a final version of which shall be presented to Buyer prior to the Closing, have been or will be prepared in accordance with generally accepted accounting principles applied on a basis consistent with past practices of Parker-Hannifin and of the Divisions and present fairly the financial position of the Divisions as of the relevant date and the results of the operations of the Divisions for the period then ended and contain no material inaccuracies or misstatements. Buyer acknowledges that Parker-Hannifin is making no representations or warranties concerning the future revenues or results of operations of the Divisions.

5.5 Absence of Undisclosed Liabilities. Except as set forth in the Disclosure Schedule attached as Exhibit C hereto and the Document and Contract List, and except to the extent reflected or reserved against in the Financial Statements, to the

best of its knowledge Parker-Hannifin did not have, as of June 30, 1982, any liabilities or obligations which are material either singly or in the aggregate, whether secured or unsecured, accrued, absolute, contingent or otherwise, and whether due or about to become due, relating to the assets and/or businesses of the Divisions other than those incurred in the ordinary course of business. Except as set forth in the Disclosure Schedule, Parker-Hannifin does not know of any basis for assertion against Parker-Hannifin as of June 30, 1982 of any material claim or liability of any amount with respect to the businesses or assets of the Divisions not fully reflected or reserved against in the financial statements of the Divisions as of that date, or of any such material claim or liability of any kind or nature arising since June 30, 1982 other than those incurred in the ordinary course of business or reflected in said Disclosure Schedule.

5.6 No Material Adverse Change. Since June 30, 1982, except as set forth in the Disclosure Schedule: (a) there has not been any material adverse change in the financial condition of or in the operations, business, prospects or assets of the Divisions; (b) there has not been any material damage, destruction or loss to any of the assets of the Divisions, whether or not covered by insurance, which has materially and adversely affected or impaired or which does materially and adversely affect or impair, the ability of the Divisions to conduct their business; (c) Parker-Hannifin has not incurred any material liability or obligation (whether absolute, contingent or other-

wise) relating to the businesses, properties or assets of the Divisions except in the ordinary course; (d) Parker-Hannifin has not discharged or satisfied any material lien or encumbrance or paid or satisfied any material obligation or liability (whether absolute, accrued, contingent or otherwise) relating to the businesses or assets of the Divisions except in the ordinary course of their businesses; (e) none of the assets, tangible or intangible, of the Divisions has been pledged or subjected to any material lien, charge or other encumbrance; (f) none of the material assets or interests of the Divisions has been sold or otherwise disposed of and none of the material debts or claims of or relating to the Divisions has been cancelled or any rights of substantial value of or relating to the Divisions waived, except in the ordinary course of the businesses of the Divisions; (g) Parker-Hannifin has performed or complied with all material agreements, obligations and covenants required to be performed or complied with by it in connection with the assets and businesses of the Divisions and has not defaulted on any material obligation of or relating to the Divisions; (h) none of the inventory of the Divisions has been written down or written off and none of the notes or accounts receivable or any portion thereof of the Divisions has been written off as uncollectible; (i) no general or uniform increases in the rates of pay of employees of the Divisions have been granted; and (j) Parker-Hannifin has not entered into any transaction relating to the businesses or assets of the Divisions except in the ordinary course of their businesses.

5.7 Real Property. As of the date hereof, Parker-Hannifin owns no real property either of record or beneficially in connection with the businesses of the Divisions but has occupied since the acquisition of such businesses, and now occupies, the premises at 11310 Sherman Way, Sun Valley, California under the Wagner/Basinger Lease and the premises at 11260 Sherman Way, Sun Valley, California under the Industrial Bowling Lease. Each of the aforesaid leases is in full force and effect and, except as described in the Disclosure Schedule, to its knowledge Parker-Hannifin is in compliance with all material terms and conditions thereof and has paid or provided for all amounts required to be paid or provided for by Parker-Hannifin thereunder. Parker-Hannifin knowns of no restrictions or limitations in either of the leases which would materially adversely affect or impair use of the premises covered thereby in the conduct and operations of the businesses of the Divisions at the Sun Valley Plant, except for the requirement in each case that the consent of the lessor be obtained in connection with assignment to Buyer as contemplated hereunder. Except for the premises covered by the aforesaid leases, no other facilities are maintained by Parker-Hannifin for conduct of the businesses and operations of the Divisions.

5.8 Operations of Facilities. Except as described in the Disclosure Schedule, during the four (4) year period preceding the date hereof, to Parker-Hannifin's knowledge the Sun Valley Plant has been and is now being operated in conformance

with all applicable zoning, environmental, pollution control and other applicable federal, state and/or local laws, ordinances, rules and regulations and there are no pending or threatened charges of violations of any of the foregoing. Parker-Hannifin has no knowledge of any changes in any of the aforesaid laws, ordinances, rules or regulations, or of any new laws, ordinances, rules or regulations, which would materially affect the continued operation and conduct of the businesses of the Divisions at the Sun Valley Plant as now being operated and conducted by them.

5.9 Permits. The Disclosure Schedule describes all material permits, licenses, franchises and authorizations (including FAA certificates or approvals) held by Parker-Hannifin relative to the conduct of the businesses and operations of the Divisions at the Sun Valley Plant. Each of such permits, licenses, franchises and authorizations is in force and effect and in good standing, and Parker-Hannifin has received no notice that any of the foregoing has been cancelled or terminated or will or might be cancelled or terminated, except that certain certificates or approvals are not assignable to Buyer and new certificates or approvals must be reapplied for by Buyer as herein provided and described in the Disclosure Schedule. Except as described in the Disclosure Schedule, no material permits, licenses, franchises or authorizations are required in connection with ownership or operation of the businesses of the Divisions at the Sun Valley Plant.

5.10 Utilities. The gas, electric, water and sewage services supplied to Parker-Hannifin's Sun Valley Plant have been and are sufficient for normal and customary business operations of the Divisions at that location, and Parker-Hannifin does not have any knowledge of any potential or threatened interruption or curtailment in any such utilities services (other than rolling brown-outs) which would materially and adversely affect the operation or continued operation of the normal and customary business operations of the Divisions at said Plant.

5.11 Tangible Assets. The Preliminary Schedule of Assets and the Final Schedule of Assets each includes and will include a complete and accurate list of all tangible assets owned by Parker-Hannifin and used in connection with the businesses and operations of the Divisions as of the dates set forth therein. Except as indicated in the Disclosure Schedule, Parker-Hannifin has and will have on the Closing Date good and marketable title to all such tangible assets free and clear of all liens, encumbrances, equities, claims, charges and restrictions of every kind and nature, and none of the tangible personal property of the Divisions is or will be held under any lease, conditional sales contract or other title retention or security arrangement or is located other than in the possession of Parker-Hannifin, except for any of the foregoing which is not material and which does not adversely affect the ownership, possession or use of any of said assets or property and except property referred to in Section 1.4.5.

5.12 Patents, Trademarks, Etc. The Preliminary Schedule of Assets includes an accurate and complete list of all patents, patent applications, trademarks (whether registered or unregistered), trademark applications, trade names, copyrights and copyright applications and all renewals thereof, (hereinafter referred to collectively as "the rights") owned by Parker-Hannifin and used by or in connection with operations of the businesses of the Divisions or owned by third parties and used by Parker-Hannifin in connection with the businesses of the Divisions pursuant to certain licensing or other arrangements. To the extent indicated in the Preliminary Schedule of Assets, the rights have been duly registered in, filed with or issued by, the United States Patent and Trademark Office, the United States Register of Copyrights or other governmental agencies or offices. Except as indicated in the Disclosure Schedule or referred to in Section 1.4.5, Parker-Hannifin is the sole and exclusive owner of the rights and does not exercise or use any of the rights by consent of any other rightful owner thereof. Except as indicated in the Disclosure Schedule, the rights are fully assignable by Parker-Hannifin (except as otherwise provided by law), free and clear of any attachments, liens, interests or encumbrances, and are not subject to any outstanding order, decree, judgment or stipulation. Except as indicated in the Disclosure Schedule, Parker-Hannifin has no knowledge of (a) any other person, firm, corporation or legal entity having or claiming to have an interest in any of the rights; (b) any proceedings in any court, administra-

tive agency or other forum which have been threatened or instituted, challenging in any way Parker-Hannifin's exclusive right, title or interest in and to the rights, or claiming that Parker-Hannifin's exercise or use of the rights constitutes unfair competition, or an infringement of an adversely held patent, trademark, trade name or copyright, or an otherwise unlawful act; or (c) any adversely held patent, trademark, trade name or copyright that either infringes upon, or is itself infringed upon by, Parker-Hannifin's exercise or use of the rights, in connection with the businesses of the Divisions, whether such infringement has resulted in an action, claim, demand or threat to date or not.

5.13 Trade Secrets. Parker-Hannifin has developed and/or uses the Know-How and certain other proprietary or confidential information in the conduct of the businesses of the Divisions, some or all of which constitutes trade secrets under applicable law. Parker-Hannifin has entered into written confidentiality, non-disclosure or other agreements with certain of the employees of the Divisions with the objective of preserving the confidentiality of the Know-How and other information. To Parker-Hannifin's knowledge, except as provided in the Disclosure Schedule, there has been no disclosure of any material rights to any party which is using or might use such rights without the knowledge or consent of, or in any fashion adverse to, Parker-Hannifin. Except as provided in the Disclosure Schedule, Parker-Hannifin has no knowledge of (a) any person, firm, corporation or

legal entity having or claiming to have an interest in any of the rights; (b) any proceedings in any court, administrative agency or other forum which have been threatened or instituted, challenging in any way Parker-Hannifin's exclusive right, title or interest in and to the rights or claiming that Parker-Hannifin's exercise or use of the rights constitutes unfair competition or an infringement or other unlawful act; or (c) any adversely held patent, trademark or copyright that infringes upon or is itself infringed upon by Parker-Hannifin's exercise or use of the rights.

5.14 Inventions, Etc. Parker-Hannifin has developed and/or uses certain inventions, enhancements, improvements or other developments (the "rights") in connection with the businesses of the Divisions. Except as provided in the Disclosure Schedule, Parker-Hannifin has no knowledge of (a) any person, firm, corporation or legal entity having or claiming to have an interest in any of the rights; (b) any proceedings in any court, administrative agency or other forum which have been threatened or instituted, challenging in any way Parker-Hannifin's exclusive right, title or interest in and to the rights or claiming that Parker-Hannifin's exercise or use of the rights constitutes unfair competition or an infringement or other unlawful act; or (c) any adversely held patent, trademark or copyright that infringes upon or is itself infringed upon by Parker-Hannifin's exercise or use of the rights.

5.15 Liabilities. The Schedule of Liabilities will contain a true and complete description of all liabilities and obligations of Parker-Hannifin relating to the Divisions and to be assumed by Buyer as provided in Section 2.1 hereof. Except for liabilities or obligations described in the Disclosure Schedule and Document and Contract List or contracts not required to be listed therein, reflected or reserved against in the financial statements, incurred in the ordinary course of business or to be retained by Parker-Hannifin pursuant to Section 2.3 hereof, Parker-Hannifin knows of no other liabilities or obligations relating to the Divisions, known, unknown, fixed, contingent or otherwise, which materially adversely affect the businesses or assets of the Divisions or might be asserted against a transferee of such businesses or assets.

5.16 Customers and Sales Commitments. Except as indicated in the Disclosure Schedule, Parker-Hannifin has no knowledge of any material proposed or actual termination, cancellation, limitation, modification or change in the existing business relationship with any customer or customers of the Divisions.

5.17 Other Contracts. The Document and Contract List includes a true and complete description of all agreements and contractual commitments of Parker-Hannifin relative to the businesses of the Divisions involving expenditures or commitments by Parker-Hannifin in excess, singly or in the aggregate, of $5,000 during the succeeding twelve-month period, other than those referred to in Section 5.18, setting forth: (a) the parties

thereto, and (b) a description of the agreement or contractual commitment and the type of service or property involved. To its knowledge, Parker-Hannifin has performed or is in material compliance with all terms and conditions of each such agreement or commitment required to be performed or complied with by it.

5.18 Labor Agreements. None of the Divisions' employees is covered by or subject to any collective bargaining agreement, union contract, labor agreement or conciliation agreement. To Parker-Hannifin's knowledge there have been no attempts to organize any of such employees and no representation elections have been held within the four (4) year period prior to the Closing Date.

5.19 Labor Problems. Except as described in the Disclosure Schedule, to Parker-Hannifin's knowledge there have not been any strikes, work stoppages, lock-outs, arbitrations, or other significant labor disputes or disagreements affecting the Sun Valley Plant during the four (4) year period preceding the date hereof, and Parker-Hannifin has no knowledge of any such pending or threatened work stoppages, lock-outs, arbitrations, or other significant labor disputes or disagreements.

5.20 Employment Practices. Except as described in the Disclosure Schedule, there are not now pending, or to Parker-Hannifin's knowledge threatened, and to Parker-Hannifin's knowledge during the four (4) year period preceding the date hereof there have been no, charges or complaints alleging violations in connection with the business operations of the Divisions under

thereto, and (b) a description of the agreement or contractual commitment and the type of service or property involved. To its knowledge, Parker-Hannifin has performed or is in material compliance with all terms and conditions of each such agreement or commitment required to be performed or complied with by it.

5.18 Labor Agreements. None of the Divisions' employees is covered by or subject to any collective bargaining agreement, union contract, labor agreement or conciliation agreement. To Parker-Hannifin's knowledge there have been no attempts to organize any of such employees and no representation elections have been held within the four (4) year period prior to the Closing Date.

5.19 Labor Problems. Except as described in the Disclosure Schedule, to Parker-Hannifin's knowledge there have not been any strikes, work stoppages, lock-outs, arbitrations, or other significant labor disputes or disagreements affecting the Sun Valley Plant during the four (4) year period preceding the date hereof, and Parker-Hannifin has no knowledge of any such pending or threatened work stoppages, lock-outs, arbitrations, or other significant labor disputes or disagreements.

5.20 Employment Practices. Except as described in the Disclosure Schedule, there are not now pending, or to Parker-Hannifin's knowledge threatened, and to Parker-Hannifin's knowledge during the four (4) year period preceding the date hereof there have been no, charges or complaints alleging violations in connection with the business operations of the Divisions under

the Fair Labor Standards Act, civil rights law, laws or regulations concerning discrimination in employment based upon race, sex, age, religion or national origin or any similar federal, state or local laws, ordinances, rules and regulations. To the best knowledge of Parker-Hannifin, its employment practices as they relate to the Divisions have been and are in material compliance with all such laws, ordinances, rules and regulations.

5.21 Employee Benefit Plans. The Disclosure Schedule contains an accurate and complete list of all employment, consulting, bonus, incentive compensation, retirement, deferred compensation, employee stock purchase, termination or severance allowance, insurance (including, without limitation, life, disability, medical and hospitalization insurance) and other fringe or employee benefit agreements, plans and commitments which apply in any way to any employees of the Divisions, including, without limitation, any such plans qualified under section 401(a) of the Internal Revenue Code (the "Code"). Parker-Hannifin represents and warrants that: (a) Parker-Hannifin has received a favorable determination letter with respect to the Parker-Hannifin Sun Valley, California Hourly Wage Employees Pension Plan (the "Hourly Plan") indicating that the Hourly Plan is qualified under section 401(a) of the Code and that the trust maintained in conjunction therewith is exempt under section 501(a) of the Code; there is no accumulated funding deficiency with respect to the Hourly Plan under section 412(a) of the Code and no tax liability under section 4971 of the Code with respect thereto; to the best

of its knowledge, the Hourly Plan has at all times been administered in material compliance with all applicable requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"), including the reporting requirements of the Internal Revenue Service, Department of Labor and Pension Benefit Guaranty Corporation, and the disclosure requirements relating to plan participants and beneficiaries have been complied with; to the best of its knowledge, no prohibited transaction has occurred with respect to the Hourly Plan; no administrative action is pending or threatened with regard to the Hourly Plan and no request for information, other than in conjunction with regular reporting requirements, have been received from any governmental agency with regard to the Hourly Plan; to the best of its knowledge, no "reportable event" within the meaning of ERISA §4043(b) or the regulations thereunder has occurred with regard to the Hourly Plan and no event or condition which might constitute grounds under ERISA §4042 for termination of or appointment of a trustee to administer the plan has occurred; and the status of the Hourly Plan is fairly presented in the most recent actuarial report, a copy of which has been delivered to Buyer; and (b) the actions taken or to be taken by Parker-Hannifin in connection with the Retirement Plan for Salaried Employees of Parker-Hannifin Corporation as described in Section 7.4 hereof will not adversely affect or result in any liability to Buyer or claims upon any of the assets of the Divisions being acquired by Buyer hereunder.

5.22 OSHA. The Disclosure Schedule contains a description of all OSHA inspections, complaints and citations relative to the business operations of the Divisions known to Parker-Hannifin during the four (4) year period preceding the Closing Date, including any such inspections, complaints or citations now pending or threatened, describing in each case the alleged discrepancies or problem areas and the nature or extent of any corrective action taken or required or proposed to be taken in connection therewith. To the best of Parker-Hannifin's knowledge, no material modifications or changes in the plant or equipment used in connection with the businesses of the Divisions involving significant expenditures are or will be necessary for the continued operation thereof in compliance with present OSHA requirements.

5.23 Products and Warranty Liability. Except as set forth in the Disclosure Schedule, Parker-Hannifin has not made, or authorized any employee to make, and has no knowledge of, any other warranties, express or implied, with respect to the Products and/or Services of the Divisions, other than warranties which may arise by operation of law under the Uniform Commercial Code or other applicable law or warranties of manufacturers of products or parts therefor passed on to customers of the Divisions. There are not now pending or threatened any product warranty or product liability claims based on sales, rental and/or use of the Products and/or performance of the Services, and, during the four (4) year period preceding the date hereof, there

have been no such claims involving liability to Parker-Hannifin except as described in the Disclosure Schedule.

5.24 Litigation. Except as described in the Disclosure Schedule, there is no suit, action, legal, administrative, arbitration or other proceeding pending, or to Parker-Hannifin's knowledge threatened, against or affecting the assets, businesses or operations of the Divisions. Parker-Hannifin has furnished or made available to Purchaser all relevant information, including copies of pleadings and other documents concerning each pending matter described in the Disclosure Schedule. To the best of Parker-Hannifin's knowledge, it is not in default with respect to any order, writ or injunction or decree of any federal, state, local or foreign court, agency or instrumentality relating to the assets or businesses of the Divisions.

5.25 Taxes. Parker-Hannifin has filed all federal, state and local tax returns required to be filed by it with respect to the assets, businesses and operations of the Divisions, and has paid all taxes shown on such returns to be due and any additional taxes and penalties and interest assessed against Parker-Hannifin in connection therewith (subject to its right to contest the same). To the best of Parker-Hannifin's knowledge and belief, Parker-Hannifin is not delinquent in the payment of any tax assessment or other governmental charge relating to the assets or businesses of the Divisions, and there are no unpaid deficiencies in taxes or other charges proposed or assessed against Parker-Hannifin pertaining to the ownership or operation

of the assets and businesses of the Divisions to be sold, assigned and transferred to Buyer hereunder.

5.26 Disclosures. Neither this Agreement, including the Exhibits hereto, nor any written agreements, statements, financial statements, documents, certificates or other documents delivered or to be delivered by Parker-Hannifin hereunder contains or will contain any untrue statement of material fact or omit any material fact necessary to make the statements contained herein or therein (as the case may be) not misleading.

5.27 Brokers. No broker is involved in this transaction for Parker-Hannifin, and Parker-Hannifin agrees that any claim by any person engaged by Parker-Hannifin for any broker's commission or finder's fee shall be the sole obligation of Parker-Hannifin.

5.28 Diligent Investigation and Inquiry. In the case of any representation and warranty of Parker-Hannifin in this Agreement which is based upon the knowledge of Parker-Hannifin, Parker-Hannifin represents and warrants that it has made diligent investigation, including specific inquiry of each of Gordon Rusk, Richard Fortner, Lynn Fortner, Michael Wray and Carlo Ventitelli, with regard to the subject matter of each such representation and warranty. In any such instance, Parker-Hannifin's knowledge shall be deemed to exclude relevant information, if any, known to any of the aforesaid persons to whom the inquiry was addressed but not disclosed to Parker-Hannifin in response to such inquiry, except to the extent that any such information is included in the files and records of the Divisions or otherwise known to other

Parker-Hannifin employees or representatives participating in matters relating to the transactions contemplated by this Agreement.

VI.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following warranties and representations to Parker-Hannifin, all of which representations and warranties are now true and shall be true as of the Closing Date:

6.1 Organization, Standing and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, will on or before the Closing Date become qualified to do business and be in good standing under the laws of the State of California, has all necessary corporate power to own the assets and operate the businesses as now owned and operated by it, and is not required to be qualified to do business in any other state where failure so to qualify would materially and adversely affect such assets or businesses.

6.2 Corporate Authority. All corporate actions by Buyer required to authorize and approve the entering into and the execution, delivery and performance of this Agreement and the purchase of assets, assumption of liabilities and other transactions contemplated herein have been duly taken. Buyer has full power, authority, and legal right to enter into this Agreement and any other agreements required to be entered into by it under

the terms hereof and to consummate the transactions and perform its obligations contemplated hereby and thereby. Upon execution and delivery of this Agreement, the Note and of any other agreements required of Buyer hereunder, each will constitute the legal, valid, and binding obligation of Buyer enforceable against Buyer in accordance with its terms except as Buyer's obligations thereunder may be limited by bankruptcy, insolvency or other laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights.

6.3 Legal Violations and Effect. Neither the execution and delivery of this Agreement, the Note or any other agreement required of Buyer hereunder, nor the performance of or compliance with any of their respective terms and provisions: (a) conflicts with or will conflict with, or result in the breach of, any of the provisions of Buyer's Certificate of Incorporation or By-Laws, or any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or any other agreement or restriction to which Buyer is a party or by which it is bound, or constitute a default thereunder or violate any judgment, order, injunction, decree or award of any court, administrative agency or governmental body by which Buyer is bound or subject; or (b) contravenes any law, rule or regulation binding on Buyer or require the consent or approval of or any notice to any bureau, commission, board or regulatory agency other than the FAA as described below.

6.4 Litigation. Except as described in Exhibit D hereto, there is no suit, action, or legal, administrative, arbitration or other proceeding pending, or to Buyer's knowledge threatened, against or affecting the assets or business of Buyer. To the best of Buyer's knowledge, it is not in default with respect to any order, writ or injunction or decree of any federal, state, local or foreign court, agency or instrumentality relating to its assets or businesses.

6.5 Disclosures. Neither this Agreement, including the Exhibits hereto, nor any written agreements, statements, financial statements, documents, certificates or other documents delivered or to be delivered by Buyer hereunder contains or will contain any untrue statement of material fact or omit any material fact necessary to make the statements contained herein or therein (as the case may be) not misleading.

6.6 Brokers. No broker is involved in this transaction for Buyer, and Buyer agrees that any claim by any person engaged by Buyer for any broker's commission or finder's fee shall be the sole obligation of Buyer.

VII.

COVENANTS OF PARKER-HANNIFIN

Parker-Hannifin hereby covenants and agrees with Buyer as follows:

7.1 Conduct of Businesses to Closing Date. From and after the date of this Agreement until the Closing Date:

7.1.1 Carry on Business in Ordinary Course. Parker-Hannifin shall conduct and carry on the businesses of the Divisions, including transactions between the Divisions and Parker-Hannifin, only in the ordinary and usual course as heretofore conducted or contemplated hereunder, and not cause, suffer or permit any material diminution of or in the assets and businesses of the Divisions.

7.1.2 Maintain Business Policies. Parker-Hannifin shall refrain from changing in any material respect any of its business policies with respect to the Divisions, including, without limitation, advertising, marketing, pricing, purchasing, personnel, sales or budget policies.

7.1.3 Maintain Properties. Parker-Hannifin shall maintain and keep the properties and assets of the Divisions to be sold and transferred to Buyer hereunder in as good repair, working order and condition as at present, except for obsolescence and depreciation due to ordinary wear and tear, and will self-insure or maintain insurance coverage on all such properties and assets in such amounts and of such kinds as are at least comparable to the coverage in effect on the date of this Agreement except that the deductible in either case shall not exceed $5,000.

7.1.4 Disposition of Assets. Parker-Hannifin shall not, without the prior written consent of Buyer, sell, lease or otherwise transfer, assign or dispose of any of the assets or interests to be sold and transferred to Buyer here-

under or cancel any debts or claims of or relating to the Divisions or waive any rights of substantial value, except in the ordinary and usual course of business.

