

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

06-09-1998

U.S. Department of Commerce  
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ASSIGNMENT RECORDATION FORM COVER SHEET  
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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type **MRD 6-12-98**

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel # **1706** Frame # **0190**

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment  
Effective Date  
Month Day Year
- Merger
- Change of Name
- Other **A corrective assignment to correct assignor and assignee on Reel 1706 Frame 0190**

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year  
**10 21 97**

Name **SWEETWATER, INC.**

Formerly

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

Receiving Party

Mark if additional names of receiving parties attached

Name **CASCADE DESIGNS, INC.**

DBA/AKA/TA

Composed of  **190E**

Address (line 1) **4000 First Avenue South** **NOSPEC**

Address (line 2)  **FEE**

Address (line 3) **Seattle** **WA** **USA** **98134**

City

State/Country

Zip Code

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

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

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06/17/1998 TTON11 00000163 1839010

01 FC:481  
02 FC:482

40.00 OP  
150.00 OP

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Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

206-622-3150

Name

MARSHALL J. NELSON

Address (line 1)

DAVIS WRIGHT TREMAINE

Address (line 2)

2600 Century Square

Address (line 3)

1501 Fourth Avenue

Address (line 4)

Seattle, WA 98101

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Registration Number(s)

1,839,010	1,947,548	2,084,641
1,882,920	1,973,433	
1,686,247	2,061,707	

**Number of Properties**

Enter the total number of properties involved.

#

7

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

190

Method of Payment:

Enclosed

Deposit Account

Deposit Account

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

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

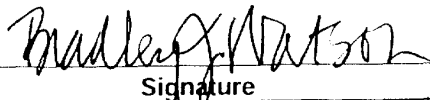
No

**Statement and Signature**

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

Bradley J. Watson

Name of Person Signing



Signature

6/8/98

Date Signed

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

03-18-1998



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U.S. Department of Commerce  
Patent and Trademark Office

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Execution Date  
Month Day Year  
**10 21 97**

Formerly \_\_\_\_\_

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_
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Receiving Party

Mark if additional names of receiving parties attached

Name **SWEETWATER, INC.**

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) **1140 BOSTON AVENUE, UNIT A**

Address (line 2) \_\_\_\_\_

Address (line 3) **LONGMONT**

City

**CO**

State/Country

**80501**

Zip Code

- Individual  General Partnership  Limited Partnership  Association
- Corporation  Association
- Other \_\_\_\_\_

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

- Citizenship/State of Incorporation/Organization **DELAWARE**

03/16/1998 JHBRZZ 00000148 1A39010  
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TRADEMARK

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Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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No

**Statement and Signature**

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Bradley J. Watson

Name of Person Signing



Signature

3/3/19

Date Signed

**ASSET PURCHASE AGREEMENT**

ASSET PURCHASE AGREEMENT, dated October \_\_\_\_, 1997, is entered into by and between (1) CASCADE DESIGNS, INC., a Washington State corporation ("Purchaser"), and (2) SWEETWATER, INC., a Delaware corporation ("Seller").

**W I T N E S S E T H:**

WHEREAS, Seller is engaged in the business of manufacturing and distributing portable water filtration and purification devices for outdoor use (the "Outdoor Business"); and

WHEREAS, the parties desire that Purchaser purchase from Seller, and that Seller sell to Purchaser, the assets of the Outdoor Business, and that Purchaser assume certain liabilities of the Outdoor Business, upon the terms and subject to the conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, conditions, agreements, and undertakings hereinafter set forth, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

**ARTICLE I  
CERTAIN DEFINITIONS**

**Section 1.1. Definitions**

The following terms, as used herein, shall have the meanings set forth below:

(a) "Affiliate" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such other Person.

(b) "Agreement" shall mean this Asset Purchase Agreement, including the Exhibits and Schedules hereto.