7.1.5 No Liens, Etc. Parker-Hannifin shall not, without the prior written consent of Buyer, mortgage, pledge or subject to any lien, security interest, charge or other encumbrance any of the assets or interests of the Divisions to be sold and transferred to Buyer hereunder, and shall not incur any liability or obligation (whether absolute, accrued, contingent or otherwise) relating to the assets or businesses of the Divisions except in the conduct of such businesses in the ordinary and usual course.

7.1.6 Perform Agreements, Leases and Obligations. Parker-Hannifin shall timely perform or comply with all of its obligations and covenants under agreements, leases and other arrangements to be assigned and transferred to Buyer hereof, and shall perform all and not default on any of its other material obligations with regard to the assets and businesses of the Divisions. Parker-Hannifin shall use its best efforts to preserve intact the present business and organization of the Divisions and to preserve for Buyer all advantageous relationships of the Divisions with customers, suppliers and other parties.

7.1.7 Comply with All Laws. Parker-Hannifin shall comply with all laws, regulations, ordinances and other legal or administrative requirements applicable to the assets and businesses of the Divisions.

7.2 Notification to Buyer of Material Changes. Parker-Hannifin shall give Buyer prompt written notice of any event, condition or fact which (a) will cause any of its representations and warranties in this Agreement to be untrue in any material respect, (b) will cause any of such representations and warranties to omit to state any material fact required to be stated therein or necessary to make the statements contained therein not false or misleading or (c) materially affects the assets to be sold, assigned and transferred to Buyer pursuant to the terms hereof or impairs Parker-Hannifin's ability to perform this Agreement.

7.3 Access Before Closing. Parker-Hannifin shall at all times cooperate with and give to Buyer's employees, accountants, legal counsel and other representatives or agents, full access to all of the assets, books, contracts, commitments and records of the Divisions at all reasonable times prior to the Closing Date, and will furnish to Buyer's employees or representatives as aforesaid copies of documents and records and provide them with information with respect to the affairs of the Divisions not heretofore provided but which Buyer deems relevant, and Parker-Hannifin shall make the officers and employees of Parker-Hannifin and/or of the Divisions available to Buyer's employees and representatives for such consultation, at reasonable times, as they may from time to time request. Parker-Hannifin agrees that it will make available to Deloitte, Haskins & Sells, independent certified public accountants for Buyer, the accounting

records generated by it in preparing the June 30, 1982 financial statements of the Divisions. Parker-Hannifin's obligations under this Section 7.3 are subject to its right to conduct its operations with minimal disturbance.

7.4 Parker-Hannifin Retirement Plan for Salaried Employees and Employees' Savings Plan. Parker-Hannifin shall take all necessary action to vest fully salaried employees covered by the Retirement Plan for Salaried Employees of Parker-Hannifin Corporation in the accrued portion of their normal retirement benefit under said plan as of the Closing Date and, subject to the approval of the Internal Revenue Service, to permit such employees to make an irrevocable election to receive such accrued portion of their normal retirement benefit in a single sum employing the interest rate utilized by the Pension Benefit Guaranty Corporation at such time, or in a monthly deferred vested annuity pursuant to the provisions of the plan if the present value of such an annuity exceeds the sum of $1,750. Further, Parker-Hannifin shall take all necessary action to vest fully employees participating in the Parker-Hannifin Employees' Savings Plan in the value of their separate accounts under said plan as of the Closing Date and to cause distribution of the amounts thereof to them in the manner chosen by such employees under the terms of the plan.

CLOSED 9/15 ejc

7.5 Amendment of Parker-Hannifin Corporation, Sun Valley, California Hourly Wage Employees Pensions Plan. On or before the Closing Date, Parker-Hannifin shall amend the Hourly

Plan to facilitate Buyer's adoption and becoming the sponsor of such plan, and Parker-Hannifin shall take such other action as may be necessary or desirable to facilitate transfer by the trustee for the Hourly Plan of the assets held by the trustee under the trust maintained in conjunction with the Hourly Plan to a successor trustee designated by the Buyer.

7.6 Compliance with Conditions. Parker-Hannifin shall use its best efforts to cause the conditions hereinafter set forth in Section 11.2 hereof to be satisfied on or prior to the Closing Date.

7.7 Consents of Third Parties. Parker-Hannifin shall use its best efforts to obtain the written consents of any third parties as indicated in the Document and Contract List in connection with the sale, assignment and transfer to Buyer of the assets, rights and agreements to be sold, assigned and transferred to Buyer hereunder.

7.8 Cooperation. Parker-Hannifin shall cooperate fully with and use its best efforts to assist Buyer and its employees and representatives to obtain the required FAA certificates or approvals such as will enable Buyer, after the Closing, to own and operate the Sun Valley Plant and manufacture and sell the Products and provide the Services.

7.9 Access After Closing. Parker-Hannifin shall from time to time, after the Closing Date, make available to Buyer any records or information relating to the Divisions and retained by Parker-Hannifin and the services of Parker-Hannifin employees, as

may reasonably be requested by Buyer in connection with Buyer's rights and obligations as purchaser of the assets and businesses of the Divisions, including but not limited to information or records necessary to fulfill its obligations under this Agreement and to secure to Buyer the full benefit of the businesses and assets being acquired hereunder. Parker-Hannifin agrees that it will not destroy any records relating to the Divisions which are retained by it without Buyer's written consent. Parker-Hannifin's obligations under this Section 7.9 are subject to its right to conduct its operations with minimal disturbance and to reimbursement from Buyer for its reasonable costs incurred in connection therewith.

7.10 Announcements. Parker-Hannifin agrees to consult with and assist Buyer in the preparation of notices or communications to third parties advising them of the sale of the assets and businesses of the Divisions to Buyer and assignment of orders and agreements in connection therewith, and, at Buyer's request, will join with Buyer in making joint announcements to certain or all of such parties.

7.11 Sales Tax. In the event the California sales tax applies in any respect to the transactions contemplated by this Agreement, Parker-Hannifin will timely prepare and file with the appropriate governmental authorities any required returns or reports relating thereto and timely pay the amount of such tax, if any, determined to be due in connection therewith.

7.13 Employment of Employees of Divisions. Parker-Hannifin shall not, without the prior written consent of Buyer, solicit, employ or otherwise engage the services of any of the employees of the Divisions at any time during the three-year period following the Closing Date.

7.13 Damper License. Parker-Hannifin will resume and perform timely its obligations under the terms of that certain agreement dated October 1, 1977 between Parker-Hannifin and Fortner Accessory Services, Inc. (a predecessor of the Divisions).

7.14 Covenant Not-To-Compete. For a period of five (5) years after the Closing Date, neither Parker-Hannifin, nor any subsidiary or affiliate of Parker-Hannifin, nor any person controlling, controlled by or under common control with Parker-Hannifin, shall, except as otherwise contemplated herein, without the prior written consent of Buyer: (a) Engage in any business competitive with those conducted by Parker-Hannifin through the Divisions during the twelve (12) month period preceding the Closing Date, including without limitation, provision of the Services, or the design, manufacture, sale or distribution of the Products, or (b) Sell, agree to sell, or seek to sell the Products to, or provide, agree to provide, or seek to provide the Services for, any person, corporation, or other entity which was a customer of the Divisions at any time during the twelve (12) month period prior to the Closing Date; provided, that the foregoing shall not preclude Parker-Hannifin from engaging in the

overhaul and repair of (i) primary and secondary flight controls on fixed-wing aircraft whether or not such controls are proprietary to Parker-Hannifin; or (ii) any other products or components proprietary to or manufactured by Parker-Hannifin. In the event of actual or threatened breach of the provisions of this Section 7.14, the Buyer, in addition to any other remedies available to it for such breach or threatened breach, including the recovery of damages, shall be entitled to an injunction restraining Parker-Hannifin from such conduct. The provisions of this Section 7.14 shall be severable, and the invalidity of any such provisions shall not affect the validity of the other provisions.

7.15 Schedules. If not delivered at Closing, the Final Schedule of Assets and the Schedule of Liabilities shall be prepared by Parker-Hannifin and delivered to Buyer promptly thereafter.

VIII.

COVENANTS OF BUYER

Buyer hereby covenants and agrees with Parker-Hannifin that:

8.1 Offer of Employment. Buyer will offer employment to all persons who are employed by the Divisions on the Closing Date at existing wage rates and salary levels and will honor wage and salary commitments theretofore made to such persons by Parker-Hannifin, provided Buyer is advised of any such commitments prior to the Closing and such commitments were not made in

violation of any of the provisions of this Agreement; provided, that the aforesaid covenant shall not be deemed to constitute any offer or commitment of any kind by Buyer to continue the employment of any such person for any particular period or on any particular terms. Buyer shall not, without the prior written consent of Parker-Hannifin, solicit, employ or otherwise engage the services of other employees of Parker-Hannifin at any time during the three-year period following the Closing Date except for Gordon Rusk, Richard Fortner, Lynn Fortner, Michael Wray, Jan Black, Donna Duran, Don Hart and James Deacon.

8.2 Use of Parker-Hannifin Trademarks. Except as provided in Section 1.4.3 hereof, Buyer agrees not to use, after the Closing Date, any of the following Parker-Hannifin trade names or trademarks: "Parker", "Parker-Hannifin", "Bertea", "Parker/Bertea", "Parker/Bertea Services", or any combination or approximation thereof.

8.3 Access for Parker-Hannifin. Buyer will from time to time, after the Closing Date, make available to Parker-Hannifin the records pertaining to the Divisions and the services of its employees, including former Parker-Hannifin employees, as may reasonably be requested by Parker-Hannifin in connection with Parker-Hannifin's rights or obligations as a former owner of the Divisions, including, but not limited to, cooperation in connection with preparation of financial information about the Divisions for Parker-Hannifin's last fiscal month or portion thereof ending on or before the Closing Date and in the preparation by

Parker-Hannifin, and the audit by taxing authorities, of Parker-Hannifin's tax returns for all periods ending on or before the Closing Date. Buyer will not destroy any such records identified to Buyer as relevant to Parker-Hannifin's tax liabilities without Parker-Hannifin's written consent. Buyer's obligations under this Section 8.3 are subject to its right to conduct its operations with minimal disturbance and to reimbursement by Parker-Hannifin for the reasonable costs incurred in connection therewith.

8.4 Secrecy Agreements. Buyer agrees to abide by Parker-Hannifin's obligations under the terms and provisions of existing secrecy agreements to which Parker-Hannifin is a party regarding confidential and proprietary information of others, including other organizational components of Parker-Hannifin as well as third parties, disclosed to Buyer in connection with matters or transactions contemplated by this Agreement. Buyer shall use its best efforts to attempt to obtain the consents of third parties with whom the Divisions have entered into confidentiality agreements to release Parker-Hannifin from obligations thereunder in favor of Buyer.

8.5 Hourly Plan. Buyer shall become the successor employer, and shall adopt and assume plan sponsorship, of the Hourly Plan effective as of the Closing Date, and, as soon thereafter as feasible, shall arrange for the transfer of all plan assets to a successor trustee selected by Buyer. Notwithstanding the foregoing or any other provision hereof to the contrary,

Buyer shall have the right to terminate the Hourly Plan and/or any and all of the other benefits and welfare plans applicable to employees of the Divisions at any time after the Closing Date and nothing herein shall be construed as obligating Buyer to offer or continue to offer benefits of any particular type, kind or character to any of its employees.

8.6 FAA Certificates or Approvals. From and after the date hereof until the Closing Date specified in Section 9.1 hereof (without regard to any extension of the Closing Date contemplated by Section 9.2), Buyer shall use its best efforts to obtain the issuance by the FAA of such certificates or approvals as may be required for Buyer, after the Closing, to continue to operate the businesses of the Divisions and manufacture and sell the Products and provide the Services.

8.7 Cooperation. Buyer shall cooperate fully with and use its best efforts to assist Parker-Hannifin and its employees and representatives to obtain such consents of third parties as Parker-Hannifin may be required to obtain in connection with the sale, assignment and transfer to Buyer of the assets, agreements and rights to be sold, assigned and transferred to Buyer hereunder as specified in the Document and Contract List.

8.8 Compliance with Conditions. Buyer shall use its best efforts to cause the conditions hereinafter set forth in Section 11.1 hereof to be satisfied on or prior to the Closing Date.

8.9 Damper License. Buyer will assume and timely perform obligations originally undertaken by Fortner Accessory Services, Inc. under the agreement referred to in Section 7.13 hereof.

8.10 Sales Tax. In the event the California sales tax applies in any respect to the transactions contemplated by this Agreement, Buyer agrees to reimburse Parker-Hannifin for fifty percent (50%) of the amount thereof immediately upon submission by Parker-Hannifin of proof of the amount of such tax and payment thereof.

IX.

CLOSING DATE; EXTENSION

9.1 Closing Date. The closing of the sale and purchase (the "Closing") herein provided for shall take place on August 31, 1982 at such time and place as Parker-Hannifin and Buyer shall agree upon. The date for closing is herein referred to as the "Closing Date".

9.2 Extension of Closing Date. Notwithstanding Section 9.1 hereof, the Closing Date may be extended for up to sixty (60) days at the election of either Parker-Hannifin or Buyer in the event that there shall not have been obtained, as of the Closing Date, any required FAA certificates or approvals and/or any required consent of any third party referred to in Section 11.2.9 and as set forth in the Document and Contract List. In such event, Parker-Hannifin and Buyer agree to jointly exert their

best efforts to obtain the required certificates, approvals and/or consents. If any of the foregoing cannot be obtained prior to the end of the extension period, and the party in whose favor the requirement runs does not waive the requirement, then this Agreement may be terminated by either party as provided in Section 16.1 hereof.

X.

CLOSING REQUIREMENTS

10.1 Parker-Hannifin Obligations at Closing. Subject to the conditions precedent to its obligation to close under Section 11.1 hereof, Parker-Hannifin shall deliver to Buyer, at the Closing, the following documents and instruments in form and substance satisfactory to legal counsel to Buyer, against delivery by Buyer of the items specified in Section 10.2 hereof:

10.1.1 Bill of Sale. A duly executed Bill of Sale, in the form attached as Exhibit E, selling, transferring and conveying to Buyer all of the assets and interests of the Divisions to be sold and transferred to Buyer pursuant to Section 1.1 hereof;

10.1.2 Assignment of Accounts, Etc.. Assignments of all assets described in Subsection 1.1.5 hereof, including of funds on deposit with banks or other persons and of cash equivalents and short-term investments.

10.1.3 Assignments and Assumptions of Leases. Duly executed Assignments and Assumptions of Leases, with the

consents of the Lessors, with respect to the Wagner/Basinger Lease and the Industrial Bowling Lease;

10.1.4 Titles. Certificates of title to all motor vehicles owned by Parker-Hannifin and used in the businesses of the Divisions;

10.1.5 License Agreement. The duly executed License Agreement referred to in Subsection 11.1.8 hereof;

10.1.6 Certificate. The certificate, dated as of the Closing Date, required under Subsection 11.2.6 hereof;

10.1.7 Legal Opinion. The opinion of legal counsel to Parker-Hannifin referred to in Subsection 11.2.7 hereof;

10.1.8 Resolutions. Resolutions of Parker-Hannifin's Board of Directors, certified by the Secretary or an Assistant Secretary thereof, referred to in Subsection 11.2.4 hereof; and

10.1.9 Other Instruments of Transfer. Separate assignments or other appropriate instruments of transfer or assignment of any assets or interests of the Divisions to be sold, assigned and transferred to Buyer hereunder but which are not appropriately assigned by the Bill of Sale or other instruments of assignment specificially described above, including without limitation, all agreements with third parties described in the Contract and Document List.

10.2 Buyer's Obligations at Closing. Subject to its obligations to close under Section 11.2 hereof, Buyer shall

deliver to Parker-Hannifin, at the Closing, the following documents and instruments, in form and substance satisfactory to legal counsel to Parker-Hannifin, against delivery of the items specified in Section 10.1 hereof:

10.2.1 Cash Consideration Wire transfer in immediately available funds of Five Million Nine Hundred Eleven Thousand Dollars ($5,911,000) as provided in Subsection 3.2.1;

10.2.2 Note. The duly executed Note, in the form attached as Exhibit B, and described in Subsection 3.2.2 hereof;

10.2.3 Guarantee. The Guaranty of The Anglo-Thai Corporation Limited, in the form attached as Exhibit G hereto;

10.2.4 Assumption Agreement. The duly executed Assumption Agreement, in the form attached as Exhibit H hereto;

10.2.5 Assignments and Assumption of Lease. The duly executed Assignment and Assumption of Lease, with the consent of the Lessors;

10.2.6 Legal Opinion. The opinion of legal counsel to Buyer referred to in Subsection 11.1.6 hereof;

10.2.7 Resolutions. Resolutions of Buyer's Board of Directors, certified by the Secretary of an Assistant Secretary of Buyer, referred to in Subsection 11.1.4; and

10.2.8 Certificate. The certificate, dated as of the Closing Date, required under Subsection 11.1.5 hereof.

10.2.9 License Agreement. The duly executed License Agreement referred to in Subsection 11.1.8.

XI.

CONDITIONS FOR CLOSING

11.1 Conditions Precedent to Parker-Hannifin's Obligation to Close. Parker-Hannifin's obligation to close is subject to the satisfaction, at or prior to the Closing, of the following conditions:

11.1.1 Representations and Warranties True at Closing Date. Buyer's representations and warranties made in this Agreement shall be true at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date, except to the extent that such representations and warranties shall be untrue as at the Closing Date because of events or changes occurring or arising after the date of this Agreement in the ordinary course of business, or occurring or arising in the carrying out of the transactions permitted by this Agreement, or approved in writing by Parker-Hannifin.

11.1.2 Compliance with Agreement. Buyer shall have performed and complied in all material respects with all of its covenants, obligations and agreements contained in this Agreement that are to be performed or complied with by

it prior to or on the Closing Date, and Buyer shall not be otherwise in default under any of the provisions of this Agreement.

11.1.3 No Litigation. At the Closing Date, to the best knowledge of Buyer, no litigation, proceeding, investigation or inquiry shall be pending, nor shall Buyer be in receipt of any notice of claim, to enjoin or prevent the consummation of the transactions contemplated by this Agreement.

11.1.4 Certified Board Resolutions. Buyer shall have delivered to Parker-Hannifin, on the Closing Date, a certified copy of resolutions duly adopted by Buyer's Board of Directors authorizing the execution and delivery of this Agreement and performance of the transactions contemplated hereby.

11.1.5 Certificate of Fulfillment of Conditions. Buyer shall have delivered to Parker-Hannifin, on the Closing Date, a certificate of an officer of Buyer to the effect that the conditions set forth in Subsections 11.1.1 and 11.1.2 and, to the best of Buyer's knowledge, Subsection 11.1.3 have been complied with.

11.1.6 Opinions of Counsel for Buyer. Buyer shall have delivered to Parker-Hannifin the opinion of Ross, Hardies, O'Keefe, Babcock & Parsons, counsel for Buyer, dated the Closing Date, in the form attached hereto as Exhibit I, and the opinion of Slaughter & May, counsel for Anglo-Thai,

dated as of the Closing Date, as to the matters referred to in Section 2 of the Guaranty, reasonably satisfactory to Parker-Hannifin.

11.1.7 Assignment of Leases and FAA Certificates. The assignment and assumption of leases, with the consents of the lessors, shall have been executed and delivered and all certificates or approvals required to be transferred or reissued to Buyer shall have been obtained as provided herein.

11.1.8 License Agreement. Buyer shall have executed and delivered to Parker-Hannifin a non-exclusive license in the form attached hereto as Exhibit F entitling Parker-Hannifin to use the Know-How and to provide certain services for Buyer as provided therein.

11.1.9 Payment and Note. Parker-Hannifin shall have received, at the Closing, the payment contemplated by Subsection 3.2.1 and the Note and the Guarantee contemplated by Subsection 3.2.2.

11.1.10 Agreement Not Terminated. This Agreement shall not have been terminated as provided in Section 16.1 hereof.

11.2 Conditions Precedent to Buyer's Obligation to Close. Buyer's obligation to close is subject to the satisfaction, at or prior to the Closing, of the following conditions:

11.2.1 Representations and Warranties True at Closing Date. Parker-Hannifin's representations and war-

ranties made in this Agreement shall be true at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date, except to the extent that such representations and warranties shall be untrue as at the Closing Date because of events or changes (which, in the reasonable opinion of Buyer, shall not in the aggregate have materially and adversely affected the assets of the Divisions to be sold and transferred to Buyer pursuant to the terms hereof) occurring or arising after the date of this Agreement in the ordinary course of business, or occuring or arising in the carrying out of the transactions permitted by this Agreement, or approved in writing by Buyer.

11.2.2 Compliance with Agreement. Parker-Hannifin shall have performed and complied in all material respects with all of its covenants, obligations and agreements contained in this Agreement which are to be performed or complied with by it prior to or on the Closing Date, and Parker-Hannifin shall be not otherwise in default under any of the provisions of this Agreement.

11.2.3 No Litigation. At the Closing Date, to the best knowledge of Parker-Hannifin, no litigation, proceeding, investigation or inquiry shall be pending, nor shall Parker-Hannifin be in receipt of any notice of claim, to enjoin or prevent the consummation of the transactions contemplated by this Agreement, or involving the assets or business of the Divisions to be sold and transferred to Buyer pursuant to the

terms hereof which, if sustained, would materially and adversely affect Buyer's rights in or to such assets and/or to manufacture and sell the Products and to provide the Services.

11.2.4 Certified Board Resolutions. Parker-Hannifin shall have delivered to Buyer, on the Closing Date, a certified copy of resolutions duly adopted by Parker-Hannifin's Board of Directors authorizing the execution and delivery of this Agreement and the transactions contemplated hereby.

11.2.5 No Material Adverse Changes. There shall not have occurred between the date of this Agreement and the Closing Date: (a) Any changes in the businesses of the Divisions which are materially adverse, singly or in the aggregate; (b) Any loss, damage or casualty of or to any of the assets of the Divisions to be sold, assigned and transferred to Buyer hereunder which materially and adversely affects or impairs the conduct of the businesses of the Divisions; or (c) Any other event, condition or state of facts, which will materially and adversely affect or impair the ability of Buyer to conduct the businesses of the Divisions from and after the Closing Date.

11.2.6 Certificate of Fulfillment of Conditions. Parker-Hannifin shall have delivered to Buyer, on the Closing Date, a certificate of an officer of Parker-Hannifin to the effect that the conditions set forth in Subsections 11.2.1,

11.2.2 and 11.2.3 and, to the best of Parker-Hannifin's knowledge, Subsection 11.2.3 have been complied with.

11.2.7 Opinion of Counsel for Parker-Hannifin. Parker-Hannifin shall have delivered to Buyer an opinion of Thompson, Hine and Flory, legal counsel for Parker-Hannifin, dated the Closing Date, in the form attached hereto as Exhibit J.

11.2.8 Assignment of Leases and FAA Certificates. The assignment and assumption of leases, with the written consents of the lessors, shall have been executed and delivered and all required certificates and approvals required to be transferred or reissued to Buyer shall have been obtained as provided herein.

11.2.9 Other Consents or Waivers. All consents or waivers of third parties required as described in the Document and Contract List shall have been obtained, including in the case of the contracts noted as "consent required" in the Document and Contract List confirmed telexes from the respective other parties thereto to Parker-Hannifin and to Buyer confirming the intention of each of such party to continue the business relationship with Buyer and consenting to assignment of the contract to Buyer.

11.2.10 Documents. Buyer and its legal counsel shall be reasonably satisfied that all bills of sale, assignments and other legal documents to be delivered to Buyer by Parker-Hannifin at the Closing as provided in Section 10.1

hereof have been duly executed and delivered and are satisfactory in substance and legal form.

11.2.11 Agreement Not Terminated. This Agreement shall not have been terminated as provided in Section 16.1 hereof.

XII.

FURTHER ASSURANCES

12.1 Further Assurances. Parker-Hannifin agrees to execute and deliver to Buyer from time to time after the Closing, upon the request of Buyer, all such further instruments of conveyance, sale, assignment or transfer, and such further assurances as shall be necessary and proper to vest in Buyer all of the right, title and interest of Parker-Hannifin in and to the assets, interests and businesses to be sold, assigned and transferred hereunder.

XIII.

BULK SALES ACT

13.1 Waiver of Compliance. Subject to the provisions of Section 13.2 hereof, the parties hereby waive compliance, by Parker-Hannifin and Buyer, with the provisions of any bulk sales or transfer law.

13.2 Indemnification of Buyer. Parker-Hannifin agrees, subject to the provisions of Article XV hereof, after the Closing hereunder, to indemnify and hold Buyer harmless against and in

respect of any and all claims assessed against Buyer (and not expressly assumed under this Agreement by Buyer) on the grounds that Parker-Hannifin has made a bulk transfer to Buyer and that the claim is based on an obligation or liability of Parker-Hannifin to which the California Uniform Commercial Code Article on Bulk Transfers or the equivalent law of Ohio applied. Buyer shall notify Parker-Hannifin promptly in writing after the assertion of any such claim as described in the immediately preceding sentence, and Parker-Hannifin shall assume the defense against any claim as aforesaid and hold Buyer harmless from any such claim and all reasonable expenses necessary to defend such claim.

XIV.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

14.1 Survival of Representations and Warranties. The representations, warranties, covenants and agreements given by Parker-Hannifin or by Buyer which are contained in this Agreement or given on the Closing Date shall survive the Closing for a period of one (1) year after the Closing Date. Parker-Hannifin and Buyer each agrees to indemnify and hold the other harmless from and against all loss, damages, costs and expenses, including attorneys' fees, which the other may, at any time sustain or incur by reason of the untruth of or the failure of the indemnifying party to complete, fulfill and perform any of such representations, agreements and covenants.

XV.

INDEMNIFICATION

15.1 By Parker-Hannifin. Subject to the provisions of Section 15.3 hereof, Parker-Hannifin agrees to indemnify Buyer against any loss, liability, cost or expense (including, without limitation, costs and expenses of litigation and reasonable attorney's fees) incurred by Buyer in excess of an aggregate amount of $75,000 by reason of: (a) the incorrectness or breach of any of the representations, warranties, covenants and agreements of Parker-Hannifin contained in this Agreement, or given on the Closing Date, (b) the assertion against Buyer of any liability or obligation of Parker-Hannifin not expressly assumed by Buyer in this Agreement (including, without limitation, liabilities or obligations asserted against Buyer by reason of noncompliance with any bulk sales or transfer law or liabilities, obligations under employee benefit plans of Parker-Hannifin, other than the Hourly Plan, with respect to employees of the Divisions who become employees of Buyer from and after the Closing Date) or which relate to Products or Services sold or provided by the Divisions before the Closing Date, or (c) Parker-Hannifin's breach, on or before the Closing Date, of any order, agreement or arrangement with any party to be assigned by Parker-Hannifin to Buyer in accordance with the terms of this Agreement.

15.2 By Buyer. Subject to the provisions of Section 15.3 hereof, Buyer agrees to indemnify Parker-Hannifin against any loss, liability, cost or expense (including, without limita-

tion, costs and expenses of litigation and reasonable attorney's fees) incurred by Parker-Hannifin in excess of an aggregate amount of $75,000 by reason of (a) the incorrectness or breach of any of the representations, warranties, covenants and agreements of Buyer contained in this Agreement, or given on the Closing Date, (b) the assertion against Parker-Hannifin of any liability or obligation assumed by Buyer pursuant to this Agreement or which relate to Products or Services sold or provided by Buyer after the Closing Date, (c) any loss or liability of Parker-Hannifin to any third party under any arrangement entered into by Parker-Hannifin under Subsection 1.4.4 hereof and not assumed or retained by Parker-Hannifin under the terms hereof, or (d) Buyer's breach, from and after the Closing Date, of any obligation expressly assumed by Buyer in accordance with the terms of this Agreement.

15.3 Limitation. Notwithstanding the provisions of Sections 15.1 and 15.2 hereof: (a) Neither party hereto shall have any right of action against or indemnification from the other by reason of the incorrectness or breach of any of the representations, warranties, convenants and agreements of it hereunder if that party is obligated to and does in fact satisfy any resulting liability to any third party pursuant to the terms of Section 2.1 in the case of Buyer and Section 2.3 in the case of Parker-Hannifin and provided the other party does not suffer any loss or liability on account of such incorrectness or breach; and (b) Buyer shall not assert any claim hereunder for customer

warranty work potentially chargeable to Parker-Hannifin hereunder unless representatives of Buyer and Parker-Hannifin shall have met and agreed that such work is covered by a warranty for which Parker-Hannifin is liable. Upon reasonable notice, Parker-Hannifin shall send a representative to Buyer's premises to review warranty claims as contemplated in this Section.

15.4 Notice of Claims; Right to Contest.

15.4.1 Notice of Claims. In the event any claims are made against Parker-Hannifin or Buyer with respect to any of the matters described in Sections 15.1 or 15.2, respectively, the party having the claim made against it (the "Indemnified Party") shall give the other party (the "Indemnitor") notice thereof within fifteen (15) days of becoming aware of such claim.

15.4.2 Right to Contest. The Indemnified Party may, in its discretion, defend any such claim or direct that the Indemnitor do so. Each party agrees to cooperate with the other in any defense or settlement of any such claim and to give the other full access to all information relevant to such defense. Notwithstanding the foregoing, the Indemnitor may elect to defend or contest any such claim at its own expense, provided each of the following conditions is satisfied: (a) Written notice is given to the Indemnified Party of its election to defend not later than ten (10) days after receipt of notice of the claim; (b) Such defense, if undertaken by Parker-Hannifin as Indemnitor, does not materially

and adversely affect the assets, business or ongoing operations by Buyer of the businesses of the Divisions; (c) No action or position shall be taken in the course of the defense which would or might be injurious or detrimental to the business or reputation of the other; and (d) The defending party advises the other party upon request concerning the status of the matter. In the event of breach of any of the foregoing by a defending party, the other party shall have the right upon written notice to assume the defense at its own expense but without waiving any right to indemnification from the other party.

15.5 Payment of Indemnity. In the event that any claims made with respect to any of the matters set forth in Sections 15.1 or 15.2 hereof are determined to give rise to the Indemnified Party's right to indemnification, the amount for which such party is to be indemnified shall be paid by the Indemnitor by delivery of a certified check or cashier's check to the Indemnified Party for such amount within thirty (30) days after the date such determination is made. If the Buyer is the Indemnified Party and installments of principal under the Note and/or accrued interest thereon are at the time outstanding, Buyer may, at its option, treat the amount of the indemnification to which it is entitled (up to the amount of the outstanding principal plus accrued interest on the Note) as payment of principal and be entitled to receive the balance of the indemnification, if any, in the manner described in the immediately preceding sentence.

XVI.

TERMINATION

16.1 Termination. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time on or prior to the Closing Date:

16.1.1 Mutual Consent. By consent of both parties.

16.1.2 By Buyer. By Buyer, if any of the conditions set forth in Section 11.2 of this Agreement shall have become incapable of fulfillment on or before the Closing Date, except in the case of an extension under Section 9.2 hereof.

16.1.3 By Parker-Hannifin. By Parker-Hannifin, if any of the conditions set forth in Section 11.1 of this Agreement shall have become incapable of fulfillment on or before the Closing Date, except in the case of an extension under Section 9.2 hereof.

16.1.4 By Either Party. By Parker-Hannifin or by Buyer if any action, suit, or proceeding before any court or other governmental body or agency shall have been instituted to restrain, modify, or prohibit the transactions contemplated hereby, and such party deems it inadvisable on that account to proceed with such transactions.

16.2 Liability on Termination. If this Agreement is terminated and the transactions contemplated hereby are not consummated as described above, this Agreement shall become void and of no further force and effect, except for the provisions of this Section and Sections 5.27, 6.6 and 17.1; provided, that neither of the parties hereto shall have any liability to the other party in respect of a termination of this Agreement pursuant to Section 16.1 hereof.

XVII.

MISCELLANEOUS

17.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

17.2 Expenses. Whether or not the transactions contemplated hereby shall be consummated, each of the parties hereto shall pay its own expenses, income and similar taxes, and costs (including, without limitation, the fees, disbursements and expenses of its attorneys, accountants and consultants) incurred by it in negotiating, preparing, closing and carrying out this Agreement and the transactions contemplated hereby, except as otherwise provided herein.

17.3 Notices. Notices hereunder shall be effective if deposited in the official mails, postage prepaid, and addressed, in the case of Buyer, to:

Atkins, Kroll & Co., Ltd.
11310 Sherman Way
Sun Valley, California
Attn: Gordon L. Rusk

and

The Anglo-Thai Corporation Limited
40 St. Mary Axe
London EC3A
8 EU England

with a copy to:

Robert E. Wangard, Esq.
Ross, Hardies, O'Keefe, Babcock & Parsons
One IBM Plaza, Suite 3100
Chicago, Illinois 60611

and in the case of Parker-Hannifin, to:

Parker-Hannifin Corporation
18321 Jamboree Boulevard
Irvine, California 92715
Attn: Robert H. Rau, President,
Parker-Bertea Aerospace Group

with a copy to:

Joseph D. Whiteman, Esq.
Secretary and General Counsel
Parker-Hannifin Corporation
17325 Euclid Avenue
Cleveland, Ohio 44112

Any party may change the address to which such notices are to be addressed by giving the other party notice in the manner herein set forth.

17.4 Public Announcements and Releases. Neither party to this Agreement shall make or cause to be made any public announcement or release concerning this Agreement or the transactions contemplated herein without the prior written approval of the other party to this Agreement.

17.5 Governing Law. The validity, interpretation and performance of this Agreement shall be determined in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within said State.

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

17.7 Headings. The headings, subheadings and captions in this Agreement and in any exhibit hereto are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17.8 Exhibits. The exhibits annexed hereto and the other documents to be delivered pursuant hereto are hereby made a part of this Agreement as if set forth in full herein.

17.9 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all negotiations, prior discussions, agreements, arrangements and understandings, written or oral, relating to the subject matter hereof.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

ATTEST: PARKER-HANNIFIN CORPORATION

_____

By _____

ATTEST: ATKINS, KROLL & CO., LTD.

_____

By _____

EXHIBIT A

DOCUMENT AND CONTRACT LIST

1. Lease dated November 6, 1975, between Gordon N. Wagner and Joseph W. Basinger and Stellar Hydraulics Company.

2. Lease dated January 31, 1969, between Industrial Bowling Corp. and Canoga Industries.

3. Patent Contracts between Bertea Corporation and the employees of Divisions:

Paul M. Aguirre
Phillip Brown
Tommy Barrow
Clifford Clemons
Carman Corarrabias
Ronald Dalton
Wayne Engel
Fernando Forah
Steve Francisco
Ramon Gonzalez
Raul Gonzalez
Robert Hamel
Don Hart
Timh Hazoh
Raymond Karafa
Xuyen Lam
Wilhelm Meyer
Constantino Maza
Emilio Manoz
Joseph Orlich
Mike Stanogevitch
Octavia Tena
Hannore Van Meter
Thomas Vega
Vladimir Vorcoles

Bob Webber
Howard Wescott
Gregory White
Jeffrey Winnorl
Marino Alvarez
Patricia Dagan
Donna Davan
Norman Ebeisberger
Alison Flikkinger
Wanda German
Pamela Groves
Cynthia Hill
Phyllis Huston
Maureen Hanley
David A. Warner
Felicia Ventittelli
Carlo Ventittelli
Richard Smicenski
Roger Rvsk
Luis F. Rodes
Ernestina E. Perkins
Fred J. Paglia
Nicholas T. Nann
Judy K. Nann
Fermin A. Llagvno
Jodene Jonte

4. Employee Tool Agreements between Bertea Corporation and following employees of Divisions:

Employee	Amount Owed
T. Burrow	$ 94.53
C. Clemons	76.07
D. Davis	229.19
R. Desantiago	145.75
D. Duran	217.67
D. Estrade	25.26
L. Fortner	913.00
L. Fregean	65.64
A. Gallardo	29.71
R. Gonzales	119.66
H. Gunn	58.00
M. Hass	101.94
S. Houston	68.08
E. Johnson	246.86
J. Jonte	70.22
P. Kramer	76.00
R. Aguirre	41.47
E. Conley	144.89
P. Brown	3.42
R. Hamel	5.54
P. Masson	143.21
E. Manoz	125.19
D. Myers	272.78
J. Mann	205.34
R. Mann	350.00
E. Negrete	86.62
E. Perkins	691.24
J. Robinson	172.51
L. Rodes	98.18
M. Dagary	12.62
A. Digold	166.62
O. Tena	161.66
R. Torres	66.96
F. Ventittelli	257.20
C. Ventittelli	100.00
V. Verceles	197.69
H. Wescott	284.07
G. White	59.45
T. Wong	78.72
R. Smicenski	12.88
	$ 6,275.84

5. Motor Vehicle Closed-End Lease Agreement between Mod Motors Leasing Company and Fortner Accessory Service, dated August 10, 1978.

6. Motor Vehicle Open End Lease Agreement between Mod Motors Leasing Company and Parker Bertea Services Helicopter Division dated February 1, 1981.

7. Licenses and Permits listed in Item 17 of the Disclosure Schedule.

*8. Technical Services Agreement dated May 21, 1975, between Bell Helicopter Company and Fortner Accessory Service Corporation for sale of 1660 Servos and spare parts.

9. Service Agreement between Bronzavia and Fortner Accessory Services, dated April 19, 1978, for repair and overhaul of Bronzavia equipment for Aerospatiale helicopters.

*10. Service Center Agreement between Parker Bertea Services and Aerospatiale Helicopter Corporation for repair and overhaul of air frame equipment on Aerospatiale aircraft.

*11. Service Agreement between Le Bozec Et Gautier and Parker Bertea Services, dated January 21, 1982, for maintenance, repair and overhaul of spare parts for Le Bozec Et Gautier helicopter parts.

*12. Manufacturer's Service Agreement between Intertechnique and Fortner Accessory Service Corporation, for repair and overhaul of spare part of Intertechnique. (Note: There is no indication that this contract was ever executed.)

13. Draft of Agreement between Bertea Corporation and La Societe de Fabrication d' Instruments de Mesure for repair and overhaul of aircraft products of abovementioned French company.

14. Representative Agreement dated February 1, 1978, between Bertea Corporation and Societe de Fabrication d' Instruments de Mesure for Bertea to act as sales representative for AFCS, autopilots and associated products of abovementioned company.

*15. Agreement of Cooperation between Bertea Corporation and Societe de'Applications des Machines Motrices dated December 20, 1977, for repair of flight control components of above mentioned French company.

16. Purchase Order for rental of Savin Copier No. 780.

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* The consent to assignment of this contract is a condition to closing under Section 11.2.9 of the Asset Purchase Agreement.

*17. Manufacturer's Service Center Agreement, dated June 12, 1978, between Ronson Hydraulic Units Corp. and Fortner Accessory Service Corp., for maintenance and repair of helicopter spare parts.

18. Agreement between S. F. I. M. and Fortner Accessory Service Corporation, dated January 30, 1978, for repair and overhaul of S. F. I. M. equipment on aircraft and helicopters.

*19. Helicopter Product Support Agreement between Parker-Hannifin Corporation and Messier-Hispano-Bugatti, for repair and overhaul of hydraulic and landing gear equipment for helicopters manufactured by above-mentioned company.

*20. Manufacturer's Service Agreement between Air Equipment, Div. D.B.A. and Parker Bertea Services for maintenance and repair of spare parts on Air Equipment products, dated April, 1982.

21. Parker-Hannifin Corporation, Sun Valley, California Hourly-Wage Employees' Pension Plan.

22. Purchase Orders of Divisions. List previously delivered to Buyer.

23. Repair Orders of Divisions. List previously delivered to Buyer.

24. Work Orders of Divisions. List previously delivered to Buyer.

*25. License Agreement from Boeing for overhaul and repair of hydraulic parts on aircraft.

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* The consent to assignment of this contract is a condition to closing under Section 11.2.9 of the Asset Purchase Agreement.

EXHIBIT B

$1,500,000

August ___, 1982

INSTALLMENT NOTE

ATKINS, KROLL & CO., LTD. (the "Maker"), for value received, hereby promises to pay to the order of PARKER-HANNIFIN CORPORATION (the "Payee"), at its offices at 17325 Euclid Avenue, Cleveland, Ohio 44112, the principal sum of $1,500,000 in lawful money of the United States. Principal shall be due and payable in two (2) installments in the amount of $500,000 due December 31, 1982 and $1,000,000 due July 1, 1983.

The Maker may, at any time, prepay, without premium, all or any part of the unpaid principal of this Installment Note.

If the payment of any installment of principal on this Installment Note is not made when it becomes due and payable and such failure to pay shall continue for three (3) business days after receipt of written notice by the Maker or (ii) the Maker fails to perform or observe any covenant, agreement or condition on its part contained in the Asset Purchase Agreement, dated as of August ___, 1982 (the "Agreement"), between the Maker and the Payee and such failure shall continue for thirty (30) calendar days after written notice of such failure is given by the Payee to the Maker, then the whole of the principal sum of this Installment Note then remaining unpaid shall become immediately due and payable, at the election of the Payee, and shall bear a default rate of interest equal to eighteen percent (18%) per annum.

This Installment Note is issued pursuant to, and in accordance with, the terms of the Agreement. The Maker may assert against the holder hereof any right of indemnification, defense, set-off, recoupment or counterclaim which the Maker may have against the Payee or any other person under the Agreement.

IN WITNESS WHEREOF, the Maker has caused this Installment Note to be signed in its name by a duly authorized officer.

ATKINS, KROLL & CO., LTD.

By_____

EXHIBIT C

DISCLOSURE SCHEDULE

(References are to Sections of Asset Purchase Agreement)

1. Section 5.3(b)

   FAA Approvals required for Buyer's operation of business of Divisions.

   Approvals or consents from California state or local agencies issuing permits indicated as non-transferable or subject to notice in item 17.

2. Section 5.5

   None, except as otherwise set forth in other items of this Disclosure Schedule.

3. Section 5.6(a)

   Inability to date to obtain subcontract work from Parker Aerospace Group for Tomahawk Missile Launcher due to non-competitiveness of bid.

4. Section 5.6(b)

   None

5. Section 5.6(c)

   None

6. Section 5.6(d)

   None

7. Section 5.6(e)

   None

8. Section 5.6(f)

   One Cadillac and one Mercedes Benz transferred to Richard Fortner and to Lynn Fortner.

   Agreements referred to under item 29 to transfer leased automobiles to Ellis Elkington and Michael Kuenzel.

9. Section 5.6(g)

   None.

10. Section 5.6(h)

None

11. Section 5.6(i)

Individual merit increases in accordance with Parker-Hannifin's normal policies.

12. Section 5.6(j)

None, except as otherwise set forth in this Disclosure Schedule.

13. Section 5.7 A second floor was constructed at the premises at 11310 Sherman Way without obtaining the lessor's prior written consent.

14. Section 5.8-(1)

Fines have been levied against Divisions for not displaying pollution control stickers, for leaking of backflow valve, and for discharge of chrome into sewers as result of faulty overflow valve. Divisions have been cited for faulty fire extinguishers. These violations have been corrected. On June 17, 1982, the Divisions were cited for various fire code violations in a notice that was previously delivered to the Buyer. These violations have been corrected.

15. Section 5.8-(2)

It is possible that new EPA rules on disposal of hazardous wastes may require Divisions to use new disposal methods and sites.

Proposed changes in federal income tax laws could have adverse effect on Divisions' financial results.

16. Section 5.9

Federal Aviation Administration Certificates, copies of which have been delivered to Buyer (non-transferable).

City of Los Angeles Fire Permit No. 332188-68 (non-transferable).

Seller's California Tax Certificate No. 4181SZAC30-601018-016 OEA (non-transferable).

Emergency Building Temperature Restrictions Certificate of Building Compliance.

City of Los Angeles Business Tax Registration Certificate No. 163295-97 (non-transferable)

State of California Resale License Numbers SRAC24-717695 and SRAP17-090802 (non-transferable)

EPA Hazardous Waste Permit No. CAT000646257 (notice required for transfer)

City of Los Angeles Department of Building & Safety Steam Boiler or Pressure Vessel Certificate Nos. T7031, T7032, T7033, T7034, T7035, T7036 (re-inspection and notice required for transfer).

State of California Air Quality Management District Certificates for the following items: (notice required for transfer)

Tank chrome plating or stripping	No. P33093
Scrubber No. 24	No. M16871
Strip Tank No. 25	No. M16866
Scrubber No. 25	No. M16870
Abrasive Blast Cabinet	No. M16867
Scurbber No. 5	No. M16872
Storage Tank, perchlorethylene	No. M16863
Plating Tank No. 5	No. M16864
Spray Booth	No. M16868
Infrared Oven	No. M16869

Renewal applications have been filed for each of the above air quality permits.

17. <u>Section 5.11-(1)</u>

Certain manufacturing tooling for new manufactured parts in possession of Divisions is not owned by Divisions, but by Boeing, Douglas Aircraft, Bell Helicopter, Rohr Industries, and the U.S. government, customers of Divisions who have granted Divisions right to use such assets. Such assets are referred to in Section 1.4.5 of the Asset Purchase Agreement. The tooling owned by Boeing is described in lists delivered to the Buyer.

18. <u>Section 5.11-(2)</u>

Automobile and photocopy machine leases listed on Document and Contract List. Stake-bed truck, Datsun fork-lift and Datsun pick-up truck are leased by Divisions.

19. Section 5.11-(3)

Property listed in Exhibit A hereto is in possession of companies referred to in such Exhibit.

20. Section 5.12-(1)

Trademarks and trade names have not been registered with the federal or any state government. All rights of Parker thereunder derive therefore from common law rights arising from the use of such trademarks and trade names in the Divisions' business.

Trademark search report for "FAS International", previously delivered to Buyer, indicates use by other companies of similar name in airplane repair and maintenance markets.

21. Section 5.12-(2)

None

22. Section 5.12(a), (b), (c)

None

23. Section 5.13

Possible use of know-how or other proprietary or confidential information of Divisions by former employees now employed by A.S.I., Sunvair-Airhyd, and other competitors.

24. Section 5.14

Several employees and former employees of Divisions have not executed Patent Contract of Divisions assigning rights to inventions and improvements to Parker Hannifin. Employees who have executed Contract have not been paid for assigning any inventions or improvements to Parker Hannifin.

25. Section 5.16

Briles, Shirley, and Braniff, customers of Divisions, filed for bankruptcy in 1982.

Tomahawk subcontract is subject to U.S. government award to prime contractor.

Carson Helicopter bad debt experience.

A-4 Landing Gear Contract with McDonnell Douglas completed in 1982.

26. Section 5.17

None

27. Section 5.19

None

28. Section 5.20

Leslie Perle's workers' compensation case for sexual harassment is presently pending and further discrimination suits by her under federal or state law are threatened.

Other discrimination charges were made against Divisions in workers' compensation cases; documentation relating to these cases has been previously delivered to Buyer.

29. Section 5.21

Parker-Hannifin "Cost Goal" bonus plan.
Parker-Hannifin Sun Valley, California Hourly Wage Employees Pension Plan.
Parker-Hannifin Retirement Plan for Salaried Employees.
Parker-Hannifin Employees Savings Plan.
Parker-Hannifin employees' stock option programs.
Group life insurance, medical and hospitalization plans.
Consulting Agreement with Bob Burns.

Termination bonuses for Richard Fortner and Lynn Fortner (A Cadillac and Mercedes Benz presently owned by Divsions will be transferred to Richard Fortner and Lynn Fortner as part of their termination bonuses.

Deferred Compensation Plan and Severance Bonus for Gordon Rusk.

Commitment to Ellis Elkington and Michael Kuenzel that Divisions will purchase leased cars presently being used by such employees and will transfer cars to such employees.

30. Section 5.22

None

31. Section 5.23-(1)

Warranties under standard forms used by Divisions and copies of which have been delivered to Buyer.

32. Section 5.23-(2)

Wanda Fantasia v. United Technologies Corp., Fortner Accessory Service Corp., et al (District Court, New Jersey, Civil Action No. 77-0421) (product liability claim arising out of helicopter crash in Alaska; claim has been settled).

Numerous warranty claims have been made by customers during the preceding four years, and all have been settled short of litigation.

33. Section 5.24

1. Gregorio Molina, laid off March 20, 1980. Brought age discrimination case against us, case closed.

2. Leslie Perle, did not return to work from vacation on November 16, 1981. On November 23, 1981, received Workers Compensation case, claimed stress caused by sexual harassment. Case still open.

3. Leonardo Ruiz, accident on May 2, 1980. Workers Compensation. Strained back. Claiming permanent disability, case still open.

4. Rudy Lara, accident on January 21, 1982. Worker Compensation. Broken toe. Claiming permanent disability, case still open.

5. Lawrence Teller, accident on October 28, 1981. Workers Compensation. Strained back. Claiming permanent disability, case still open.

6. Potential sexual harassment or other federal or state civil rights actions by Leslie Perle.

EXHIBIT D

SCHEDULE OF BUYER'S LITIGATION

1. Cussen v. Atkins, Kroll & Co., Ltd., No. 282-1053 (U.S.D.C. E.D.Ca.) (In re: Sacramento Sheet Metal Manufacturing, Inc., Debtor.) This case involves an action by James Cussen, Trustee in Bankruptcy for Sacramento Sheet Metal Manufacturing, Inc. ("Sacramento") to recover $11,021.51 in payments made by Buyer to Sacramento which payments allegedly constitute a preference item paid within 90 days of filing of Sacramento's petition for bankruptcy.