(c) "Acquired Assets" shall mean the following properties and assets of Seller used or held for future use by Seller, in each case as the same shall exist on the Closing Date, but not including the Excluded Assets:

(i) Seller's leasehold interests in the real property and facilities located at 1140 Boston Avenue, Unit A, Longmont, Colorado 80501 (the "Facility"), together with all of Seller's interest in and to all

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improvements thereon and all of the furniture, fixtures and equipment owned by Seller and located in the Facility;

(ii) all tangible personal property including, but not limited to all machinery, equipment, raw materials, work in progress, inventories, tools, and the office operating and other supplies, such as desk sets, furniture, and computers, currently utilized by Seller's twelve employees;

(iii) all of Seller's common law and statutory rights in, and the goodwill associated with, the trademark and tradename "SweetWater" and the Intellectual Property;

(iv) all trade accounts receivable of the Outdoor Business attributable to payors with billing addresses in the United States and in Canada;

(v) all of Seller's rights and claims under the Outdoor Contracts and all claims, demands, judgments and rights of set-off relating to the Outdoor Contracts;

(vi) all books, records and files of Seller relating to the Outdoor Business;

(vii) to the extent transferable, all licenses, authorizations and permits issued by any governmental or regulatory agency relating exclusively to the Outdoor Business and all applications therefor pending or filed, ,

(viii) EPA Registration No. 67373-1 and data compensation rights granted the Seller under the Federal Insecticide Fungicide and Rodenticide Act;

(ix) to the extent transferable, all software licenses and authorizations; and

(x) all other assets owned by Seller and used exclusively in the Outdoor Business in the ordinary course of business as presently conducted.

(d) "Assumed Liabilities" shall mean, collectively, :

(i) liabilities and obligations that arise out of Seller's product warranties;

(ii) liabilities and obligations that arise out of or relate to any event occurring after the Closing Date

in connection with the operation of the Outdoor Business, the use or ownership of any of the Acquired Assets or the assumption of the Outdoor Contracts.

(e) "Environmental Laws" shall mean all federal, state and local statutes, regulations, ordinances, and other laws relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, chemicals, or industrial, hazardous, or toxic materials or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface, or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, hazardous, or toxic materials or wastes, or any regulation, rule, code, plan, order, decree, judgment, injunction, notice, or demand letter issued, entered, promulgated, or approved thereunder.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Excluded Assets", collectively, shall mean:

(i) all cash, marketable securities, insurance policies, deposits and prepaid assets and expenses of Seller;

(ii) all rights and claims (including, without limitation, rights under any insurance policies of Seller, refunds, Tax refunds and claims thereto) of Seller with respect to the Excluded Assets or the Excluded Liabilities;

(iii) any and all minute books, stock transfer records, corporate seals, Tax Returns, and any books or records (including, without limitation, payroll records and paid invoices) relating to Tax Returns;

(iv) all rights of Seller under this Agreement and the agreements and instruments delivered to Seller by Purchaser pursuant to this Agreement;

(v) all finished goods not included in Seller's price list on the date hereof; all components of goods not included in Seller's price list on the date hereof; and all raw materials not used in goods included in Seller's price list on the date hereof; and

(vi) all other assets of Seller listed on Schedule 1.1(i) hereto.

(h) "Excluded Liabilities" shall mean the following liabilities of Seller:

(i) all accounts payable and liabilities of Seller in respect of indebtedness for borrowed money;

(ii) all liabilities and obligations of Seller in respect of Taxes attributable to taxable years or periods ending prior to the Closing Date;

(iii) all liabilities of Seller for the payment of accrued employee benefits or for severance benefits arising out of any agreement between Seller and any of its employees or any other person;

(iii) liabilities and obligations arising under Environmental Laws or otherwise related to the environment as a result of Seller's operation of the Outdoor Business prior to the Closing Date, Seller's lease of the facilities located at 2505 Trade Center Avenue, Longmont, Colorado 80503 and 4725 Nautilus Court South, #3, Boulder, Colorado J0301 or as a result of any act of Seller's employees prior to the Closing Date at the Facility;

(iv) all liabilities of Seller under this Agreement; and

(v) all other liabilities of Seller not specifically included within the definition of Assumed Liabilities and arising out of events occurring prior to the Closing Date.