2. Plant Manufacturers, Inc. v. MacBeath Hardwood Company, No. 794150 (Cal.Sup.Ct., filed May 7, 1982). Buyer has been requested to assume the defense of MacBeath Hardwood Company ("MacBeath") in the above-referenced action alleging breach of warranty and negligent manufacture of certain custom-made cabinetry. The prayer for relief includes a claim for damages in the amount of $1,700.00, consequential damages in an undetermined amount and costs of suit. Buyer was not the manufacturer of the goods and has declined to assume such defense to date.

EXHIBIT E

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that PARKER-HANNIFIN CORPORATION, an Ohio corporation ("Seller"), pursuant to appropriate corporate action heretofore taken by Seller and an Asset Purchase Agreement, dated August 12, 1982 ("the Agreement"), between Seller and ATKINS, KROLL & CO., LTD., a Delaware corporation ("Buyer"), for and in consideration of the payment by Buyer to Seller of Ten Dollars ($10.00) and other good and valuable consideration as provided in the Agreement, the receipt of which is hereby acknowledged by Seller, does hereby give, sell, transfer, assign and set over and confirm unto Buyer, its successors and assigns, all of the following:

All of the assets, properties, rights and interests of every kind and description, wherever situated, whether tangible or intangible, owned, used or leased by Seller and relating to the businesses of Seller's Helicopter Division and Landing Gear Division ("the Divisions").

Without limiting the generality of the foregoing, the assets, properties, rights and interests being sold, assigned, transferred and conveyed hereunder include all of Seller's right, title and interest in, to and under:

1. All machinery and equipment of the the Divisions including motor vehicles, tooling, casting dies, office furniture, machinery, equipment, supplies, tools, consumable material and all other assets of a similar kind or character;

2. All inventories of the Divisions located at the Sun Valley Plant or elsewhere or in transit, including raw materials, work in process, finished goods and rotable spares and exchange pool stock;

3. All leasehold improvements owned by Seller at the Sun Valley Plant;

4. All of the accounts receivable relating to or arising out of the businesses of the Divisions, except the account receivable from Carson Helicopter in the amount of $14,550 which shall be retained by Parker-Hannifin.

5. All of the cash, cash equivalents and short-term investments of the Divisions;

6. All of the pre-paid expenses of the Divisions;

7. All of Seller's right, title and interest in and to the trade names or trademarks "Stellar" "Flight Accessory Services", "FAS International", "FAS Corporation" and "FAS", or any combination or approximation of the foregoing, including all of the issued and outstanding shares of FAS Corporation and of FAS International, Inc. and of any other corporation formed and owned by Parker-Hannifin for the purpose of holding any of such names.

8. All of Seller's right, title and interest in and to all technical know-how (the "Know-How") relating to the components and/or parts designed, manufactured and sold for or by the Divisions except for components, parts or products manufactured under subcontract from other divisions of Parker-Hannifin (the "Products") and/or relating to the maintenance, repair and over-

haul operations conducted by the Divisions relative to helicopters and/or landing gear equipment for aircraft of all types (the "Services"), namely: all proprietary and other technical information and technology owned by Seller and used or administered by the Divisions in the design, production, sale and operation of the Products, or in the conduct, performance or management of the Services, including, without limitation, methods, designs, instructions, explanations, specifications, drawings, manuals, blueprints, inventory software (Parker-Hannifin program numbers BALCL-INV, BALCL-STK AND BALCL-HIS), material lists, work standard records, product application and test information, and other production data, and other records and documents pertaining to designs, development work, practices, processes, procedures, operating and management manuals, equipment and apparatus;

9. All of Seller's right, title and interest in and to any and all other proprietary or confidential information and records relating to the businesses of the Divisions, including, without limitation, accounting records and instructions, catalogues, price lists and other pricing information, routing, correspondence, customer lists and other information concerning customers and prospects, mailing lists, sales materials and records, lists and other information concerning suppliers and all other information and records relating to the businesses of the Divisions;

10. All of Seller's rights in or pursuant to the following orders, agreements, and arrangements relating to the businesses of the Divisions: (a) Unfilled sales orders from customers for the sale of Products or the provision of Services (including outstanding quotations that are noncancellable without liability or expense and including rights to use any designs provided by customers for the manufacturing of Products for such customers); (b) Inventory and supply purchase orders; (c) Equipment rental and service agreements; (d) Any and all other contracts or agreements relating to the Divisions.

BUT EXCLUDING:

1. Federal Aviation Administration ("FAA") certificates of approval Nos. 4275 and 4252 issued to Parker Bertea Services, to the extent said certificates are non-transferable by Seller;

2. Any accounts receivable from Seller for advances made by the Divisions to Seller;

3. Any right, title or interest in or to the names "Parker," "Parker-Hannifin," "Bertea", "Parker-Bertea", or "Parker/Bertea Services" or any combination or approximation thereof, except that Buyer shall have the right to use any of the foregoing in connection with Products included in inventory on the Closing Date and which have such trade names or trademarks imprinted or stamped thereon;

4. The rights of Seller under any order or written agreement with any third party and described in Section 1.1.9 of

the Agreement which is not freely assignable and in respect of which consent of the third party to the assignment to Buyer cannot be obtained;

5. Any assets or interests used in connection with the businesses of the Divisions but not owned by Parker-Hannifin, except that in any such case Parker-Hannifin shall transfer the right to use the same to Buyer (except for certain property delivered to the Divisions by Carson Helicopter) or, if non-transferable, enter into an appropriate arrangement under Section 1.4.4 of the Agreement;

6. Any proprietary or confidential business, non-technical information of Parker-Hannifin other than the Know-How and the other proprietary or confidential information and records described in Section 1.1.8 of the Agreement, including without limitation Seller company-wide procedures and instructions and Parker-Bertea Aerospace Group group-wide procedures and instructions.

TO HAVE AND TO HOLD said assets, properties, rights and interests unto Buyer, its successors and assigns, to and for its and their use forever.

Seller's representations, warranties and covenants contained in the Agreement and the other provisions thereof are incorporated herein by reference, including that, except as otherwise provided in the Agreement, Seller is the lawful owner of and has good and marketable title to all the assets, properties, rights and interests purported to be owned by it and sold,

transferred and assigned to Buyer hereunder, free and clear of any and all liabilities, liens, security interests, mortgages, pledges, claims, judgments, exceptions, reservations, charges, encumbrances, and obligations of every kind and nature; that Seller has good right to sell, transfer and assign the same as aforesaid; and that Seller will warrant and defend the same against the claims and demands of all persons.

Seller hereby covenants to execute and deliver to Buyer, upon its request therefor, such further instruments of assignment and transfer as Buyer shall prepare and submit to Seller or as may be necessary or desirable: (i) to pass to Buyer full and complete title to the assets, properties, rights and interests sold, transferred and assigned hereunder and under the Agreement; (ii) to evidence such sale, transfer or assignment to Buyer; or (iii) to otherwise fulfill and discharge Seller's obligations under the Agreement.

Seller hereby constitutes and appoints Buyer, its successors and assigns, the true and lawful attorney, with full power of substitution, for Seller, and in its name and stead or otherwise, but on behalf and for the benefit of the Buyer, its successors and assigns, to demand and receive from time to time any and all assets, properties, rights and interests whether tangible or intangible, hereby sold, transferred, assigned and delivered or intended so to be; to give receipts, releases and acquittances for or in respect of the same or any part thereof; to collect, for the account of Buyer, all other items transferred

to Buyer as provided herein; from time to time to institute and prosecute in the name of Seller or otherwise any and all proceedings at law, in equity, or otherwise, which the Buyer, its successors and assigns, may deem proper, to collect, assert and enforce any claim, title or right hereby sold, transferred, assigned, or delivered or intended so to be; and to defend and compromise any and all actions, suits, or proceedings in respect of the assets, properties, rights and interests hereby transferred, assigned, or delivered or intended so to be that the Buyer, it successors or assigns shall deem desirable. The Seller hereby declares that the foregoing powers are coupled with an interest and shall be irrevocable by it in any manner or for any reason.

Neither the making nor the acceptance of the within sale, transfer and assignment shall constitute a waiver or release by Buyer or Seller of any liabilities, duties or obligations imposed upon Seller by the terms of the Agreement, including, without limitation, the representations, warranties, covenants and other provisions which the Agreement specifies shall survive the date hereof.

IN WITNESS WHEREOF, PARKER-HANNIFIN CORPORATION has caused this instrument to be signed and its corporate seal to be

hereto affixed by its proper officers hereunto duly authorized by its Board of Directors this _____ day of August, 1982.

PARKER-HANNIFIN CORPORATION

By _____
President

ATTEST:

_____

EXHIBIT F

LICENSE AGREEMENT

THIS LICENSE AGREEMENT, entered into as of the _____ day of _____, 1982, by and between Flight Accessories Services, Inc., a Delaware corporation, Sun Valley, California (called FAS), and Parker Hannifin Corporation, an Ohio corporation, Irvine, California (called Parker).

WITNESSETH:

WHEREAS FAS at its own expense maintains certain procedures, data, and tooling for the overhaul and repair of certain products.

WHEREAS PARKER has been certified by the FAA and/or the RLD and/or other various airworthiness authorities for the repair and overhaul of specific aircraft components; and

WHEREAS FAS is willing, upon the following terms and conditions, to provide Parker with procedures, data, tooling and technical assistance, and to grant Parker the right to use said procedures, data and tooling, in connection with the overhaul and repair of such products;

NOW, THEREFORE, it is hereby agreed as follows:

1. Definitions and Explanation. The following definitions shall apply to the following terms as they are used in this Agreement unless another meaning is clearly indicated by the context in which such terms are used:

a. The term "RLD" shall mean the Netherlands airworthiness regulatory agency having jurisdiction over civil aviation in the Netherlands and including any other airworthiness regulatory agency in any country of Continental Europe.

b. The term "FAA" shall mean the United States airworthiness regulatory agency having jurisdiction over civil aviation in the United States.

c. The term "Territory" shall include all of the countries of Continental Europe.

d. The term "Component" shall mean any of the parts, subassemblies or assemblies which Parker may contract with a Customer to overhaul or repair and which are described in Exhibit "A."

e. The term "Overhaul and Repair" shall mean and include the overhaul, repair, replacement, correc-

tion or modification to approved designs and specifications of Components or portions or parts thereof. However, and for purposes of clarification, the words "Overhaul" and "Repair" are distinguishable as follows:

(i) "Overhaul" refers to the process which is required to restore a defective or used Component to a like-new or "zero-time" configuration, and

(ii) "Repair" refers to that process which is required to restore a defective Component to a serviceable condition.

f. "Customer" shall mean any Owner, Lessee or Operator of an aircraft within the designated Territory.

g. Words importing the singular number shall also include the plural number and vice versa.

h. The headings of the clauses herein are for reference only and such headings shall not limit or otherwise affect any terms hereof.

2. Scope of License.

a. Parker is hereby granted the non-exclusive right to use the Components in the Territory as necessary for Overhaul and Repair Services in the Territory, provided that FAS or any Customer may continue to perform any Overhaul and Repair using the Components whenever specifically requested by any Customer.

b. The relationship of Parker to FAS under this Agreement and in the performance of any Overhaul and Repair activity is that of an independent contractor only, and Parker shall not represent to any Customer or other entity that it is an agent or representative or under the employment of FAS.

3. Subcontract Work. FAS has assumed all of the liabilities of Parker under the agreements set forth in Exhibit B hereto. Such agreements require FAS to maintain Overhaul & Repair facilities in Miami and in the Netherlands. In order to allow FAS to observe all of its obligations under those agreements, Parker agrees to act as a subcontractor under the agreements from time to time, upon FAS's written request, at Parker's Overhaul & Repair facilities in Nieuw Vennep, Netherlands, and in Miami, Florida. Parker shall collect directly from the customer all amounts which Parker in its discretion elects to charge for

the Overhaul & Repair services, and Parker's sole obligation to FAS with respect to such Overhaul & Repair services shall be to pay FAS the license fee provided for in Section 10 herein and to observe its other applicable obligations under this Agreement.

4. Overhaul and Repair. Parker shall perform the necessary Overhaul and Repair service on the Components in accordance with approved designs and specifications when so contracted for by Customer and, on return of the Components to the Customer, shall certify that the work was performed under an RLD-approved rating or an FAA approved rating and/or under the authority of an airworthiness body respective to the Customer's requirements for which Parker has a recognized approval and the Component is in a serviceable/ airworthy condition.

5. Procedures, Data and Tooling. Parker is hereby authorized to use procedures, data and tooling obtained from FAS now in the possession of Parker and any of those transferred to Parker at any future date as may be necessary for the performance of Overhaul and Repair services in accordance with this Agreement.

6. Confidential Disclosure. Parker shall keep confidential and shall not disclose to any other person or entity any designs, processes, drawings, specifications, reports, data and other technical or proprietary information, and the features of all parts, equipment, tools, gauges, patterns, and other goods, relating to Components which are furnished or disclosed to Parker by FAS or Customers. Unless otherwise authorized by FAS in writing, Parker shall use information and goods, and the features thereof, only in the performance of Overhaul and Repair services under this Agreement. Upon completion or termination of this Agreement, Parker shall return all such information and copies or duplicates thereof and any such goods to FAS or make such other disposition thereof as may be directed or approved by FAS, and Parker shall immediately discontinue all uses of such information and goods.

7. Warranty. Parker agrees that it will warrant all services performed and materials used in Overhaul and Repair under this Agreement. Such warranty will be made directly to Customers as part of Parker's overhaul and repair contract with the Customer, and shall provide that Parker warrants that all Overhaul and Repair will be free from defects in material and workmanship for a reasonable period of time (dependent on the type and age of Component, type or extent of Overhaul and Repair work, et cetera) from date of completion. The warranty as to materials shall apply to those Components purchased by Parker from FAS as well as to goods purchased by Parker from its other suppliers. The warranty with respect to FAS Components shall not exceed that made by FAS on the same Components.

8. Indemnity. Parker shall indemnify and hold FAS harmless from and against any loss, liability, claim or damage arising out of or related to Parker's Overhaul and Repair of Components.

9. Service or "Turn-Around" Time. Parker shall make its best efforts to perform all Overhaul and Repair (not otherwise scheduled within a certain time period) within a period of not more than thirty (30) days from the date of the receipt of a Component to the date of return shipment to Customer ("Turn-Around Time"). Parker shall endeavor to reduce such Turn-Around Time by the maintenance of spare parts inventory and parts exchange programs. Parker shall on request furnish FAS with reports describing and identifying the Turn-Around Time periods for various Components.

10. License Fees and Payment. Parker shall pay FAS a fee equal to six percent (6%) of Parker's gross invoice prices charged Customers for Parker's Repair and Overhaul services on those Components listed in Exhibit A as modified from time to time during the term of this Agreement. The fee will be payable on a quarterly basis and shall be due thirty (30) days after the end of the quarter. FAS will provide a ten percent (10%) discount from the published FAS spare parts list current at the time. This discount is only applicable to those FAS parts purchased for consumption by Parker in connection with the Overhaul and Repair of Components covered by this Agreement. The discount offered is in consideration of efforts on the part of Parker to forecast inventory needs and buy for stock to support the 30-Day Turn-Around Time described in Paragraph 9 herein.

11. Reporting and Audit.

a. Parker shall provide FAS with a quarterly report summarizing invoices it submitted to Customers in order to substantiate fees due under Clause 10 of this Agreement.

b. Pertinent books and records, including a full set of Parker's stock or inventory records of Components and invoice records to Customers shall be made available to FAS at Parker's facilities for audit by FAS at all reasonable times upon request.

12. Termination.

a. The term of this Agreement shall be for one (1) year from the date of execution by both parties and shall be automatically extended for successive one (1) year periods thereafter; provided, however, that either party may terminate this Agreement with or without cause by written or telegraphic notice

to the other party 130 days prior to the end of the initial one-year term or any successive one-year term. In the event of termination by one of the parties, all work orders received by Parker prior to termination shall be completed in accordance with the terms of this Agreement.

b. This Agreement will be automatically terminated without notice to Parker in the event Parker's RLD or FAA certificate is cancelled or suspended. Such automatic termination shall apply only as to the specific component rating revoked by the RLD or FAA and shall be effective as of the date of such cancellation.

c. This Agreement may be terminated by either party upon thirty (30) days written or telegraphic notice to the other party in the event such other party breaches any material provision of this Agreement.

d. For a period of one (1) year following the termination of this Agreement, Parker shall not sell any tools or test fixtures which were designed by FAS to any other party without first giving FAS the opportunity to purchase such tools and test fixtures at a price and upon terms no less favorable than that offered to any other parties during such period.

13. Assignment. No assignment of any rights, including rights to moneys due or to become due hereunder, or delegation of any duties under this Agreement shall be binding upon FAS until its written consent thereto has been obtained.

14. Publicity. Parker shall not divulge the existence or the contents of this Agreement or use the FAS name or logo, or any other trademarks or trade names of FAS or any of its affiliated companies, unless FAS approves such use by prior written consent.

15. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. Amendments. This Agreement may be amended only by a written instrument signed by duly authorized representatives of the parties dated even herewith or subsequent hereto.

17. Partial Invalidity. If any provision of this Agreement is or becomes void or unenforceable by force or operation of law, the other provisions shall remain valid and enforceable.

18. Complete Agreement. This Agreement is a complete and exclusive statement of the terms of agreement between FAS and Parker with respect to the subject matter hereof and cancels and supersedes any prior agreement between FAS and Parker concerning Overhaul and Repair of Components.

EXECUTED IN DUPLICATE as of the date and year first above written.

FLIGHT ACCESSORIES SERVICES, INC. PARKER HANNIFIN CORPORATION

_____ _____

EXHIBIT G

[THE ANGLO-THAI CORPORATION LIMITED LETTERHEAD]

GUARANTY

1. In consideration of and as a material inducement to the execution, delivery and performance of that certain Asset Purchase Agreement by and between Parker-Hannifin Corporation, an Ohio corporation ("Parker-Hannifin"), and Atkins, Kroll & Co., Ltd., a Delaware corporation ("Atkins Kroll"), dated August ___, 1982 (the "Agreement"), The Anglo-Thai Corporation Limited, a United Kingdom corporation ("Guarantor"), does hereby unconditionally guarantee to Parker-Hannifin prompt performance when due of any and all obligations of Atkins Kroll under the Agreement, including, without limitation, the obligation to pay the principal in respect of that certain promissory note of Atkins Kroll (the "Note") described in Section 3.2.2 of the Agreement, to pay all liabilities of Parker-Hannifin assumed by Atkins Kroll pursuant to Section 2.1 of the Agreement, to pay all rentals and to perform each other obligation of Atkins Kroll under the leases assigned to Atkins Kroll pursuant to Section 1.1.9.3 of the Agreement and to pay any obligations of Atkins Kroll for indemnification of Parker-Hannifin under Article XV of the Agreement or otherwise. This is a continuing guaranty which shall remain in full force and effect until the Note has been paid in full, whereupon it shall terminate automatically without notice of any kind by any party.

2. Guarantor represents and warrants to Parker-Hannifin as follows:

(a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the United Kingdom and has all necessary corporate power to own the assets and operate the businesses as now owned and operated by it.

(b) All actions by Guarantor's Board of Directors required to authorize and approve the entering into and the execution, delivery and performance of this Guaranty have been duly taken. Guarantor has full power, authority and legal right to enter into this Guaranty and to consummate the transactions and perform its obligations contemplated thereby. Upon execution and delivery of this Guaranty, the Guaranty will constitute the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms except as Guarantor's obligations thereunder may be limited by bankruptcy, insolvency or other laws and equitable principles of general application relating to or affecting the enforcement of creditor's rights.

(c) Neither the execution and delivery of this Agreement nor the performance of or compliance with any of its terms and provisions: (i) conflicts with or will conflict with, or result in the breach of, any of the provisions of Guarantor's Charter, or any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or other agreement or restriction to which Guarantor is a party or by which it is bound, or will constitute a default thereunder or will violate any judgment, order, injunction, decree or award of any court or governmental body by which Guarantor is bound or subject; or (ii) will contravene any law, rule or regulation binding on Guarantor.

(d) Except as described in Exhibit A hereto, there is no material suit, claim, legal, administrative, arbitration, or other proceeding pending, or to Guarantor's knowledge, threatened against or affecting the assets or business of Guarantor which would materially adversely affect or impair the ability of Guarantor to perform its obligations hereunder. To the best of Guarantor's knowledge, it is not in default with respect to any order, writ, injunction or decree of any court, agency or instrumentality relating to its assets or business.

3. Guarantor agrees that Parker-Hannifin, in its sole and absolute discretion, without notice to or further assent of Guarantor, and without in any way releasing, affecting or impairing the obligations of Guarantor hereunder, may (a) waive compliance with any provisions of or any default by Atkins Kroll under the Agreement and/or the Note; (b) modify, amend or change, as the parties thereto may agree, or waive, any provisions of the Agreement and/or the Note; (c) grant extensions or renewals of or with respect to any of Atkins Kroll's obligations under the Agreement and/or the Note, or effect any release, compromise or settlement in connection therewith; and (d) deal in all respects with Atkins Kroll as if this Guaranty were not in effect.

4. Guarantor agrees that if this Guaranty is placed in the hands of an attorney for enforcement as a result of any default by Guarantor hereunder, Guarantor will reimburse Parker-Hannifin for all expenses incurred including reasonable attorneys' fees.

5. This Guaranty is made pursuant to, and shall be construed and enforced in accordance with, the laws of the United Kingdom.

6. This Guaranty shall inure to the benefit of and be enforceable by Parker-Hannifin and its successors and assigns, and shall be binding upon and enforceable against Guarantor and its successors and assigns.

7. Every notice, demand, request or other communication given hereunder or in connection herewith shall be deemed sufficient if in writing and sent by registered or certified first-class air mail, postage pre-paid, addressed to the parties to receive such notice as follows (or to such other address as may be designated by notice so given):

(a) If to Guarantor:

40 St. Mary Axe
London, EC3A 8EU
England
Attention: The Directors

with a copy to:

Robert E. Wangard, Esq.
Ross, Hardies, O'Keefe,
Babcock & Parsons
One IBM Plaza, Suite 3100
Chicago, Illinois 60611

(b) If to Parker-Hannifin:

Parker-Hannifin Corporation
18321 Jamboree Boulevard
Irvine, California 92715
Attn: Robert H. Rau, President,
Parker-Bertea Aerospace Group

with a copy to:

Joseph D. Whiteman, Esq.
Secretary and General Counsel
Parker-Hannifin Corporation
17325 Euclid Avenue
Cleveland, Ohio 44112

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty as of the day and year first above written.

THE ANGLO-THAI CORPORATION LIMITED

By_____
Director

By_____
Director

EXHIBIT H

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT, made this _____ day of August, 1982, by and between ATKINS, KROLL & CO., LTD., a Delaware corporation ("Buyer"), and PARKER-HANNIFIN CORPORATION, an Ohio corporation ("Seller").

W I T N E S S E T H:

WHEREAS, pursuant to an Asset Purchase Agreement dated August ___, 1982, between Buyer and Seller (the "Purchase Agreement"), Seller has concurrently herewith sold all of the assets and interests relating to the businesses of Seller's Helicopter Division and Landing Gear Division (the "Divisions") owned, used or leased by Seller; and

WHEREAS, as partial consideration for the sale thereof, Buyer has agreed to assume, perform, pay or discharge certain obligations of Seller;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, Buyer undertakes, assumes and agrees to assume, perform, pay or discharge the following:

1. All accounts payable of the Divisions to creditors for the purchase of inventories and other assets of the Divisions and for the rendering of services to the Divisions.

2. All obligations under the orders, leases, agreements and other arrangements of the Divisions described in the Document and Contract List attached as an exhibit to the Purchase Agreement.

3. Accrued payroll, vacation and sick pay liabilities of Seller for employees of the Divisions.

4. The liability of Seller for Federal and state income, franchise, property, payroll, unemployment compensation and other taxes (but excluding any tax due as a result of gain on the assets sold hereunder or recapture of depreciation or investment tax credit in connection therewith) payable with respect to the operations of the Divisions from July 1, 1982 to the Closing Date, said tax liability to be determined as set forth in Section 4.1 of the Purchase Agreement.

5. Except as specifically excluded hereunder, all accrued expenses, reserves for claims or contingencies or other liabilities of Seller relative to the businesses of the Divisions and listed in the Schedule of Liabilities and the Disclosure Schedule referred to in the Purchase Agreement which would be properly reflected on the combined balance sheet of the Divisions as of the Closing Date prepared in accordance with generally accepted accounting principles applied on a basis consistent with past practices of Seller and the Divisions.

6. Any and all liabilities and obligations of every kind and nature, known, unknown, matured, contingent or otherwise, including but not limited to warranty claims and obligations for refunds, returns, death, personal injury, property damage and customer loss of profits due to business interruption, claims of unfair competition or infringement of any patent, trademark, trade name, copyright or trade secret or any other

son in connection with materials purchased or products manu-
ctured, sold and distributed or services performed by Buyer in
onnection with the operation of the Divisions after the Closing
ate.

Notwithstanding any other provision hereof to the contrary, there shall be excluded from the liabilities and obligations of Seller with respect to the Divisions to be assumed by Buyer hereunder the following:

1. Any and all liabilities in connection with the claims described in the Disclosure Schedule to the Purchase Agreement in connection with matters referred to in Section 5.24 of the Purchase Agreement and any other liabilities arising in connection with any of the acts or incidents giving rise to such claims.

2. Any and all other liabilities or obligations of every kind and nature, known, unknown, matured, contingent or otherwise, including but not limited to, warranty claims and obligations for refunds, returns, death, personal injury, property damage, customer loss of profits due to business interruption, claims of unfair competition or infringement of any patent, trademark, trade name, copyright or trade secret, or any other reason in connection with materials purchased or products manufactured, sold or distributed or services provided by the Divisions prior to the Closing Date, except to the extent that any such liabilities or obligations shall have been specifically reserved against on the books of the Divisions as of the Closing

Date, described in the Schedule of Liabilities referred to in the Purchase Agreement, or incurred by the Divisions in the ordinary course of business.

3. Any and all liabilities or obligations of the Divisions to Seller for advances of any amounts made to the Divisions by Seller.

Other than as specifically stated above, Buyer assumes no liability or obligation of Seller by this Agreement.

Nothing contained herein shall require Buyer to pay or discharge any liabilities or obligations assumed hereby as long as Buyer in good faith shall contest or cause to be contested the amount or validity thereof, and Buyer hereby undertakes to hold Seller harmless in respect of any such liabilities or obligations.

The provisions of the Agreement are incorporated herein by reference.

This undertaking shall inure to the benefit of and be binding upon Buyer and Seller and their respective successors and assigns.

ATKINS, KROLL & CO., LTD.

Attest:

By _____

_____

PARKER-HANNIFIN CORPORATION

Attest:

By _____

_____

EXHIBIT I

[RHO LETTERHEAD]

Parker-Hannifin Corporation
17325 Euclid Avenue
Cleveland, Ohio 44112

Gentlemen:

This opinion is being submitted to you pursuant to Section 11.1.6 of that certain Asset Purchase Agreement dated August 12, 1982 (the "Agreement"), between you, as seller ("Parker-Hannifin"), and Atkins, Kroll & Co., Ltd., a Delaware corporation, as purchaser ("Buyer"), relating to the sale of the assets and businesses of Parker-Hannifin's Helicopter Division and Landing Gear Division (the "Divisions"). All terms used herein and defined in the Agreement shall have the meaning given them in the Agreement unless the context otherwise requires.

We are counsel for Buyer and are generally familiar with its business and affairs, and one or more members of this firm have supervised or participated in all legal proceedings and matters relating to the execution and delivery of this Agreement. Additionally, we have made such inquiry or investigations as we have deemed necessary to render this opinion.

Based on the foregoing, we are of the opinion:

1. Buyer is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, is qualified to do business and is in good standing under the laws of the State of California, and has all necessary corporate power to own the assets and operate the businesses as now owned and operated by it.

2. All necessary action by Buyer's Board of Directors to authorize and approve execution, delivery and performance of the Agreement, the purchase of assets, assumption of liabilities and other transactions contemplated thereby has been duly taken

and no action by the stockholders of Buyer is required to authorize such transactions. Buyer has full power, authority and legal right to enter into the Agreement and any other agreements required to be entered into by it thereunder and to consummate the transactions and perform its obligations under the Agreement and such other agreements. The Agreement, the Note, and any other agreements required of Buyer under the Agreement, when each is duly executed and delivered by Buyer, will represent the valid and legally binding obligations of Buyer enforceable in accordance with their respective terms except as Buyer's obligations thereunder may be limited by bankruptcy, insolvency or other laws and equitable principles of general application relating to or affecting the enforcement of creditor's rights.

3. The execution and delivery of the Agreement, the Note, and any other agreements required of Buyer thereunder, and the performance of or compliance with the terms and provisions thereof: (a) does not conflict in any manner with the Certificate of Incorporation or the By-Laws of Buyer or, to the best of our knowledge, with any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or other agreement or restriction to which Buyer is a party or by which it is bound, or constitute a default under any of the foregoing, or violate any judgment, order, writ, injunction, decree or award of any court, administrative agency or governmental body by which Buyer is bound or subject, and (b) to the best of our knowledge, does not contravene any law, rule, or regulation binding on Buyer, or require the consent or approval of or any notice to any bureau, commission, board, or regulatory agency other than as described in the Agreement.

4. Except as described in Exhibit D to the Agreement, no suit, action, or legal, administrative, arbitration, or other proceeding is pending or, to the best of our knowledge, threatened, against or affecting the assets or businesses of Buyer, and, to the best of our knowledge, Buyer is not in material default under any order, writ, injunction or decree of any

federal, state, local or foreign court, agency, or instrumentality relating to its assets or businesses.

Very truly yours,

ROSS, HARDIES, BABCOCK,
O'KEEFE & PARSONS

By_____

EXHIBIT J

[THOMPSON, HINE AND FLORY LETTERHEAD]

Atkins, Kroll & Co., Ltd.
Two Illinois Center
Chicago, Illinois 60601

Gentlemen:

This opinion is being submitted to you pursuant to Section 11.2.7 of that certain Asset Purchase Agreement dated August 12, 1982 (the "Agreement"), between Parker-Hannifin Corporation, an Ohio corporation, as seller ("Parker-Hannifin"), and you, as purchaser ("Buyer"), relating to the assets and businesses of Parker-Hannifin's Helicopter Division and Landing Gear Division (the "Divisions"). All terms used herein and defined in the Agreement shall have the meaning given them in the Agreement unless the context otherwise requires.

We are counsel for Parker-Hannifin and are generally familiar with its business and affairs, and one or more members of this firm have supervised or participated in all legal proceedings and matters relating to the execution and delivery of this Agreement. Additionally, we have made such inquiry or investigation as we have deemed necessary to render this opinion.

Based on the foregoing, we are of the opinion that:

1. Parker-Hannifin is a corporation duly incorporated and validly existing in good standing under the laws of the State of Ohio, is qualified to do business and is in good standing in the State of California, and has all necessary corporate power to own the assets and operate the businesses of the Divisions as now owned and operated by them.

2. All necessary action by Parker-Hannifin's Board of Directors to authorize and approve execution, delivery and performance of the Agreement and consummation by it of the sale of

assets and other transactions contemplated thereby has been duly taken. Parker-Hannifin has full power, authority and legal right to enter into the Agreement and any other agreements required to be entered into by it thereunder and to consummate the transactions and perform its obligations under this Agreement and such other agreements. The Agreement, and the other agreements required of Parker-Hannifin thereunder, when each is duly executed and delivered by Parker-Hannifin, will represent the valid and legally binding obligations of Parker-Hannifin enforceable in accordance with its respective terms except as Parker-Hannifin's obligations thereunder may be limited by bankruptcy, insolvency or other laws and equitable principles of general application relating to or affecting the enforcement of creditor's rights.

3. The execution and delivery of the Agreement, and the other agreements required thereunder, and the performance of or compliance with the terms and provisions thereof: (a) does not conflict in any manner with the Articles of Incorporation or the Code of Regulations of Parker-Hannifin, or, to the best of our knowledge, with any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or other agreement or restriction to which Parker-Hannifin is a party or by which it is bound, or constitute a default under any of the foregoing, or violate any judgment, order, writ, injunction, decree or award of any court, administrative agency or governmental body by which Parker-Hannifin is bound or subject, and (b) to the best of our knowledge, does not contravene any law, rule, or regulation binding on Parker-Hannifin, or require the consent or approval of or any notice to any bureau, commission, board, or regulatory agency other as described in the Disclosure Schedule.

4. Except as described in the Disclosure Schedule to the Agreement, no suit, action, or legal, administrative, arbitration, or other proceeding is pending or, to the best of our knowledge, threatened, against or affecting the assets, businesses, or operations of the Divisions. To the best of our knowledge, Parker-Hannifin is not in default with respect to any order, writ, injunction or decree of any federal, state, local or foreign court, agency or instrumentality relating to the assets or businesses of the Divisions.

5. To the best of our knowledge, except as set forth in the Disclosure Schedule, Parker-Hannifin has full power and authority to sell, assign and transfer the assets and interests of the Divisions to Buyer as provided in the Agreement.

6. The actions taken or to be taken by Parker-Hannifin in connection with the Retirement Plan for Salaried Employees of Parker-Hannifin Corporation as described in Section 7.4 of the Agreement will not adversely affect or result in any liability to Buyer or claims upon any of the assets of the Divisions being sold, assigned and transferred to Buyer pursuant to the Agreement.

Very truly yours,

THOMPSON, HINE AND FLORY

By_____

AGREEMENT OF PURCHASE AND SALE OF ASSETS

between

HAWKER PACIFIC, INC.,

AS BUYER

and

FLIGHT ACCESSORY SERVICES, INC.,

AS SELLER

FEBRUARY 25, 1987

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AGREEMENT OF PURCHASE AND SALE OF ASSETS

THIS AGREEMENT is made as of February 25, 1987, at Los Angeles, California, among HAWKER PACIFIC, INC., a California corporation ("Buyer"), having its principal office at Burbank, California and FLIGHT ACCESSORY SERVICES, INC., a Delaware corporation ("Seller"), having its principal office at Sun Valley, California.

Buyer desires to purchase from Seller and Seller desires to sell to Buyer, on the terms and subject to the conditions of this Agreement, all the business and properties of Seller on the terms and conditions hereinafter set forth.

In consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the parties agree as follows:

ARTICLE 1.

PURCHASE AND SALE OF ASSETS; PURCHASE PRICE; LIABILITIES ASSUMED

1.1. Purchase and Sale of Assets. Subject to the other terms and provisions of this Agreement:

1.1.1. Purchase and Sale. Seller agrees to sell, assign and transfer, and Buyer agrees to purchase, on the Closing Date (as defined in Paragraph 8.1 hereof), all of the assets, properties and interests relating to Seller's business and owned, used or leased by Seller on the Closing Date, including all such assets, properties and interests

owned, used or leased by Seller as of the date hereof and those acquired by it between the date hereof and the Closing Date, but excepting those assets, properties or interests disposed of by Seller prior to the Closing Date or expressly excluded under Paragraph 1.1.2, including but not limited to the following:

(a) All fixed assets, including machinery and equipment, tooling, casting dies, motor vehicles, office furniture, supplies, consumable material and all other assets of a similar kind or character;

(b) All leasehold improvements at all leased facilities;

(c) All inventories, wherever located or in transit, including raw materials, work in process, finished goods, rotable spares and exchange pool stock;

(d) All of the accounts receivable relating to or arising out of Seller's business, excluding any amounts due to Seller from affiliates;

(e) All prepaid expenses;

(f) All intellectual property and proprietary rights, including:

(i) All patents, patent applications, trademarks (registered and unregistered), trademark applications, copyrights and copyright applications, including all rights as a licensee of any of the foregoing;

(ii) All of Seller's right, title and interest in and to the names, tradenames or trademarks "Flight Accessory Services" or "FAS," including all common law rights pertaining to such names;

(iii) All unpatented inventions, improvements, developments or designs;

(iv) All technical know-how (the "Know-How") relating to the components and/or parts designed, manufactured and sold for or by Seller and/or relating to the maintenance, repair and overhaul operations conducted by Seller relative to hydraulic and/or landing gear equipment for aircraft of all types, including, without limitation, methods, designs, instructions, explanations, specifications, drawings, manuals, blueprints, computer software, material lists, work standard records, product application and test information, and other production data, and other records and documents pertaining to designs, development work, practices, processes, procedures, operating and management manuals, equipment and apparatus; and

(v) All other proprietary information and records, including, without limitation, accounting records and instructions, catalogues, price lists and other pricing information, routings, correspondence, customers and prospects, mailing lists, sales materials and records, lists and other information concerning suppliers and all other information and records relating to Seller's business;

(g) All rights in or pursuant to:

(i) All unfilled sales orders from customers for products or services (including outstanding quotations and including rights to use any designs provided by customers for the manufacturing of products for such customers);

(ii) All purchase orders;

(iii) The leases described in Subparagraph 2.6.1(a) hereof;

(iv) All agreements or contractual arrangements, including licenses or licensing arrangements, with manufacturers or suppliers of aircraft components or accessories or with customers of Seller;

(v) All equipment rental and service agreements; and

(vi) Any and all other contracts and agreements relating to Seller's business.

All of the foregoing described in this Subparagraph 1.1.1 are collectively referred to herein as the "Assets" unless separately identified. Attached as Exhibit A is a true and correct Schedule of Assets with supporting schedules and detailed listings as appropriate (the "Schedule of Assets") describing all of the Assets as of the date or dates referred to therein.

1.1.2. Assets Excluded. Notwithstanding Subparagraph 1.1.1 or any other provision hereof, there shall be excluded from the transaction herein contemplated the following assets, all of which shall be retained by Seller:

(a) All cash on hand and in banks and all cash equivalents;

(b) All accounts receivable due to Seller from affiliates of Seller; and

(c) The capital stock or assets of all subsidiaries of Seller in Guam, the Philippines or elsewhere in the Pacific Basin and any miscellaneous assets not reflected on Seller's balance sheet but to which Seller may have a right and which relate to the business formerly conducted by Seller under the name "Atkins Kroll & Co. Ltd."

1.2. Purchase Price. The purchase price for the Assets and payment for the covenant provided in Subparagraph 9.3.1 (the "Purchase Price") shall consist of:

1.2.1. Cash Payment. A cash payment in U.S. Dollars in an amount equal to the aggregate book value of the Assets as of the Closing Date, less the aggregate current liabilities of Seller as of the Closing Date. For this purpose, "aggregate book value of the Assets" shall mean the aggregate of the book values of individual assets or categories of assets constituting the Assets, and "aggregate current liabilities of Seller" shall mean the aggregate of the current liabilities of Seller as described in Subparagraph 1.5.1(a), in each case as determined from Seller's financial statements as of the relevant date; and

1.2.2. Assumption of Liabilities. Assumption by Buyer of the liabilities of Seller described in Subparagraph 1.5.1.

1.3. Payment at Closing; Post-Closing Adjustment. The cash portion of the Purchase Price described in Subparagraph 1.2.1 shall be paid in the following manner:

1.3.1. Payment at Closing. The sum of Seven Million Nine Hundred Thirty-Eight Thousand U.S. Dollars (U.S. $7,938,000), representing a preliminary determination of the cash portion of the Purchase Price based on unadjusted asset and liability figures as of December 31, 1986, shall be paid to Seller at the Closing; and

1.3.2. Post-Closing Adjustments. Not later than April 30, 1987, Seller and Buyer shall jointly determine the final amount of the cash portion of the Purchase Price based on Seller's financial statements as of the Closing Date and shall set forth such determination in a Final Closing Statement (the "Final Closing Statement") in the form set forth in Exhibit C. In the event Seller and Buyer cannot agree on the amount of any item or items relevant to determining the final amount of the cash portion of the Purchase Price, they agree to jointly retain the services of a Big Eight public accounting firm acceptable to each of them to make the determination as to such item or items and Seller and Buyer both agree to be bound by such firm's determination. If the final amount of the cash portion of the Purchase Price determined in accordance with this Subparagraph 1.3.2 is greater or less than the amount described in Subparagraph 1.3.1, the difference shall be paid to Seller or refunded to Buyer, as appropriate, within

ten (10) days after the date that the final determination is made.

1.4. Allocation of Purchase Price. The parties agree that One Million U.S. Dollars (U.S. $1,000,000) of the Purchase Price shall be allocated to the covenant described in Subparagraph 9.3.1. Prior to the Closing Date, Seller and Buyer agree to consult with each other and agree on the proper allocation of the remainder of the cash portion of the Purchase Price among the individual assets or categories of assets constituting the Assets. Seller and Buyer each agree to report this transaction for tax purposes on the basis of such allocations.

1.5. Liabilities.

1.5.1. Liabilities Assumed by Buyer. Except as provided in Subparagraph 1.5.2, Buyer agrees to assume and be responsible for paying or otherwise timely discharging or satisfying all liabilities and obligations of Seller, including all such liabilities and obligations accrued or existing as of the date hereof and those arising between the date hereof and the Closing Date, including:

(a) All current liabilities of Seller (excluding any amounts due affiliates of Seller and any liabilities of Seller for federal or state income taxes), including:

(i) All accounts payable to creditors for the purchase of inventories and other assets and for the rendering of services or otherwise; and

(ii) All other expenses that would be properly reflected on Seller's balance sheet as of the Closing Date, including without limitation:

(A) Accrued payroll, vacation and sick pay liabilities with respect to Seller's employees; and

(B) All other accrued expenses, reserves for claims or contingencies or other accrued liabilities relative to Seller's business;

(b) All obligations of Seller under open sales orders of Seller and open purchase orders of Seller, under leases, agreements, contractual commitments and other arrangements of Seller; and

(c) Any and all liabilities and obligations of every kind and nature arising on or after the Closing Date and relating to or connected with the Assets and the business being acquired by Buyer pursuant to this Agreement, including warranty claims or returns made after the Closing Date in connection with products sold or services performed prior to the Closing Date.

All of the foregoing described in this Paragraph to be assumed by Buyer are collectively referred to herein as the "Liabilities" unless separately identified. Attached as Exhibit B is a true and correct schedule of liabilities with supporting schedules and detailed listings as appropriate (the "Schedule of Liabilities") describing all of the Liabilities as of the date referred to therein.

1.5.2. Liabilities Excluded. Notwithstanding the provisions of Subparagraph 1.5.1, Seller shall retain and remain solely responsible for:

(a) Any and all liabilities of Seller to affiliates of Seller; and

(b) Any federal, state, Netherlands or local income or other tax liability of Seller other than any such tax liability assumed by Buyer pursuant to Subparagraph 1.5.1(a)(ii).

1.6. Excise and Property Taxes. Seller and Buyer shall contribute equally to all sales and use taxes arising out of the transfer of Assets.

ARTICLE 2.

REPRESENTATIONS AND WARRANTIES OF SELLING PARTIES

Seller makes the following representations and warranties to Buyer, each and all of which are true and correct as of the date hereof, except as set forth in the disclosure schedule (the "Disclosure Schedule") to be delivered to Buyer at the time of execution of this Agreement or as set forth in the Supplemental Disclosure Schedule (referred to as the "Disclosure Schedule" unless separately identified as the "Supplemental Disclosure Schedule") to be delivered at the Closing, disclosing any and all exceptions to such representations and warranties and all other matters required to be disclosed by Seller hereunder:

2.1. Organization, Standing, and Qualification of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all necessary corporate powers to own its property and to carry on its business as now owned and

operated by it, and is duly qualified to do intrastate business and is in good standing in the state of California and in the Netherlands. With the exception of Florida, there are no other jurisdictions in which the nature of the Seller's business or ownership of its properties makes such qualification necessary.

2.2. Financial Statements. The unaudited financial statements of Seller for the twelve-month period ended December 31, 1986, consisting of a balance sheet of Seller as of such date and a statement of income for the period then ended, a copy of which is attached as Exhibit D (the "Financial Statements"), have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with past practices of Seller and fairly present the financial position of Seller as of the relevant date and the results of Seller's operations for the period then ended. The Financial Statements have not, however, been audited or reviewed by Seller's independent public accountants and, therefore, do not reflect any adjustments that might result from an audit or review.

2.3. Absence of Specified Changes. Since December 31, 1986, there has not been any:

2.3.1. Material transaction by Seller except in the ordinary course of business as conducted on that date;

2.3.2. Capital expenditure by Seller exceeding Ten Thousand U.S. Dollars (U.S. $10,000);

2.3.3. To the best of Seller's knowledge, any material adverse change in the financial condition, liabilities, assets or business of Seller;

2.3.4. Destruction, change to, or loss of any material asset of Seller (whether or not covered by insurance) that materially or adversely affects the financial condition or business of Seller;

2.3.5. Labor trouble or other similar event or condition of any character materially and adversely affecting the financial condition, business, or assets of Seller;

2.3.6. Change in accounting methods or practices (including, without limitation, any change in depreciation or amortization policies or rates) of Seller;

2.3.7. Revaluation by Seller of any of its Assets (except in respect of allocation of the Purchase Price for the Assets as contemplated herein);

2.3.8. Increase in the salary or other compensation payable or to become payable by Seller to any of its officers, directors, or employees (except salary increases in the ordinary course of Seller's business consistent with past compensation practices), or the declaration, payment, or commitment or obligation of any kind for the payment, by Seller, of a bonus or other additional salary or compensation to any such person;

2.3.9. Sale or transfer of any material asset of Seller, except in the ordinary course of business;

2.3.10. Amendment or termination of any material contract, agreement, or license to which Seller is a party, except in the ordinary course of business;

2.3.11. Loan by Seller to any person or entity, or guaranty by Seller of any loan;

2.3.12. Mortgage, pledge, or other encumbrance of any asset of Seller;

2.3.13. Waiver or release of any material right or claim of Seller, except in the ordinary course of business;

2.3.14. To the best of Seller's knowledge, any other material event or condition of any character that has or might reasonably have a material and adverse affect on the financial condition, business or assets of Seller; or

2.3.15. Agreement by Seller to do any of the things described in the preceding paragraphs 2.3.1 through 2.3.14.

2.4. Claims and Liabilities. The Schedule of Liabilities contains a true and complete list or general description of all liabilities and obligations of Seller being assumed by Buyer as of the date specified therein. Except as reflected in the Schedule of Liabilities, reflected or reserved against in the Financial Statements, or reflected in the Disclosure Schedule, to the best of Seller's knowledge, Seller has no liabilities or obligations which are material, either singly or in the aggregate, whether secured or unsecured, accrued, absolute, contingent or otherwise, whether due or about to become due, relating to the Assets or its business.

2.5. Tax Returns and Audits. Within the times and in a manner prescribed by law, Seller has filed all United States federal, Netherlands, state, and local tax returns required by law and has paid all taxes, assessments and penalties shown on such returns to be due (subject to Seller's right to contest the same). To the best of Seller's knowledge, the provisions for taxes to be reflected in Seller's audited Financial Statements for the fiscal year ended December 31, 1986, will be adequate for any and all federal, state, county and local taxes of Seller for the period ended on the date of such financial statements and for all prior periods, whether or not disputed. Except as indicated in the Disclosure Schedule, there are no present disputes as to taxes of any nature payable by Seller.

2.6. Assets of Business.

2.6.1. Real Property.

(a) Description. Seller occupies (i) the premises at 11310 Sherman Way, Sun Valley, California, under the Standard Industrial Lease dated November 6, 1975, between Gordon W. Wagner and Joseph W. Basinger and Stellar Hydraulics Company, as extended from time to time; (ii) the premises at 11260 Sherman Way, Sun Valley, California, pursuant to a Lease Agreement dated May 30, 1986 between Industrial Bowling Corp. and Seller, as extended from time to time; (iii) the premises at 9025 N.W. 13th Terrace, Miami, Florida, pursuant to a Lease dated June 1, 1986 between Trew Associates and Seller; and (iv) the premises at Noorderdreef 80, 2153 LL Nieuw Vennep, the Netherlands,

pursuant to an agreement with de Heer C.G. Kortenoever. Each of the aforesaid leases is in full force and effect, and Seller has paid or provided for all amounts required to be paid or provided for by Seller thereunder and is in compliance with all material terms and conditions thereof. The Schedule of Assets contains a general description of all buildings, fixtures and other improvements located at the aforesaid premises.

(b) Zoning. To the best of Seller's knowledge, the zoning of each parcel of property described in Subparagraph 2.6.1(a) permits the presently existing improvements and the continuation of the business presently being conducted on such parcel.

2.6.2. Inventory. The Schedule of Assets contains a listing of all inventories of Seller, wherever located or in transit, consisting of raw material, work in process, finished goods, rotable spares and exchange pool stock (collectively the "Inventories"). All inventories of Seller being sold to Buyer under Paragraph 1.1.1 hereof are the property of Seller, free and clear of all liens, claims, encumbrances or charges of any kind. No items included in the Inventories have been pledged as collateral or are held by Seller on consignment from others or are subject to any statutory or consensual liens. The Inventories shown on the balance sheet included in the Financial Statements are based on quantities determined by physical count or measurement, taken within the twelve (12) months preceding the date of the Financial Statements. Seller makes no representations

or warranty concerning the value or condition of the Inventories, the book value of particular items included in the Inventories or the proper identification of costs to particular items included in the Inventories.