(i) "GAAP" shall mean generally accepted accounting principles, applied on a basis consistent with past practice.

(j) "Knowledge" or "best knowledge", with respect to Seller, shall mean actual knowledge after due inquiry of Eric Reynolds, Patrick Thomas and Jerry Cogdill; with respect to Purchaser, shall mean actual knowledge after due inquiry of Lee Fromson and John Burroughs.

(k) "License" shall mean a royalty-free, exclusive, worldwide, irrevocable and transferrable license from Purchaser to Seller as set forth in the form of License Agreement attached hereto as Exhibit B.

(l) "Material Adverse Effect" shall mean, with respect to any Person, any change(s), effect(s), circumstance(s) or condition(s) that, individually or in the aggregate, are or may reasonably be expected to be materially adverse to (i) the assets, business, operations, income or condition (financial or



otherwise) of such Person or such Person and its Affiliates taken as a whole, or the transactions contemplated by this Agreement or (ii) the ability of such Person to perform its obligations under this Agreement.

(m) "Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation or governmental entity (or any department, agency or political subdivision thereof).

(n) "SEC" shall mean the United States Securities and Exchange Commission.

(o) "Taxes" shall mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

(p) "Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(q) "Transfer Taxes" shall mean all sales, use, value added, transfer, and similar taxes or fees imposed by any governmental entity in connection with the transfers carried out pursuant to this Agreement.

The following additional terms are defined in the Sections of this Agreement set forth below:

<u>Term</u>	<u>Section</u>
"Basket Amount"	8.4
"Cap Amount"	8.4
"Closing"	3.1
"Closing Asset Value"	2.3
"Closing Date"	3.1
"Control"	8.3
"Facility"	1.1(c)
"Encumbrances"	4.8
"Indemnifiable Losses"	8.2
"Indemnifying Party"	8.3
"Indemnitee"	8.3

"Intellectual Property"	4.11
"Outdoor Business"	Recitals
"Outdoor Contracts"	4.10
"Permissible Exceptions"	4.8
"Proxy Statement"	6.1
"Purchase Price"	2.2
"Purchaser"	Preamble
"RCRA"	4.13
"Seller"	Preamble
"Stockholder Proposals"	6.1
"Superfund"	4.13
"Third Party Claim"	8.3

ARTICLE II  
PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

Section 2.1. Purchase and Sale of Assets; Assumption of Liabilities

(a) Upon the terms and subject to the conditions hereof, at the Closing, (i) Seller shall sell, convey, assign, transfer, and deliver to Purchaser and Purchaser's successors and assigns forever, all of the Acquired Assets, free and clear of all Encumbrances other than Permissible Exceptions, and (ii) Purchaser shall purchase, acquire and accept all of the Acquired Assets, assume the Assumed Liabilities and execute and deliver the License.

(b) Purchaser shall not assume any of the Excluded Liabilities, and Seller shall and does hereby retain responsibility for the Excluded Liabilities.

Section 2.2. Purchase Price

The aggregate purchase price for the Acquired Assets shall be equal to the Closing Asset Value plus \$300,000 (the "Purchase Price"), and shall be payable at the Closing by Purchaser to Seller by a bank or certified check or by wire transfer on the Closing Date to an account or accounts in the United States which is designated in writing by Seller not later than three business days prior to the Closing Date.

Section 2.3. Determination of Closing Asset Value

(a) To calculate the Closing Asset Value, a physical count of all inventory shall be conducted by Seller and Purchaser prior to and as close as practicable to the Closing Date and in no event later than the second business day after Seller's stockholder meeting.

(b) The "Closing Asset Value" shall be an amount equal to the sum of: (i) \$294,000, which is the determined value for all equipment included in the Acquired Assets, plus (ii) an amount equal to the actual cost incurred by Seller in the purchase and installation of any fixed assets installed in the Facility after the date hereof by Seller, which amount shall not exceed \$20,000, plus (iii) an amount equal to the Inventory Value, plus (iv) an amount equal to the sum of all accounts receivable attributable to payors with billing addresses in the United States and in Canada, as determined by Seller's accounts receivable aging report as of the close of business on the day preceding the Closing Date, discounted to the extent of 0.3%, plus (v) an amount equal to the sum of the security deposits, prepaid items and discretionary expenditures set forth on Schedule 2.3 hereof. For purposes hereof, the "Inventory Value" shall be determined by multiplying the actual inventory (as determined in accordance with Section 2.3(b) above) by the respective values for such inventory as set forth in the 1997 standard cost inventory valuation report delivered by Seller to Purchaser on September 18, 1997. The calculation of Closing Asset Value shall be set forth in a statement to be signed by Seller and Purchaser at the Closing which statement shall be final and binding upon both parties for all purposes.

Section 2.4. Allocation of Purchase Price

Purchaser and Seller agree to allocate the Purchase Price (and all other capitalizable costs) among the Acquired Assets for all purposes (including tax purposes) in accordance with a mutually acceptable allocation schedule to be delivered at the Closing. Purchaser and Seller shall each timely file, or cause to be filed, an IRS Form 8594 pursuant to the requirements of Internal Revenue Code Section 1060 and the regulations thereunder reflecting such allocation.

ARTICLE III  
CLOSING AND RELATED MATTERS

Section 3.1. Time and Place of Closing

The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Zimet, Haines, Friedman & Kaplan, 460 Park Avenue, New York, New York 10022, at 10:00 a.m., local time, on \_\_\_\_\_, 1997 (the "Closing Date") or, if later, on the fifth business day following the date of Seller's stockholder meeting at which approval of the Stockholder Proposals is obtained. Purchaser shall not be required to have a representative present at the Closing.

Section 3.2. Purchaser's Deliveries at the Closing

At the Closing, Purchaser shall deliver to Seller:

- (a) the Purchase Price;
- (b) a copy of the Bill of Sale, Assignment and Assumption Agreement substantially in the form of Exhibit A hereto, duly executed by Purchaser;
- (c) a duly executed copy of the License, in the form of Exhibit B hereto;
- (d) the officer's certificate required under Section 7.2(d);
- (e) the Closing Asset Value statement required under Section 2.3 and the Allocation Schedule required under Section 2.4; and
- (f) the Registration Transfer Agreement and the Data Compensation Rights Transfer Agreement, substantially in the forms of Exhibit C and Exhibit D hereto, duly executed by Purchaser.

Section 3.3. Seller's Deliveries at the Closing

At the Closing, Seller shall deliver to Purchaser:

- (a) a copy of the Bill of Sale, Assignment and Assumption Agreement substantially in the form of Exhibit A hereto, duly executed by Seller;
- (b) all other documents of title, deeds, endorsements, assignments and other instruments as are reasonably necessary to vest in Purchaser good and valid title to the Acquired Assets;
- (c) the consent of the landlord under the lease to the Facility described on Schedule 4.3 hereto;
- (d) the certificate required under Section 7.1(d);
- (e) Non-Competition Agreements, in the form attached hereto as Exhibit E, executed by Messrs. Reynolds and Cogdill;
- (f) the Closing Asset Value statement required under Section 2.3 and the Allocation Schedule required under Section 2.4; and

(g) the Registration Transfer Agreement and the Data Compensation Rights Transfer Agreement, substantially in the form of Exhibit C and Exhibit D hereto, duly executed by Seller.

Section 3.4. Non-Assignable Instruments

Nothing in this Agreement shall be construed as an attempt or agreement to assign (i) any Outdoor Contract which is nonassignable without the consent of the other party or parties thereto unless such consent shall have been given, or (ii) any Outdoor Contract or claim as to which all the remedies for the enforcement thereof enjoyed by Seller would not pass to Purchaser as an incident of the assignments provided for by this Agreement. Seller shall cooperate with Purchaser to obtain the consents of any other party required in connection with the transfer of any Outdoor Contract requiring such consent and, to the extent reasonably practicable, shall provide Purchaser with all of the benefits enjoyed by Seller under any such Outdoor Contract until consent to the assignment thereof is obtained.