2.6.3. Other Tangible Personal Property. The Schedule of Assets contain a complete and accurate list or general description of all trucks, automobiles, machinery, equipment, furniture, supplies, tools, dies, jigs, molds, patterns, drawings, and all other tangible personal property owned and used by Seller in connection with its business, except for the Inventories. The tangible personal property reflected on the Schedule of Assets constitutes all such tangible personal property necessary for the conduct by Seller of its business as now conducted. Except as stated in the Disclosure Schedule, no personal property used by Seller in connection with its business is held under any lease, security agreement, conditional sales contract, or other title retention or security arrangement, or is located other than in the possession of Seller.

2.6.4. Accounts Receivable. The Schedule of Assets contain a complete and accurate schedule of accounts receivable of Seller as of December 31, 1986, as reflected in the Financial Statements, together with an accurate aging of those accounts. Such accounts receivable, and all accounts receivable of Seller arising between December 31, 1986 and the date hereof, arose from valid sales in the ordinary course of Seller's business. The accounts receivable have been collected in full since that date, or to the

best of Seller's knowledge, are collectible at substantially the aggregate balances thereof less any reserve for doubtful accounts shown in the Financial Statements.

2.6.5. Distribution and Supplier Agreements. The Schedule of Assets contains a complete and accurate schedule of all material distribution, supplier and customer agreements to which Seller is a party. Seller and Buyer will use their joint best efforts to obtain the consents of third parties to the assignment to Buyer of Seller's rights under such distribution, supplier and customer agreements.

2.6.6. Tradenames, Trademarks and Copyrights. The Schedule of Assets contains a list of all tradenames, trademarks, service marks, and copyrights and their registrations, owned by Seller or in which it has any rights under licensing arrangements together with a brief description of each. To the best of Seller's knowledge, Seller has not infringed, and is not now infringing, on any tradename, trademark, service mark, or copyright belonging to any other person, firm, or corporation. Except as set forth in the Schedule of Assets or the Disclosure Schedule, Seller is not a party to any license, agreement, or arrangement, whether as licensor, licensee, or otherwise, with respect to any trademarks, service marks, tradenames, or applications for them, or any copyrights. Seller owns or holds adequate licenses or other rights to use, all trademarks, service marks, tradenames and copyrights necessary for its business as now conducted by it (including without limitation to those listed in the Schedule of Assets or the Disclosure

Schedule). To the best of Seller's knowledge, such use does not, and will not, conflict with, infringe on, or otherwise violate any rights of others.

2.6.7. Patents and Patent Rights. The Schedule of Assets contains a complete list of all patents, patent applications, FAA supplemental type certificates, FAA parts manufacturer approvals, inventions, industrial models, processes and designs owned by Seller or in which it has any rights, under licensing arrangements.

Except as set forth in the Schedule of Assets or the Disclosure Schedule, Seller is not a party to any license, agreement, or arrangement, whether as a licensee, licensor, or otherwise, with respect to any patent, application for patent, invention, design, model, process, trade secret, or formula. Seller has the right and authority to use such inventions, trade secrets, processes, models, designs and formulae as are necessary to enable it to conduct and to continue to conduct all phases of its business in a manner presently conducted by it, and that use does not, and, to the best of Seller's knowledge, such use will not conflict with, infringe on, or violate any patent or other rights of others.

2.6.8. Other Intangible Property.

A true and complete list of all intangible assets, other than those specifically referred to elsewhere in this Agreement.

2.7. Title to Assets. Except as set forth in the Disclosure Schedule, Seller has good and marketable title to all assets and interest in assets, whether real, personal, mixed, tangible and intangible which constitute all the Assets and interest in assets that are used in the business of Seller. All of the Assets are free and clear of restrictions on or conditions to transfer or assignment, and free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, easements, rights of way, covenants, conditions, or restrictions, except for (i) those disclosed in the Disclosure Schedule; (ii) the lien of current taxes not yet due and payable; and (iii) possible minor matters that, in the aggregate, are not substantial in amount and do not materially detract from or interfere with the present or intended use of any of the Assets, nor materially impair business operations. All real property and tangible personal property of Seller is in reasonably good operating condition and repair, ordinary wear and tear excepted. Seller is in possession of all premises leased to it from others. No shareholder, officer, director or employee of Seller, nor any spouse, child, or other relative of any of these persons, owns, or has any interest, directly or indirectly, in any of the real or personal property owned by or leased to Seller or in any copyrights, patents, trademarks, tradenames or trade secrets licensed by Seller. To the best of Seller's knowledge, Seller does not occupy any real property in violation of any law, regulation, or decree.

2.8. Customer and Sales. The Disclosure Schedule contains a correct and current sales analysis of major customers of Seller together with summaries of the sales made to each customer during the most recent fiscal year. Except as indicated in the Disclosure Schedule, Seller has no information and is not aware of any facts, indicating that any of these customers intend to cease doing business with Seller, or materially decrease, subject to fluctuations in volume consistent with past practices of such customers, the amount of business that they are presently doing with Seller.

2.9. Existing Employment Contracts. The Disclosure Schedule contains a list of all employment contracts and collective bargaining agreements, and all pension, bonus, profit sharing, stock option, or other agreements or arrangement providing for employee remuneration or benefits to which Seller is a party or by which Seller is bound. All such contracts and arrangements are in full force and effect, and to the best of Seller's knowledge, neither Seller nor any other party is in default under any of them. There have been no claims of default and, to the best knowledge of Seller, there are no facts or conditions which if continued, or on notice, will result in a default under these contracts or arrangements. There is no pending or, to Seller's knowledge, threatened labor dispute, strike, or work stoppage affecting Seller's business.

2.10. Insurance Policy. The Disclosure Schedule contains a description of all insurance policies held by

Seller concerning its business and properties. Such policies provide coverage in the respective amounts set forth in the Disclosure Schedule. Seller has maintained and now maintains (i) insurance on all its assets and business of a type customarily insured, covering property damage and loss of income by fire and other casualty, and (ii) adequate insurance to provide reasonable protection for the Assets and against liabilities, claims, and risks to which Seller may be subject.

2.11. Other Contracts. Seller is not a party to, nor is it bound by, any output or requirements agreement, any agreement not entered into in the ordinary course of business, any indenture, mortgage, deed of trust, lease, or any agreement that is unusual in nature, duration, or amount (including, without limitation, any agreement requiring the performance by Seller of any obligation for a period of time extending beyond one (1) year from the Closing Date) (except the agreements set forth in the Disclosure Schedule, copies of which have been furnished or made available to Buyer. To the best of Seller's knowledge, there is no default or event that with notice or lapse of time, or both, would constitute a default by any party under any of those agreements. Seller has not received notice that any party to any of such agreements intends to cancel or terminate any of these agreements or to exercise or not exercise any options under any of these agreements. To the best of Seller's knowledge, Seller is not a party to, nor is it bound by, any agreement

that is materially adverse to the business, properties, or financial condition of Seller.

2.12. Compliance with Laws. To the best of Seller's knowledge, Seller has complied with, and is not in violation of, applicable foreign, federal, state, or local statutes, laws, and regulations (including, without limitation, any applicable building, zoning, OSHA, FAA, or other law, ordinance or regulation) affecting its properties or the operation of its business.

2.13. Litigation. Except as set forth in the Disclosure Schedule, there is no suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation pending or, to the best knowledge of Seller, threatened, against or affecting Seller or its business, assets or financial condition. The matters described in the Disclosure Schedule, if decided adversely to Seller, will not result in a material adverse change in the business, assets or financial condition of Seller. Seller has furnished or prior to the Closing will make available to Buyer on request copies of all relevant court papers and other documents relating to the matters set forth in the Disclosure Schedule. Seller is not in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, or agency, or instrumentality. Except as set forth in the Disclosure Schedule, Seller is not presently engaged in any legal action to recover monies due to it or damages sustained by it.

2.14. The Agreement Will Not Cause Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute any of the following: (i) a breach of any term or provision of this Agreement; (ii) a default or an event that, with notice or lapse of time or both, would be a default, breach, or violation of the articles of incorporation or bylaws of Seller or, except for any requirement relating to consent to transfer or assignment thereof, any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, trust deed, or other agreement, instrument, or arrangement to which Seller is a party or by which it or the property of it is bound; (iii) except for any requirement relating to consent to transfer or assignment thereof, an event that would permit any party to terminate any agreement or to accelerate the maturity of any indebtedness or other obligation of Seller; or (iv) the creation or imposition of any lien, charge, or encumbrance on any of the properties of Seller.

2.15. Authority and Consents. All corporate actions by Seller and Inchcape PLC required to authorize and approve the entering into and the execution, delivery and performance of this Agreement, and the sale of the Assets and other transactions contemplated herein, have been duly taken. Seller has the right, power, legal capacity, and authority to enter into, and perform its obligations under, this Agreement, and except as set forth in the Disclosure Schedule, no approvals or consents of any persons other than

Seller are necessary in connection therewith. The execution and delivery of this Agreement by Seller have been duly authorized by Seller's board of directors.

2.16. Interest in Customers, Suppliers, and Competitors. Except for ownership of shares of stock in publicly traded companies or as set forth in the Disclosure Schedule, neither Seller, nor any officer, director, or employee of Seller, nor any family member of them, has any direct or indirect interest in any competitor, supplier, or customer of Seller or in any person from whom or to whom Seller leases any real or personal property, or in any other person with whom Seller is doing business.

2.17. Personnel. The Disclosure Schedule contains a list of the names of all officers, directors, employees, agents, and manufacturer's representatives of Seller, stating the rates of compensation payable to each.

2.18. Full Disclosure.

None of the representations and warranties made by Seller, or made in any other documents furnished or to be furnished by Seller, or on its behalf, contains or will contain any untrue statement of a material fact, or omit any material fact the omission of which would make the statements contained therein be misleading.

ARTICLE 3.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller, each and all of which are true and correct as of the date hereof and will be true as of the Closing Date:

3.1. Organization, Standing and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of California, has all necessary corporate power to own the assets and operate the business now owned and operated by it, and is not required to be qualified to do business in any other state or jurisdiction where failure so to qualify would materially and adversely affect its assets or business.

3.2. Corporate Authority. All corporate actions by Buyer and Hawker Pacific Pty. Ltd. required to authorize and approve the entering into and the execution, delivery and performance of this Agreement, and the purchase of the Assets and other transactions contemplated herein, have been duly taken. Buyer has full power, authority, and legal right to enter into this Agreement and any other agreements required to be entered into by it under the terms hereof and to consummate the transactions and perform its obligations contemplated hereby and thereby. Upon execution and delivery of this Agreement, and of any other agreements required of Buyer hereunder, each will constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms except as

Buyer's obligations hereunder and thereunder may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights.

3.3. Legal Violations and Effect. Neither the execution and delivery of this Agreement or of any other agreement required of Buyer hereunder, nor the performance of or compliance with any of their respective terms and provisions, conflicts with or will conflict with, or will result in the breach of, any of the provisions of Buyer's Articles of Incorporation or Bylaws, or any of the terms, conditions or provisions of any mortgage, bond, debenture, note, indenture, loan or credit agreement, contract, lease, instrument or any other agreement or restriction to which Buyer is a party or by which it is bound, or constitute a default thereunder or violate any judgment, order, injunction, decree or award of any court, administrative agency or governmental body by which Buyer is bound or subject, or contravenes any law, rule or regulation binding on Buyer or requires the consent or approval of or any notice to any bureau, commission, board or regulatory agency.

3.4. Litigation. There is no suit, action or legal, administrative, arbitration or other proceeding pending, or to Buyer's knowledge threatened, against or affecting the assets or business of Buyer which would affect the right or ability of Buyer to enter into this Agreement or to consummate the transactions contemplated herein.

3.5. Full Disclosure. None of the representations or warranties made by Buyer, or made in any certificate or

other document furnished or to be furnished by Buyer, contains or will contain any untrue statement of a material fact, or omits any material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE 4.

SELLER'S OBLIGATIONS BEFORE CLOSING

Seller covenants that from the date of this Agreement until the Closing:

4.1. Buyer's Access to Premises and Information. Buyer and its counsel, accountants, and other representatives shall have full access during normal business hours to all properties, books, accounts, records, contracts, and documents of or relating to Seller. Seller shall furnish or cause to be furnished to Buyer and its representative all data and information concerning the business, finances, and properties of Seller that may reasonably be requested by Buyer.

4.2. Conduct of Business in Normal Course. Seller will carry on its business and activities diligently and in substantially the same manner as they previously have been carried out, and shall not make or institute any unusual or novel methods of manufacture, purchase, sale, lease, management, accounting, or operation that will vary materially from those methods used by Seller as of the date of this Agreement. Seller shall invoice customers only in the ordinary course of business.

4.3. Preservation of Business Relationships. Seller will use its best efforts, without making any commitments on behalf of Buyer, to preserve its business organization intact, and to preserve its present relationships with suppliers, customers and others presently having business relationships with it.

4.4. Maintenance of Insurance. Seller will continue to carry its existing insurance coverage, subject to variations in amount required by the ordinary operations of its business. Buyer will cooperate with Seller in connection with any efforts by Buyer to take over those policies of insurance presently issued to Seller.

4.5. Employees and Compensation. Seller will not do, nor agree to do, any of the following acts: (i) grant any increase in salaries payable or to become payable by Seller to any officer, employee, sales agent, or representative, except salary increases in the ordinary course of Seller's business consistent with past compensation practices of Seller, (ii) increase benefits payable to any officer, employee, sales agent, or representative, under any bonus or pension plan or other contract or commitment, or (iii) adopt any collective bargaining agreement to which Seller would be a party or by which it would be bound.

4.6. New Transactions. Seller will not, without Buyer's written consent, do or agree to do any of the following acts:

(A) enter into any contract, commitment, or transaction not in the usual and ordinary course of Seller's business; or

(B) make any capital expenditures in excess of Ten Thousand U.S. Dollars (U.S. $10,000) for any single item or Fifty Thousand U.S. Dollars (U.S. $50,000) in the aggregate, or enter into any leases of capital equipment or property under which the annual lease charge is in excess of Twelve Thousand U.S. Dollars (U.S. $12,000); or

(C) sell or dispose of any capital assets with a net book value in excess of Ten Thousand U.S. Dollars (U.S. $10,000), individually, or Fifty Thousand U.S. Dollars (U.S. $50,000) in the aggregate.

4.7. Existing Agreements. Seller may not modify, amend, cancel, or terminate any of its existing material contracts or agreements, or agree to do any of those acts, if such modification, amendment, cancellation or termination provides for terms less favorable to Seller than before the modification, amendment, cancellation or termination.

4.8. Transfer of Air Worthiness Certificates. Seller shall cooperate with and assist Buyer in obtaining all FAA repair station approvals in the United States and in the Netherlands and all other governmental certificates, authorizations or approvals necessary for Buyer to conduct the business being acquired.

4.9. Consent to Assignment and Renewal of Seller's Leasehold Interests. Seller shall cooperate with Buyer to obtain the consent to assignment to Buyer of the leasehold

interests for premises located at: (i) 11310 Sherman Way, Sun Valley, California 91352; (ii) 11260 Sherman Way, Sun Valley, California; (iii) 9025 N.W. 13th Terrace, Miami, Florida 33172; and (iii) Noorderdreef 80, 2153 LL Nieuw Vennep, the Netherlands.

4.10. Representations and Warranties True at Closing. All representations and warranties of Seller set forth in this Agreement and in any written statements delivered to Buyer by Seller under this Agreement will be true and correct as of the Closing Date as if made on that date.

4.11. Sales and Use Tax on Prior Sales. Buyer may reasonably request evidence that all sales and use tax liabilities of Seller accruing before the Closing Date have been fully satisfied or provided for.

4.12. Access to Financial and Other Information. As soon as reasonably practical after the date hereof, but in any event prior to the Closing, Seller shall provide Buyer with access to:

(a) Financial statements of Seller, audited by Deloitte, Haskins & Sells, for Seller's fiscal year ending December 31, 1986;

(b) Unaudited management accounts of Seller showing operating results for the months of January and February, 1987;

(c) Seller's unaudited forecast for the month of March 1987; and

(d) Copies of the Articles of Incorporation, Bylaws and minute books of Seller containing all records

required in connection with consummation of this transaction.

ARTICLE 5.

BUYER'S OBLIGATIONS BEFORE CLOSING

Buyer covenants and agrees with Seller that from the date hereof until the Closing Date:

5.1. Cooperation, Etc. Buyer shall promptly seek and use its best efforts to obtain:

(a) Issuance of all FAA repair station approvals by the appropriate governmental units or agencies in the United States or the Netherlands necessary to conduct business operations as heretofore conducted by Seller;

(b) Consents of the respective lessors to assignment of the leases described in Paragraph 2.6.1(a) hereof; and

(c) Such consents or approvals of aircraft parts manufacturers or suppliers or other third parties with whom Seller has agreements as are required to consummate the transactions contemplated hereby;

5.2. Visits to Third Parties, Etc. Buyer shall accompany representatives of Seller to meetings with aircraft parts manufacturers or suppliers or other third parties for the purpose of advising them of the change in ownership and facilitating a smooth transition; and

5.3. Conduct of Review. From and after the date hereof until the Closing Date, Buyer shall conduct its

review or examination of Seller's business in a prompt, reasonable and appropriate manner and with minimal disturbance to Seller's continuing business operations, and shall give Seller reasonable advance notice of any proposed access to the books, records and files relating to Seller's business and shall otherwise conduct such review in a reasonable fashion.

5.4. Non-Disclosure. Buyer shall hold and retain in confidence, and shall cause its employees, accountants, legal counsel and other representatives to hold and retain in confidence, all confidential or proprietary information relating to Seller's operations, including but not limited to financial, marketing or customer data disclosed by Seller to Buyer, its employees, accountants, legal counsel and other representatives or agents, and agrees not to use or disclose to others, or permit its employees, accountants, legal counsel and other representatives or agents, to use or disclose to others, or permit its employees, accountants, legal counsel and other representatives or agents, to use or disclose to others, any such confidential or proprietary information obtained from or revealed by Seller in connection with the transactions contemplated by this Agreement.

5.5. Compliance with Conditions. Buyer shall use its best efforts to cause the conditions set forth in Paragraph 6.1 to be satisfied on or prior to the Closing Date.

have been no such claims involving liability to Parker-Hannifin except as described in the Disclosure Schedule.

5.24 Litigation. Except as described in the Disclosure Schedule, there is no suit, action, legal, administrative, arbitration or other proceeding pending, or to Parker-Hannifin's knowledge threatened, against or affecting the assets, businesses or operations of the Divisions. Parker-Hannifin has furnished or made available to Purchaser all relevant information, including copies of pleadings and other documents concerning each pending matter described in the Disclosure Schedule. To the best of Parker-Hannifin's knowledge, it is not in default with respect to any order, writ or injunction or decree of any federal, state, local or foreign court, agency or instrumentality relating to the assets or businesses of the Divisions.

5.25 Taxes. Parker-Hannifin has filed all federal, state and local tax returns required to be filed by it with respect to the assets, businesses and operations of the Divisions, and has paid all taxes shown on such returns to be due and any additional taxes and penalties and interest assessed against Parker-Hannifin in connection therewith (subject to its right to contest the same). To the best of Parker-Hannifin's knowledge and belief, Parker-Hannifin is not delinquent in the payment of any tax assessment or other governmental charge relating to the assets or businesses of the Divisions, and there are no unpaid deficiencies in taxes or other charges proposed or assessed against Parker-Hannifin pertaining to the ownership or operation

or not insured, that affects its ability to conduct a material part of its business.

6.4. Certification by Seller. Buyer shall have received a certificate, dated the Closing Date, and signed and verified by Seller's President or Chief Executive Officer certifying, that to the best of his knowledge the conditions specified in Subparagraphs 6.1, 6.2 and 6.3 have been fulfilled.

6.5. Opinion of Seller's Counsel. Buyer shall have received from Ross & Hardies, counsel for Seller, an opinion dated the Closing Date, in form and substance satisfactory to Buyer and its counsel, that:

(a) Seller is duly authorized and validly existing in good standing under the laws of Delaware, and is qualified to do business in the State of California. Seller has all necessary corporate power to own its properties as now owned and operate its business as is now operated.

(b) Except as set forth in the Disclosure Schedule, such counsel does not know of any suit, action, arbitration, or legal, administrative or other proceeding or governmental investigation pending or threatened against or affecting Seller, or its business or properties, or financial or other condition.

(c) Neither the execution nor the delivery of this Agreement nor consummation of the transactions contemplated in this Agreement will constitute (a) a default, or an event that would with notice or lapse of time or both constitute a default under, or violation or breach of,

Seller's articles of incorporation or bylaws, or except for any requirement of consent to transfer of any thereof, any indenture, license, lease, franchise, mortgage, instrument, or other agreement to which Seller is a party, or by which it or the properties of Seller may be bound, or (b) an event that would permit any party to any agreement or instrument to terminate it or to accelerate the maturity of any indebtedness or other obligation of Seller, or (c) an event that would result in the creation or imposition of any lien, charge, or encumbrance on any asset of Seller.

In rendering its opinion, counsel for Seller may rely on certificates of officers and directors of Seller and of Buyer as to factual matters and opinions of associate counsel as counsel for Seller deems appropriate.

6.6. Absence of Litigation. No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transactions contemplated by this Agreement or to its consummation, shall have been instituted or threatened on or before the Closing Date.

6.7. Corporate Approval. The execution and delivery of this Agreement by Seller, and the performance of its covenants and obligations under it, shall have been duly authorized by all necessary corporate action including approval by the board of directors of FLIGHT ACCESSORY SERVICES, INC. and by the Executive Committee of the Board of Directors of Inchcape PLC, and Buyer shall have received copies of all resolutions of Seller pertaining to that authorization, certified by the Secretary of Seller.

6.8. Consents. All necessary agreements and material consents of any parties to the consummation of the transactions contemplated by this Agreement, or otherwise pertaining to the matters covered by it, shall have been obtained.

6.9. Inventory Prior to Closing. Buyer shall have been permitted to conduct a physical count verification of inventory, work in process, exchange pool, and fixed assets located in any of Seller's facilities.

ARTICLE 7.

CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligations of Seller to sell and transfer the Assets under this Agreement are subject to the satisfaction, at or before the Closing, of all the following conditions.

7.1. Accuracy of Buyer's Representations and Warranties. All representations and warranties by Buyer contained in this Agreement or in any written statement delivered by Buyer under this Agreement shall be true on or as of the closing as though such representations and warranties were made on and as of that date.

7.2. Employment Agreement. Buyer shall have offered employment to all persons who are employed by Seller on the Closing Date at existing wages and benefits applicable to such employees.

7.3. Buyer's Performance. Buyer shall have performed and complied with all covenants and agreements, and satisfied all conditions that it is required by this Agreement to perform, comply with, or satisfy, before or at the Closing.

7.4. Buyer's Corporate Approval. The Board of Directors of Buyer shall have duly authorized and approved the execution and delivery of this Agreement and takes all corporate action necessary or proper to fulfill the obligations of Buyer to perform under this Agreement on or before the Closing Date.

7.5. Opinion of Buyer's Counsel. Seller shall have received from ANGEL AND NEISTAT, counsel for Buyer, an opinion dated the Closing Date, in form and substance satisfactory to Seller and its counsel, that:

(a) Buyer is duly authorized and validly existing in good standing under the laws of California. Buyer has all necessary corporate power to own its properties as now owned and operate its business as is now operated.

(b) Such counsel does not know of any suit, action, arbitration, or legal, administrative or other proceeding or governmental investigation pending or threatened against or affecting Buyer, or its business or properties, or financial or other condition.

(c) Neither the execution nor the delivery of this Agreement nor consummation of the transactions contemplated in this Agreement will constitute (a) a default, or an event that would with notice or lapse of time or both constitute a default under, or violation or breach of, Buyer's articles of incorporation or bylaws, or except for any requirement of consent to transfer of any thereof, any indenture, license, lease, franchise, mortgage, instrument, or other agreement to which Buyer is a party, or by which it

or the properties of Buyer may be bound, or (b) an event that would permit any party to any agreement or instrument to terminate it or to accelerate the maturity of any indebtedness or other obligation of Buyer, or (c) an event that would result in the creation or imposition of any lien, charge, or encumbrance on any asset of Buyer.

In rendering its opinion, counsel for Buyer may rely on certificates of officers and directors of Buyer.

7.6. Absence of Litigation. No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transactions contemplated by this Agreement or to its consummation, shall have been instituted or threatened on or before the Closing Date.

7.7. Approval of Documentation. The form and substance of all certificates, instruments, opinions and other documents delivered to Seller under this Agreement shall be satisfactory in all reasonable aspects to Seller and its counsel.

ARTICLE 8.

CLOSING; CLOSING OBLIGATIONS

8.1. The Closing.

8.1.1. Closing Date. The Closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of ANGEL AND NEISTAT, 888 South Figueroa Street, 17th Floor, Los Angeles, California 90017 at 10:00 A.M. on March 31, 1987 (the "Closing Date").

8.1.2. Extension of Closing Date. Notwithstanding the date specified in Paragraph 8.1.1 hereof, the Closing Date may be extended for up to sixty (60) days at the election of Seller in the event that there shall not have been obtained, as of the Closing Date, any required certificates or approvals and/or any required consent of any third party. In such event, the parties having responsibility to do so shall exert their best efforts to obtain the required certificates, approvals and/or consents. If any of the foregoing cannot be obtained prior to the end of the extension period, and the party in whose favor the requirement runs does not waive the requirement, then this Agreement may be terminated by such party as provided in Paragraph 15.5.2 hereof.

8.2. Seller's Obligations at Closing. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following documents and instruments against delivery by Buyer of the items specified in Paragraph 8.3:

8.2.1. Bill of Sale, Etc. Appropriate instruments of sale, transfer or conveyance with respect to the Assets, including:

(a) Duly executed bills of sale selling, transferring and conveying all of the tangible assets described in the Schedule of Assets;

(b) Assignments of all Seller's right, title and interest in and to all intangible assets described in the Schedule of Assets; and

(c) Duly executed assignments of all leases to which Seller is a party.

8.2.2. Certificate. The certificate dated as of the Closing Date required under Subparagraph 6.4 hereof;

8.2.3. Supplemental Disclosure Schedule. A Supplemental Disclosure Schedule reflecting all changes in or additions to the matters required to be disclosed to Buyer hereunder and occurring or relating to the period from the date of execution of this Agreement through the Closing Date;

8.2.4. Resolutions. Resolutions of the Board of Directors of Seller, certified by the Secretary or an Assistant Secretary, authorizing Seller to enter into this Agreement and to consummate the transactions contemplated herein;

8.2.5. Legal Opinion. The opinion of legal counsel to Seller required under Subparagraph 6.5; and

8.2.6. Commitment of FAS Orient. The written commitment of FAS Orient (Pte.) Ltd. described in Paragraph 9.4.

8.3. Buyer's Obligations at Closing. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following payments, documents and instruments against delivery by Seller of the items specified in Paragraph 8.2:

8.3.1. Cash Consideration. A certified cheque or bank draft, or a wire transfer to an account designated by Seller, as directed by Seller and in either case in immediately available funds, in the amount of Seven Million

Nine Hundred Thirty-Eight Thousand U.S. Dollars (U.S. $7,938,000);

8.3.2. Assumption Agreement. A duly executed assumption agreement, pursuant to which Buyer assumes all of the Liabilities as required under Paragraph 1.5.1 hereof;

8.3.3. Resolutions. Resolutions of the board of directors of Buyer, certified by the Secretary or an Assistant Secretary, authorizing Buyer to enter into this Agreement and to consummate the transactions contemplated herein; and

8.3.4. Legal Opinion. The opinion of legal counsel to Buyer required under Subparagraph 7.5.

8.4. Further Assurances. Seller, at any time before or after the closing date, will execute, acknowledge, and deliver any further deeds, assignments, conveyances, and other assurances, documents, and instruments of transfer, reasonably requested by Buyer, and will take any other action consistent with the terms of this Agreement that may reasonably be requested by Buyer for the purpose of assigning, transferring, granting, conveying, and confirming to Buyer, or reducing to possession, any or all property to be conveyed and transferred by this Agreement. If requested by Buyer, Seller further agrees to prosecute or otherwise enforce in its own name for the benefit of Buyer any claims, rights, or benefits that are transferred to Buyer by this Agreement and that require prosecution or enforcement in Seller's name. Any prosecution or enforcement of claims, rights, or benefits under this paragraph shall be solely at

Buyer's expense, unless the prosecution or enforcement is made necessary by a breach of this Agreement by Seller.

ARTICLE 9.

SELLER'S OBLIGATIONS AFTER CLOSING

9.1. Covenant Concerning Accounts Receivable.

(a) Subject to the terms and conditions of Subparagraph 9.1(b) below, Seller agrees to reimburse to Buyer an amount equal to the aggregate uncollected balance, after reserve for doubtful accounts as shown on Seller's Financial Statements as of the Closing Date, of accounts receivable sold, transferred and assigned to Buyer at the Closing which remain unpaid and outstanding as of a date one hundred fifty (150) days after the Closing Date. Seller shall make payment of such sum to Buyer by delivery of its check or bank draft in an amount equal to the aggregate unpaid balances of such accounts receivable. Upon receipt of the above described payment from Seller, Buyer shall transfer and assign all such accounts receivable to Seller for such collection efforts as Seller may deem appropriate. For purposes of determining the outstanding balances of all such accounts receivable, all payments received by Buyer from account debtors on or after the Closing Date and not identified as relating to specific invoices shall be deemed to represent payment with respect to accounts receivable of such debtors outstanding as of the Closing Date, up to the outstanding balances thereof, and thereafter to account balances arising after the Closing.

(b) Seller's obligation to reimburse Buyer as provided in Subparagraph (a) above shall be subject to and conditioned upon Buyer:

(i) Using its best efforts to collect all accounts receivable of Seller sold, transferred and assigned to Buyer at Closing, including employing all reasonable commercial collection procedures in the conduct of its business and diligently pursuing all of Buyer's remedies;

(ii) Not voluntarily compromising all or any portion of any such account receivable by agreeing to forgive all or any portion thereof; and

(iii) Except in those instances involving non-payment as a result of bona fide disputes concerning work performed or products sold by Seller, not making any further sales or providing additional services to account debtors with outstanding balances more than ninety (90) days past the due date thereof.

9.2. Seller's Indemnity. Seller shall indemnify, defend and hold harmless Buyer against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorneys' fees, in excess of an aggregate amount of One Hundred Thousand U.S. Dollars (U.S. $100,000), that it shall incur or suffer, which arise, result from, or relate to:

(a) Any breach of, or failure by Seller to perform, any of its representations, warranties, covenants,

or agreements in this Agreement or in any schedule, Disclosure Schedule, certificate, exhibit, or other instrument furnished or to be furnished by Seller under this Agreement;

(b) Any income, sales, use or other tax liability not expressly assumed by Buyer hereunder assessed against it for any period prior to the Closing Date;

(c) Any franchise tax, penalties or interest relating to or arising from Seller's transaction of business in the State of Florida prior to the Closing Date; and

(d) Any liabilities relating to the claims of Gordon Rusk and William Lange described in the Disclosure Schedule.

9.3. Seller's Competition.

9.3.1. Seller agrees that it will not, at any time within a five (5) year period immediately following the Closing Date, directly or indirectly engage in, or have any interest in any person, firm, corporation or business (whether as an employee, officer, director, agent, consultant, or otherwise) that engages in, any activity in the United States or Europe (the "Territory") involving the business of providing maintenance, repair and overhaul services with respect to landing gears, hydraulic systems and related subassemblies for fixed or rotary wing aircraft or manufacturing related aircraft component parts in the Territory as long as Buyer (or any successor of Buyer) shall engage in these activities in the Territory.

9.3.2. Seller further agrees not to divulge, communicate, use to the detriment of Buyer or for the

benefit of any other person or persons, or misuse in any way, any confidential information or trade secrets of Seller, including personnel information, secret processes, know-how, customer lists, formulas, or other technical data. Seller acknowledges and agrees that any information or data it has acquired on any of these matters or items was received in confidence and as a fiduciary of Seller.

9.4. Seller Not to Use "Flight Accessory Service" or "FAS" in its Business. Seller agrees during the period of the covenant provided in Paragraph 9.3 that it will not conduct any business operations, directly or indirectly, under the name or use the words "Flight Accessory Services" or "FAS." Seller shall provide to Buyer at Closing the written commitment of FAS Orient (Pte.) Ltd. not to engage in any trade, commerce or business in the Territory under the name "FAS Orient."

ARTICLE 10.

BUYER'S OBLIGATIONS AFTER CLOSING

From and after the Closing Date, Buyer covenants with Seller as follows:

10.1. Prompt Payment of Liabilities, Etc. Buyer shall timely pay or otherwise promptly satisfy or discharge all liabilities and obligations assumed by Buyer pursuant to Paragraph 1.5.1 hereof and shall observe, perform and fulfill the terms and conditions of all orders, contracts, agreements and arrangements assigned to Buyer pursuant to the terms thereof.

10.2. Offer of Employment. Buyer agrees to employ all persons who are employed by Seller on the Closing Date at existing wages and benefits the applicable to such employees. Buyer acknowledges that Seller has advised Buyer of the employee benefits provided by Seller to its employees, including the pension plan, annual vacation, and compensation arrangements. Buyer understands that the discontinuance of any of these employee benefits might have a detrimental effect on employment relationships and on the business being acquired.

10.3. Access. Buyer agrees to give Seller access to all records, documents and information transferred to Buyer pursuant to Paragraph 1.1.1 hereof and to former employees of Seller then employed by Buyer as reasonably requested by Seller for any reasonable purpose, including, but not limited to, providing information or testimony in connection with any litigation involving Seller, preparation of income or other tax returns or in connection with any income or other tax audit to which Seller might become subject. Buyer further agrees to retain and maintain all such records, documents and information and not destroy any of the foregoing earlier than five (5) years after the Closing Date.

10.4. Final Closing Statement. Buyer agrees to take such action and to cooperate with Seller as may be reasonably required to facilitate completion of the Final Closing Statement and to determine any required adjustments to the

cash portion of the Purchase Price paid at Closing as required under Subparagraph 1.3.2.

10.5. Collection of Accounts Receivable. As provided in Paragraph 9.1(b), after the Closing, Buyer shall use its best efforts to effect collection of all accounts receivable of Seller sold, transferred and assigned to Buyer pursuant to the terms of this Agreement.

10.6. Buyer's Indemnity. Buyer shall indemnify, defend and hold harmless Seller against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties, and reasonable attorneys fees, in excess of an aggregate amount of One Hundred Thousand U.S. Dollars (U.S. $100,000), that Seller shall incur or suffer, which arise, result from, or relate to:

(a) Any breach of, or failure of Buyer to perform, any of its representations, warranties, covenants or agreements in this Agreement or in any schedule, certificate, exhibit or other instrument furnished or to be furnished by Buyer under this Agreement; or

(b) Failure of Buyer to pay, satisfy or discharge the liabilities or otherwise perform the obligations of Seller assumed by Buyer pursuant to Subparagraph 1.5.1 and as required by Subparagraph 10.1 hereof.

ARTICLE 11.

PUBLICITY

All notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between Buyer and Seller. None of the parties shall act unilaterally in this regard without the prior written approval of the other; however, this approval shall not be unreasonably withheld.

ARTICLE 12.

COSTS

12.1. Finder's or Broker's Fees. Each of the parties represents that it has dealt with no broker or finder in connection with any of the transactions contemplated by this Agreement, except Seller's dealing with Wedbush, Noble, Cooke, Inc. whom the Buyer has met, and, insofar as Seller knows, no broker or other person is entitled to any commission or finder's fee in connection with any of these transactions. Seller and Buyer each agree to indemnify and hold harmless one another against any loss, liability, damage, cost, claim, or expense incurred by reason of any brokerage, commission, or finder's fee alleged to be payable because of any act, omissions or statement of the indemnifying party; provided, however, that Seller agrees to indemnify Buyer against any loss, liability, damage, cost, claim, or expense arising out of any claim by Wedbush, Noble, Cooke, Inc.

12.2. Expenses. Each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

ARTICLE 13.

FORM OF AGREEMENT

13.1. Effect of Headings. The subject headings of the paragraphs and subparagraphs of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

13.2. Entire Agreement; Modifications; Waiver. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making a waiver.

13.3. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which

shall be deemed an original, but all of which together shall constitute one and the same instrument.

ARTICLE 14.

PARTIES

14.1. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

14.2. Assignments. This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and assigns; provided, however, Buyer may not assign any of its rights under it, except to a wholly-owned subsidiary corporation of Buyer. No such assignment by Buyer to its wholly-owned subsidiary shall relieve Buyer of any of its obligations or duties under this Agreement.

ARTICLE 15.

REMEDIES

15.1. Arbitration. Any controversy or claim arising out of, or relating to, this Agreement, or the making,

performance, or interpretation thereof, shall be settled by arbitration in Los Angeles, California in accordance with the rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

15.2. Specific Performance and Waiver of Rescission Rights. Each party's obligation under this Agreement is unique. If any party should default in its obligations under this Agreement, the parties each acknowledge that it would be extremely impracticable to measure the resulting damages; accordingly, the non-defaulting party, in addition to any other available rights or remedies, may sue in equity for specific performance, and the parties each expressly waive the defense that a remedy in damages will be adequate. Notwithstanding any breach or default by any of the parties of any of their respective representations, warranties, covenants or agreements under this Agreement, if the purchase and sale contemplated by it shall be consummated at the closing, each of the parties waives any rights that it may have to rescind this Agreement or the transaction consummated by it; provided, however, this waiver shall not affect any other rights or remedies available to parties under this Agreement or under the law.

15.3. Recovery of Litigation Costs. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection

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

15.4. Third Party Claims Procedure.

15.4.1. Notice of Claims, Etc. In the event any claims are made against either of the parties hereto with respect to any of the matters described in Paragraphs 9.2 or 10.6, respectively, the party having the claim made against it or incurring the loss or liability (the "Indemnified Party") shall give the other party (the "Indemnitor") notice thereof within fifteen (15) days of becoming aware of such claim, loss or liability. In the event of any claim by a third party, the Indemnified Party may, in its discretion, defend any such claim or direct that the Indemnitor do so. Each party agrees to cooperate with the other in any defense or settlement of any such claim (including, where appropriate, giving a power of attorney to the other party) and to give the other full access to all information relevant to such defense.

15.4.2. Payments. If any indemnification or other payment becomes due to one party from the other pursuant to Paragraphs 9.2 and 10.6, such indemnification or other payment shall be paid by the obligated party to the obligee by wire transfer or bank draft within ten (10) days after the date the obligee becomes entitled to indemnification.

15.5. Termination.

15.5.1. Conditions Permitting Termination. Subject to the provisions of Paragraph 8.1.2 relating to the extension of the Closing Date, either party may on the Closing Date terminate this Agreement, without liability to the other:

(a) If any bona fide action or proceeding shall be pending against either party on the Closing Date that could result in an unfavorable judgment, decree, or order that would prevent or make unlawful the carrying out of this Agreement or if any agency of the federal or of any state government shall have objected after or before the Closing Date to this acquisition or to any other action required by or in connection with this Agreement;

(b) If Seller and Buyer shall mutually agree to terminate this Agreement.

15.5.2. Defaults Permitting Termination. Subject to the provisions of Paragraph 8.1.2 relating to the extension of the Closing Date, either party may on the Closing Date terminate this Agreement, without liability to the other, if the other party materially defaults in the due and timely performance of any of its warranties, covenants, or agreements under this Agreement, the non-defaulting party may on the Closing Date give notice of termination of this Agreement, in the manner provided in Paragraph 18. The notice shall specify with particularity the default or defaults on which the notice is based. The termination

shall be effective five (5) days after the Closing Date, unless the specified default or defaults have been cured on or before this effective date of termination.

ARTICLE 16.

BULK SALES ACT

The parties shall comply with Division 6 of the California Commercial Code relative to the Bulk Transfer contemplated by this Agreement but shall waive compliance with respect to the Bulk Sales Provision of the Uniform Commercial Code of the State of Florida if applicable.

ARTICLE 17.

NATURE AND SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS

All representations, warranties, covenants and agreements of the parties contained in this Agreement, or in any instrument, certificate, opinion or other writing provided for in it, shall survive the Closing for a period of two (2) years.

ARTICLE 18.

NOTICES

All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the fifth (5th) day after mailing if mailed to the party to whom notice is to be given, by first class

mail, registered or certified, postage prepaid, and properly addressed as follows:

To the Seller at:

AK Holdings, Inc.
c/o Inchcape PLC
40 St. Mary Axe
London, EC3A 8EU
ENGLAND
Attn: W.M. Marshall

With copy to:

Ross & Hardies
150 N. Michigan Avenue
Chicago, Illinois 60601
Attn: Robert E. Wangard, Esq.

To the Buyer at:

Douglas M. Neistat, Esq.
ANGEL AND NEISTAT
888 South Figueroa Street
17th Floor
Los Angeles, California 90017

With copy to:

Ian Greaves, Secretary
Hawker Pacific Pty. Ltd.
4-8 Harley Crescent
Bankstown, N.S.W. 2200
AUSTRALIA

Any party may change its address for purposes of this paragraph by giving the party written notice of the new address in the manner set forth above.

ARTICLE 19.

GOVERNING LAW

The Agreement shall be construed in accordance with, and governed, by the laws of the State of California.

IN WITNESS WHEREOF, the parties to this Agreement shall have duly executed it on the day and year first above written.

HAWKER PACIFIC, INC.

Approved as to form:

Douglas M. Neistat, Esq.
Attorney for Buyer

By: _____

and _____

FLIGHT ACCESSORY SERVICES, INC.

Approved as to form:

Robert E. Wangard, Esq.
Attorney for Seller

By: _____

and _____

DISCLOSURE SCHEDULE

PURSUANT TO ARTICLE 2 AND OTHER APPLICABLE PROVISIONS OF THE AGREEMENT OF PURCHASE AND SALE OF ASSETS DATED FEBRUARY 25, 1987 BY AND BETWEEN FLIGHT ACCESSORY SERVICES INC. ("SELLER") AND HAWKER PACIFIC, INC. ("BUYER") (THE "AGREEMENT")

Seller discloses to Buyer the following exceptions to the representations and warranties of Seller in Article 2 of the Agreement and other exceptions or information required to be disclosed by Seller thereunder, all as of the date hereof. All terms used in this disclosure schedule shall have the meanings given them in the Agreement unless otherwise indicated.

2.1 - Organization, standing and Qualification of Seller

Seller has maintained a facility in Florida since 1983, but has never qualified to do business in that state as required by the provisions of the Florida Business Corporation Act. Seller is potentially subject to certain penalties as a result of such failure, which should not exceed approximately $6,000 if assessed against Seller.

2.3 - Financial Statements

As previously disclosed to Buyer, there have been certain deficiencies in Seller's records and accounting systems relating to inventory. As a result, the book values of certain items of Inventory may be misstated. To the extent that is the case, Inventories as reflected in the Financial

as required by gen lly accepted accounting inciples.

2.3 - Absence of Specified Changes

2.3.2 Since January 1, 1987, Seller has expended or committed to spend approximately $15,000 relative to the HVAC system at its Sun Valley facility.

No other exceptions.

2.4 - Claims and Liabilities

Under an overhaul and repair license agreement with Boeing, Seller is obligated to pay royalties to Boeing based on the formula contained in this agreement. Seller ceased making royalty payments to Boeing approximately July 1, 1986. At this time, Seller is uncertain as to whether Boeing will seek to enforce the provision of the agreement providing for royalties or take other action relative to Seller.

2.5 - Tax Returns and Audits

Inchcape, Inc., the parent company of the affiliated group including Seller, has received notice that its federal income tax returns for certain previous years will be audited by the Internal Revenue Service. Such audit could result in the disallowance of certain deductions or credits of Seller or other adjustments in Seller's income or losses for one or more of such years.

Seller, as a member of the affiliated group just described, does not accrue on its financial statements any liability for its share, if any, of the federal, state,

[illegible] or other taxes of the affiliated group.

2.6 - Assets of Business

2.6.1 - Real Property.

No exceptions.

2.6.2 - Inventories. Seller has in its possession, on a consignment or other basis, certain components, parts or other items that are the property of Seller's customers or of other parties with whom Seller does business. Such components, parts or other items are not the property of Seller and, accordingly, are not included in the Inventories, Schedule of Assets or the Financial Statements.

2.6.3 - Other Tangible Personal Property. Seller has in its possession certain tooling and other equipment that is the property of Seller's customers or of other parties with whom Seller does business. Such tooling and other equipment is not the property of Seller and, accordingly, is not included on the Schedule of Assets or reflected in the Financial Statements.

Certain tangible personal property in the possession of and/or used by Seller in its business is held and used pursuant to lease arrangements rather than owned. A list of such leased tangible personal property is contained in the Schedule of Assets.

2.6.4 - Accounts Receivable

No exceptions.

2.6.5 - Distributor and Supplier Agreements. A list of material distribution, supplier and customer agreements to which Seller is a party is contained in the Schedule of Assets and the Schedule of Liabilities.

2.6.6 - Tradenames, Trademarks & Copyrights.

No exceptions.

2.6.7 - Patents and Patent Rights

No exceptions.

2.6.8 - Other Intangible Property

No exceptions.

2.7 - Title to Assets

As indicated above (exceptions relating to Par. 2.6.3 - Other Tangible Personal Property), certain tangible personal property of and/or used by Seller in its business is held and used pursuant to lease arrangements rather than owned. In addition, as also indicated above, Seller is in possession of certain tooling and other equipment that is the property of other parties and not of Seller.

Certain items of Seller's tangible personal property were acquired many years ago and, in certain cases, were used rather than new when acquired. As a result, such tangible personal property might not be state-of-the-art and from time-to-time requires repairs and/or servicing on a basis consistent with its age.

the California Secretary of State relating to a leased Scriptomatic Addressing System.

2.8 - Customers and Sales

Exhibit I hereto contains the major customer sales analysis described in Paragraph 2.8 of the Agreement.

One of Seller's customers, Western Airlines, has been acquired by Delta Airlines. Seller has received information that Western's repair facility in the Los Angeles area may be closed. In the event of such closure, it is likely that work previously performed by Seller for Western may be lost.

Seller has four distribution and supplier agreements with Messier-Hispano-Bugatti (MHB). One of these agreements relates to the support of MHB supplied hydraulic equipment and spares distribution for the Airbus aircraft. MHB have indicated that they are reviewing their requirements for parts support in the United States and that the Seller's on-going relationship under this agreement may be subject to change.

2.9 - Existing Employment Contracts

A list of all employment contracts and collective bargaining agreements and all pension, bonus, profit-sharing, stock option or other agreements or arrangements providing for employee renumeration or benefits to which Seller is a party or by which it is bound is contained in Exhibit II to this Schedule.

2.10 - Insurance Policies

A descripti... f all insurance policie... ld by Seller concerning its business and properties is contained in Exhibit III to this Schedule.

2.11 - Other Contracts

The agreements described or referred to in the Schedule of Assets and Schedule of Liabilities generally all extend, taking into account contract extension periods, for more than one year.

2.12 - Compliance with Laws

Seller's facililties and operations are subject to inspection, review, audit or other procedures from time-to-time by OSHA, EPA, FAA and other federal, state and local governmental agencies and authorities. Such inspections, reviews, audits or other procedures have on occasion resulted in citations or charges of minor violations of certain of the statutes, laws and regulations referred to in Paragraph 2.12 of the Agreement. Seller has taken or is taking corrective action with respect to any such citations or charges.

2.13 - Litigation

Seller is a defendant in pending worker compensation claims and litigation as set forth in Exhibit IV hereto.

Two former employees of Seller, Gordon L. Rusk and William Lange, have asserted claims against Seller for certain benefits in connection with their respective termina-

the claims asserted by Mr. Rusk and has informed Mr. Large that it does not agree with his position. Both matters are in the negotiations stage and neither has gone to litigation as of the date hereof.

Seller has been a plaintiff in actions initiated by or on behalf of Seller from time-to-time to collect delinquent accounts receivable.

2.14 - No Breach or Violations

No exceptions.

2.15 - Authority and Consents

No exceptions

2.16 -Interest in Customers, Suppliers and Competitors

No exceptions.

2.17 - Personnel

A list of all directors, officers, employees, agents and manufacturers representatives of Seller is contained in Exhibit V to this Schedule.

2.18 - Full Disclosure

No exceptions.

Dated: February 25, 1987

FLIGHT ACCESSORY SERVICES, INC.

By: _____

FLIGHT ACCESSORY SERVICES
SALES ANALYSIS
FIXED WING FLIGHT CONTROLS

DATE PRINTED
11-Feb-87

	APRIL	1986 MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1986 YTD
AMERICA WEST	$13,379	$17,293	$16,217	$32,798	$1,393	$8,033	$5,048	$7,060	$7,396	$108,61
BOEING	8,030	0	14,818	42,421	1,892	0	2,239	2,379	436	72,
REPUBLIC AIRLINES	18,874	8,085	10,376	14,937	9,188	310	2,684	2,398	0	66,
CHARLOTTE AIRCRAFT	0	27,605	2,845	0	2,781	0		0	0	33,231
PETROLEUM HELICOPTER	0	20,442	0	0	0	23,931		11,694	0	56,067
BOEING MILITARY AIRPLANE	0	0	0	15,696	0	0		0	0	15,696
PETROLEOS MEXICANOS	14,810	0	0	0	0	0		14,962	0	29,772
WESTERN AIRLINES	5,000	0		4,542	875	0		4,326	998	15,741
FEDERAL EXPRESS	117	422	829	7,677	48,999	379		526	2,615	61,564
MIDWAY AIRLINES	3,460	2,731	0	0	1,920	479	711	0	2,118	11,419
TECHNICAL SERVICES INTL	2,160	0	0	2,856	0	0	2,752	6,607	0	14,375
HELI-ARMENT	2,250	2,250	187	0	0	0	8,421	0	5,000	18,108
AEROSPATIALE HELICOPTERS	0	3,045	0		0	0		0	0	3,045
U S AIR	0	0	0	1,035	1,260	4,028		0	2,808	9,131
EVERGREEN INTERNATIONAL	0	0	0	2,075	0			1,350	0	3,425
TRANSTAR AIRLINES CORP.						13,933	2,574	0	2,386	18,893
OTHER	0	1,318	3,478	4,070	1,165	2,779	11,633	24,175	5,894	54,512
	$68,080	$83,191	$48,750	$128,107	$69,473	$53,872	$36,062	$75,477	$29,651	$592,663

FLIGHT ACCESSORY SERVICES
SALES ANALYSIS
LANDING GEAR

DATE PRINTED
13-Feb-87

	1985 TOTAL	1986 JAN-MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1986 YTD
FEDERAL EXPRESS	$1,307,051	$376,082	$213,168	$195,587	$98,877	$106,001	$27,486	$210,581	$216,441	$1,444,223
U. P. S.	295,589	737,139				112,661	60,505	50,607	79,971	1,030,883
WESTERN AIRLINES	471,700	220,854	53,038	39,079	21,217	88,312	61,007	68,760	280,287	832,554
REPUBLIC AIRLINES	492,000	219,044	63,859	81,046	43,629	52,422	59,592	61,843	52,294	633,729
OTHER	894,402	152,172	4,276	27,346	18,582	45,795	36,289	73,963	41,816	400,239
AVIATION SALES	130,814	69,325	14,687	78,524	22,363	16,977	18,264	77,145	59,809	357,094
AMERICA WEST	5,414	144,454	3,886	82,050	21,413	0	5,509	25,647	2,775	285,734
AMERICAN JET	10,500	69,400	0	101,265		107,034		0	(58,300)	219,459
BRITISH AIRLINES	23,858	54,175	1,120		93,126	0		23,640	9,245	181,306
PACIFIC WESTERN	14,191	7,830	124,511	5,367	2,907	1,955	2,135	2,111	(259)	146,557
DOMESTIC AIRLINES	0	0	0	25,498		0	70,261	0	46,386	142,145
FEEVE ACCESSORY D/W					98,420	0		0	0	98,420
U S AIR	0	34,437	3,389	22,456		18,333	8,125	0	2,561	89,301
P. S. A.	17,200	21,111	5,096	5,069	2,090	75	2,405	13,606	25,491	74,943
FLYING TIGER	57,604	64,843	0	4,996		(4,996)	3,875	0	0	68,718
ORIGIN AIR	100	59,323	0	0		0	1,887	0	0	61,210
BOEING							27,993	9,781	3,058	40,832
CONTINENTAL A/L	0	8,123	0	11,200		8,977		0	4,670	32,970
PARK AIR	115,189	22,979	0	0		0		0	2,064	25,043
EUROPEAN AIRLINES	94,794	9,210	13,466	0		0		0	0	22,676
MIDWAY AIRLINES	75,614	6,679	0	0		0		0	0	6,679
WIEN AIR	136,700	5,760	0	0		0		0	0	5,760
	$4,151,000	$2,273,000	$500,496	$679,483	$422,623	$553,546	$385,333	$617,684	$768,309	$6,200,474

FLIGHT ACCESSORY SERVICES, INC.
SALES ANALYSIS
MOTOR WING

Date Printed
12-Feb-87

	1985 TOTAL	1986 JAN-MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1986 YTD
PEMEX	$183,000	$85,000	$10,930	$8,579	$0	$0		$0	$0	$104,509
BRISTOW	364,000	80,000	4,380	5,424	6,277	1,280	642	9,767	7,534	115,304
FAS-ORIENT	124,000	59,000	16,942	5,676	0	350	4,832	0	2,979	89,779
PHI	197,000	53,000	255	380	17,865	478	19,080	9,922	3,231	104,211
WESTLAND	50,173	37,000	0	0	0	0		8,898	0	45,898
ORANGEAIR	109,000	35,000	2,679	1,186	975	850	16,766	975	975	59,406
MOTORFLUG	141,000	32,000	0	69,487	1,758	25,555		0	57,614	186,414
ROCKY MOUNTAIN	58,000	32,000	6,032	12,850	2,068	8,042	18,977	3,030	260	83,259
TRANSCO	77,000	26,000	13,567	3,457	5,182	1,290	2,494	3,721	0	55,711
PAPILLON	31,464	24,000	1,701	1,501	695	0	1,395	0	0	29,292
HELI SUPPORT	12,986	7,357	7,425	1,787	750	780	645	528	925	20,197
DIGITAL EQUIP.	1,411	5,052	6,820	0	0	0	825	0	0	12,697
HELIDYNE SYS.	440	15,746	5,912	10,155	5,177	3,465		4,726	0	45,181
AMC	54,066	9,784	4,953	4,480	4,981	0	3,108	7,881	2,661	37,848
ENERGY HELI.	12,104	0	4,943	0	0	0				4,943
EVERGREEN	0	0	0	8,749	8,832	0	4,797	6,405	0	28,783
GLACIER HELICOPTER						11,475		0	0	11,475
OTHER	1,264,000	357,000	43,590	113,560	18,999	67,340	128,944	97,394	65,677	892,504
	$2,679,644	$857,939	$130,129	$247,271	$73,559	$120,905	$202,505	$153,247	$141,856	$1,927,411

EMPLOYEES WITH EMPLOYMENT CONTRACTS

Name:	Title:
Jeff Belzer	V.P. Finance/Administration
Mike Kenzel	V.P. Landing Gear Division
Rob Kenzel	Operations Superintendent
Jerry McCollough	Production Planning Manager
Carol Schaub	Personnel Manager
Dave Porter	Data Processing Manager
David Lederman	Controller
Jody Jonte	Contract Administrative Mgr.
Dave Clark	Quality Assurance Mgr.
Jim Frye	Repair Station Manager
T. J. Chang	Marketing Engineer
Rick Smicenski	Sales Mgr., Landing Gear
Roger Rusk	Sales Mgr., Hydraulics

FLIGHT ACCESSORY SERVICES, INC.

EMPLOYEE BENEFITS

1. Forty (40) hours sick pay per calendar year for hourly and salary non-exempt. No sick pay for salary exempt.

2. Vacation: Two (2) weeks per year through seven (7) years; Three (3) weeks per year after eight (8) years of service; Four (4) weeks per year after sixteen (16) years of service; Five (5) weeks per year after thirty (30) years of service.

3. Medical/Dental Insurance; Company pays for employee; dependent coverage costs $5.00 per week.

4. Life Insurance for Employee; Company paid; amount of insurance is dependent upon yearly salary. Life insurance for spouse and children $1,500; company pays. Additional life insurance may be purchased.

5. Accidental life insurance for employee and/or dependents, employee paid.

6. Supplemental basic life insurance for employee and/or dependent, employee paid.

7. Holidays; There are thirteen (13) paid holidays per year.

8. Long term disability for salary employees. Short term disability for hourly employees. Both company paid. This disability is integrated with State Disability.

9. Educational reimbursement program: $2500 per academic year for job related classes.

10. Pension Plan.

11. Savings Plan.

12. Credit Union.

FLIGHT ACCESSORY SERVICES, INC.
SUMMARY OF INSURANCE

31-Feb-87

TYPE	CARRIER	LIMITS	POLICY NUMBER	ESTIMATED ANNUAL PREMIUM
COMMERCIAL PACKAGE:	FEDERAL INSURANCE CO.		MP3534 51 35	
BLANKET PROPERTY		$11,637,100		$51,050
BLANKET TIME ELEMENT		$4,158,330		$17,881
VALUABLE RECORDS		$500,000		$0
ACCOUNTS RECEIVABLE		$1,000,000		$3,514
GENERAL LIABILITY		$1,000,000		$7,434
FIDELITY COVERAGES		$100,000		$1,012
COMMERCIAL PACKAGE FLORIDA:	FEDERAL INSURANCE CO.		MP3535 73 61	
BLANKET PROPERTY		$533,500		$4,131
BLANKET TIME ELEMENT		$106,630		$888
GENERAL LIABILITY		$1,000,000		$371
FOREIGN PACKAGE:	VIGILANT INSURANCE CO.		CIP 3533 50 46	
PERSONAL PROPERTY		$1,350,000		$3,075
BUSINESS INTERRUPTION		$333,500		$1,170
INLAND MARINE		$10,000		$350
BOILERY & MACHINERY		$200,000		$1,300
FIDELITY COVERAGES		$100,000		$500
GENERAL LIABILITY		$500,000		$1,750
BUSINESS AUTO	FEDERAL INSURANCE CO.	$1,000,000	BAP(87)7309 18 35	$35,012
BOILERY & MACHINERY	PACIFIC INDEMNITY	$5,000,000	7333 87 06	$4,943
OCEAN CARGO	ST. PAUL FIRE & MARINE	$350,000	398 JM 0312	
FOREIGN AUTOMOBILE	PACIFIC INDEMNITY	$1,000,000	GLP 7308 10 58	$1,000
COMMERCIAL UMBRELLA	FEDERAL INSURANCE CO.	$10,000,000	(85)7331 65 11	$34,330
ERISA LIABILITY	FEDERAL INSURANCE CO.	$1,000,000	8095 17 75	$1,343
KIDNAP RANSOM, ETC.	FEDERAL INSURANCE CO.	$1,000,000	8095 17 75	$1,135

FLIGHT ACCESSORY SERVICES, INC.
SUMMARY OF INSURANCE

31-Feb-87

TYPE	CARRIER	LIMITS	POLICY NUMBER	ESTIMATED ANNUAL PREMIUM
GROUP MEDICAL, DENTAL & LIFE	PROFIDENT LIFE & ACCIDENT	$1,000,000	K-957-H	$409,000
LONG TERM DISABILITY	ALLSTATE LIFE	$3,000/MONTH	64207174	$9,000
WORKER'S COMPENSATION:				
CALIFORNIA	CALIORNIA CASUALTY	$500,000	M 40 0705 09 86	$139,890
FLORIDA	CALCO INSURANCE	$500,000	638031-02	$3,909
AIRCRAFT PRODUCTS LIABILITY	LLOYD'S LONDON	$10,000,000	4923	$570,000
	LLOYD'S LONDON	$30,000,000	4924	$265,000

FLIGHT ACCESSORY SERVICES, INC.

OPEN WORKER COMPENSATION CASES

31 December 1986

Name:	Insurance Company Reserve:
Kerry Panter	$ 136.00
Ramon Gonzalez	200.00
Ric Taylor	200.00
Sean Delaney	200.00
Sean Delaney	570.00
Emilio Munoz	36,955.00
William Steedman	12,600.00
Don Davis	18,735.00
Bob Stephens	2,470.00
Robert Frazer	11,300.00
Jim Robinson	63,955.00
Tom Becks	20,165.00
Richard Myers	19,235.00
Jim Robinson	1,510.00
TOTAL	$188,231.00

FAG EMPLOYEE NAME AND WAGE
19/87

EMPLOYEE NAME	ANNUAL WAGE
GONZALEZ, LUIS	11440.00
LARA, PEDRO	11897.60
SIGALA, RICARDO	11897.60
WARNER, HEATHER	11440.00
AGULIAR, JOSE	11440.00
CASTRO, JESUS	11897.60
CALLOWAY, CHRIS	11440.00
ACEVES, HECTOR	12979.20
HUGHART, TIM	12480.00
MCCARTY, ART	12480.00
MILLER, KATE	13000.00
HUICOCHEA, FELIPE	13520.00
BAUM, JEFF	13769.60
SANTOS, PABLO	14060.80
CHRISTIANSEN, KIRK	13728.00
HUICOCHEA, FREDDY	13728.00
HUISKENS, ARTHUR	13894.40
PAPAZIAN, MANIJEH	14040.00
ROGERS, ROBERT	14040.00
HORNE, CHARLES	14040.00
HORNE, RICHARD	14456.00
BURTLESS, CAROL	14560.00
COOK, RANDY	14560.00
MOYANO, CARLOS	14560.00
CHRISTIANSEN, CAROL	14560.00
STEPHENS, BOB	15080.00
JUAREZ, JOSE	15184.00
BUECHNER, SANDY	15184.00
BRUCERI, NANCY	15184.00
KINARD, KENDALL	15392.00
LEFEBER, CORA	15433.60
MURA, JOSE	16182.40
TAYLOR, CINDY	15600.00
ROMAN, ZENY	16120.00
SCHMELTZER, DAYEI	16224.00
CUELLAR, LILA	16640.00
ROSARIO, JOSE	16640.00
MARRIOTT, JEANETTE	16640.00
ROE, RICHARD	16640.00
MAITA, MICHAEL	16640.00
ERDMAN, JOHN	16640.00
ALFRED, JOSEPH	16848.00
MATHISON, CLIFF	16952.00
EFFLE, CANDI	17056.00
LUKE, BARRY	17472.00
CERVANTES, CARMEN	17680.00
GALLARDO, MARTIN	17680.00
KLICKINGER, ALISON	17992.00
ORLIK, JIE	18136.00
ALVAREZ, MARINA	18096.00
RAMER, MAUREEN	18296.00
HOWELL, TAMMY	18400.00

EMPLOYEE NAME	ANNUAL WAGE
SATAVA, FRANK	27040.00
TORRES, RAFAEL	27040.00
PAGLIA, FRED	27040.00
FARAH, FREDDY	27248.00
SPERSBERGER, NORM	27768.00
PERKINS, ERNIE	27996.80
HART, DAN	29120.00
HAMEL, BOB	28392.00
ARMENDARIZ, RICK	29744.00
ZAPIEN, JESUS	28808.00
VEGA, TOMMY	29120.00
SHANE, HAL	30284.80
MAYER, WILLY	29432.00
MUNOZ, EMILIO	29432.00
FREGEAU, LOU	29640.00
SIGALA, ALBERTO	30680.00
NANN, NICK	30014.40
NANN, JUDY	30014.40
LUNA, MANUEL	30014.40
MOORE, STEVE	30014.40
BAILES, BUD	31200.00
REEDER, ROD	30160.00
GREEN, BILL	31200.00
RODEE, LUIS	33009.60
MASSON, PETE	33758.40
SUTAN, TED	34008.00
AUGUSTINE, LEW	34008.00
CLARK, PHIL	34320.00
PATEL, PETE	34507.20
BIGGERSTAFF, BILL	34507.20
BUNN, HARRY	34840.00
CHANG, TJ	35256.00
LEEHEY, ERNIE	35755.20
CONLEY, ED	35755.20
GOHAUS, CAROL	36004.80
PARKS, SID	36004.80
PEARLE, ALEX	36400.00
VIGLIENZONI, PETE	37440.00
RUSH, ROGER	37918.40
JAMTE, JODY	38001.60
PORTER, DAVE	38001.60
LEDERMAN, DAVID	38001.60
BRIGENAI, RICK	38208.00
CLARK, DAVE	40019.20
MCCALLOUGH, JERRY	41555.20
LEPELAAR, ED	42367.60
FAPE, JIM	43510.40
KENTEL, ROB	47008.00
FRIEL, MIKE	74176.80
BILLIEH, JEFF	74913.60

EMPLOYEE NAME	ANNUAL WAGE
SATAVA, FRANK	27040.00
TORRES, RAFAEL	27040.00
PAGLIA, FRED	27040.00
FARAH, FREDDY	27248.00
EBERSBERGER, NORM	27768.00
PERKINS, ERNIE	27996.80
HART, DAN	29120.00
HAMEL, BOB	28392.00
ARMENDARIZ, RICK	29744.00
ZAPIEN, JESUS	28808.00
VEGA, TOMMY	29120.00
SHAKE, HAL	30284.80
MAYER, WILLY	29432.00
MUNOZ, EMILIO	29432.00
FREGEAU, LOU	29640.00
SIGALA, ALBERTO	30680.00
NANN, NICK	30014.40
NANN, JUDY	30014.40
LUNA, MANUEL	30014.40
MOORE, STEVE	30014.40
BAILES, BUD	31200.00
REEDER, ROD	30160.00
GREEN, BILL	31200.00
RODES, LUIS	33009.60
MASSON, PETE	33758.40
RUTAN, TED	34008.00
AUGUSTINE, LEW	34008.00
CLARK, PHIL	34320.00
PATEL, PETE	34507.20
BIGGERSTAFF, BILL	34507.20
GUNN, HARRY	34840.00
CHANG, TJ	35256.00
LESKEY, ERNIE	35755.20
CONLEY, ED	35755.20
SCHAUB, CAROL	36004.80
PARKS, SID	36004.80
TEARLE, ALEX	36400.00
VIGLIENZONI, PETE	37440.00
RUSK, ROGER	37918.40
JONTE, JODY	38001.60
PORTER, DAVE	38001.60
LEDERMAN, DAVID	38001.60
SMICENSKI, RICK	39000.00
CLARK, DAVE	40019.20
MCCOLLOUGH, JERRY	41995.20
LEPELAAR, ED	42369.60
FRYE, JIM	43510.40
KENDEL, ROB	47008.00
KENDEL, MIKE	74276.80
BOLZER, JEFF	79913.60

FLIGHT ACCESSORY SERVICES, INC.

DIRECTORS, OFFICERS AND CONSULTANTS

February 20, 1987

DIRECTORS: (not compensated)

David A. Edmonds, Chairman
William M. Marshall
Robert E. Wangard

OFFICERS:

William M. Marshall, President (not compensated)
Jeff B. Belzer, Vice President/Assistant Secretary
Mike S. Kenzel, Vice President
Robert E. Wangard, Secretary (not compensated)

CONSULTANTS:

Roy Fessendon, Accounting Services:	$25.00 per hour
Stan LaSalle, Engineering Services:	$25.00 per hour
Jean-Pierre Savary, French Representation:	$1,200 per month

EXHIBIT A

Schedule of Assets
Pursuant to Subparagraph 1.1.1 of Agreement
of Purchase and Sale of Assets Dated February , 1987
Between Hawker Pacific, Inc. ("Buyer")
and Flight Accessory Services, Inc. ("Seller")

The Assets consist of the following:

1. All of the assets, properties and interests relating to Seller's business and owned used or leased as of December 31, 1986, as follows:

(a) All fixed assets, including machinery and equipment, tooling, casting dies, motor vehicles, office furniture, supplies, consumable materials and other assets of a similar kind or character set forth on Schedules 1-4 hereto;

(b) All leasehold improvements at all leased facilities set forth on Schedule 5 hereto;

(c) All inventories, wherever located or in transit, including raw materials, work in process, finished goods and rotable spares and exchange pool stock set forth on Schedule 6 hereto;

(d) All of the accounts receivable relating to or arising out of Seller's business, excluding any amounts due to Seller from affiliates set forth on Schedule 7 hereto;

(e) All prepaid expenses and other similar assets, including deposits, set forth on Schedule 8 hereto;

(f) All intellectual property and proprietary rights set forth on Schedule 9 hereto;

(g) All rights in or pursuant to:

(i) All unfilled sales orders from customers set forth on Schedule 10 hereto;

(ii) All purchase orders set forth on Schedule 11 hereto;

(iii) The leases set forth on Schedule 12 hereto;

(iv) All agreements or contractual arrangements, including licenses or licensing arrangements, with manufacturers or suppliers set forth on Schedule 13 hereto;

(v) All equipment rental and service agreements set forth on Schedule 14 hereto; and

(vi) Any and all other contracts and agreements relating to Seller's business set forth on Schedule 15 hereto; and

2. Any of the foregoing categories of Assets, properties and interests relating to Seller's business acquired by it between December 31, 1986 and the Closing Date, but excepting those asets, properties and interests disposed of by Seller prior to the Closing Date or expressly excluded under Paragraph 1.1.2 of the Agreement.

EXHIBIT B

Schedule of Liabilities
Pursuant to Subparagraph 1.5.1 of Agreement
of Purchase and Sale Dated February , 1987
Between Hawker Pacific, Inc. ("Buyer")
and Flight Accessory Services, Inc. ("Seller)

The Liabilities consist of all the liabilities and obligations of Seller accrued or existing as of the Closing Date, including:

1. All liabilities and obligations of Seller accrued existing as of December 31, 1986, including:

(a) All current liabilities of Seller (excluding amounts due affiliates of Seller and any liabilities of Seller for federal or state income taxes), including:

(i) All accounts payable set forth on Schedule 1 hereto;

(ii) All other expenses that are properly reflected on Seller's balance sheet as of December 31, 1986, set forth on Schedule 2 hereto, including:

(A) Accrued payroll, vacation, retirement plan and sick pay liabilities;

(B) Accrued workers' compensation insurance liabilities;

(C) Accrued sales tax liabilities;

(D) Accrued royalty liabilities; and

(E) Accrued audit fee; and

(b) All obligations of Seller under open sales orders set forth on Schedule 10 of the Schedule of Assets, open purchase orders set forth on Schedule 3 hereto or under leases, agreements, contractual commitments and other arrangements of Seller set forth on Schedules 12 - 15 of the Schedule of Assets; and

(c) Any and all liabilities and obligations of every kind and nature arising on or after the Closing Date and relating to or connected with the Assets and business being acquired by Buyer pursuant to this Agreement, including warranty claims or returns made after the Closing Date in connection with products sold or services performed prior to the Closing Date; and

2. Any of the foregoing categories of liabilities and obligations relating to Seller's business arising between December 31, 1986 and the Closing Date but excluding those liabilities and assets discharged prior to the Closing Date or excluded under Subparagraph 1.5.2 of the Agreement.

EXHIBIT C

FINAL CLOSING STATEMENT

	Interim as of 12/31/86	Final as of Closing Date
ASSETS PURCHASED [AT NET BOOK VALUES]		
Accounts receivable	$ 2,209,000	$_____
Inventories	4,753,000	_____
Other current assets	320,000	_____
Plant and equipment	771,000	_____
Exchange Pool	1,428,000	_____
Other assets	62,000	_____
Total	$ 9,543,000	$
ACCRUED LIABILITIES ASSUMED	(1,605,000)	(_____)
CASH PORTION OF PURCHASE PRICE	$7,938,000	$_____

RECONCILIATION:

Final Amount of cash portion of Purchase Price:	$_____
Amount paid at Closing:	7,938,000
Difference:	$_____

APPROVED AND AGREED:

FLIGHT ACCESSORY SERVICES, INC.

By:_____

Date:_____

HAWKER PACIFIC, INC.

By:_____

Date:_____

FLIGHT ACCESSORY SERVICES, INC.
CONSOLIDATED OPERATING ANALYSIS
DECEMBER 31, 1986

EXHIBIT D

(in 1,000's)

NET SALES	$14,430
COST OF SALES	10,588
GROSS MARGIN	3,842
EXPENSES:	
G & A AND SELLING	2,887
ROYALTIES	161
TOTAL	3,048
PROFIT (LOSS) BEFORE INTEREST & TAXES	794
INTEREST	266
OPERATING PROFIT	528
ABNMORMAL ITEMS	(1,848)
INCOME (LOSS) BEFORE TAXES	($1,320)

FLIGHT ACCESSORY SERVICES, INC.
BALANCE SHEET
DECEMBER 31, 1986

(in 1,000's)

	12-31-86
ASSETS:	
CASH	$999
TRADE RECEIVABLES, NET	2,209
RECEIVABLE FROM AFFILIATE	109
INVENTORIES, NET	4,753
OTHER CURRENT ASSETS	320
SUBTOTAL	8,390
PLANT & EQUIPMENT, NET	771
EXCHANGE POOL, NET	1,428
OTHER ASSETS	62
TOTAL	$10,651
LIABILITIES & EQUITY:	
ACCOUNTS PAYABLE & ACCRUED EXPENSES	$1,655
.E PAYABLE TO BANK	0
NOTE PAYABLE TO AFFILIATE	2,750
SUBTOTAL	4,405
ACQUISITION EQUITY	7,411
RETAINED EARNINGS (DEFICIT)	(1,165)
SUBTOTAL	6,246
TOTAL	$10,651