Section 3.5. Interdependence

The transfers and deliveries described in this Article III to take place at the Closing are mutually interdependent and regarded as occurring simultaneously as of the close of business on the Closing Date; and, unless waived by both Purchaser and Seller, no such transfer or delivery shall become effective unless and until all other transfers and deliveries provided for in this Article III have also been consummated.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

Section 4.1. Corporate Organization and Good Standing

Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business and is in good standing as a foreign corporation in such jurisdictions where the nature of its business or properties makes such qualification necessary, except where the failure to so qualify would not have a Material Adverse Effect on Seller. Seller has all requisite corporate power and authority and all material governmental licenses, permits, consents and approvals required to own, operate, and lease its properties and to carry on its businesses as now being conducted. Seller has heretofore delivered to Purchaser complete and correct copies of its Certificate of Incorporation and By-

Laws, each as amended and in effect on the date hereof. Seller has no subsidiaries.

Section 4.2. Authorization, Execution and Binding Effect

Subject to the approval of the Stockholder Proposals in accordance with the requirements of the Exchange Act and the Delaware General Corporation Law, (a) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller; and (b) this Agreement has been duly executed and delivered by Seller and constitutes the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except to the extent that enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.3. Noncontravention: Consents and Approvals

Subject to the approval of the Stockholder Proposals in accordance with the requirements of the Exchange Act and the Delaware General Corporation Law, neither the execution and delivery by Seller of this Agreement, nor the consummation by Seller of the transactions contemplated hereby, will (a) violate or conflict with any provision of the certificate of incorporation or by-laws of Seller, (b) result in a violation of any order, decree, judgment, law, rule, or regulation of any court or governmental authority, applicable to Seller, (c) result in the breach of, or give rise to a right of termination, cancellation or acceleration of any right or obligation of Seller under, any note, bond, mortgage, indenture, deed of trust, license, franchise, contract, agreement, or other instrument or commitment or obligation of Seller which breach, termination, cancellation, or acceleration would have a Material Adverse Effect on Seller, or (d) require any consent, approval, or authorization of, or notice to, or declaration, filing, or registration with, any governmental or regulatory authority or any other Person, except for such consents, approvals, authorizations, notices, declarations, filings or registrations which have been obtained, which are set forth on Schedule 4.3, or the failure of which to obtain would not have a Material Adverse Effect on the Outdoor Business.

Section 4.4. Compliance With Laws

To the best knowledge of Seller, Seller is in compliance with all laws, regulations, decrees and orders applicable to the Outdoor Business, except where noncompliance would not have a Material Adverse Effect on the Outdoor Business. Seller has duly filed all reports and returns required to be filed by it with governmental authorities with respect to the

Outdoor Business and has obtained all governmental permits and licenses and other governmental consents which are required in connection with the Outdoor Business; except for such reports, returns, permits, licenses, and consents which, if not filed or obtained, would not, individually or in the aggregate, have a Material Adverse Effect on the Outdoor Business. All of such permits, licenses and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them is pending or, to the best knowledge of Seller, threatened.

Section 4.5. Financial Statements: Accounts Receivable: Inventories

(a) Seller has heretofore delivered to Purchaser copies of its audited financial statements for the year ended December 31, 1996, and its unaudited financial statements for the quarter ended June 30, 1997. The financial statements have been prepared in conformity with GAAP and, taken as a whole, present fairly the financial position of the Outdoor Business as of the respective dates of such financial statements and the results of operations of the Outdoor Business for the periods covered by such Financial Statements .

(b) All accounts receivable reflected on the Seller's accounts receivable aging report dated as of the date hereof have arisen from bona fide transactions in the ordinary course of the Outdoor Business's business and have been collected and, to the best knowledge of Seller, are collectable (subject to a reserve for bad debts amounting to not more than 0.3% of such accounts receivable), in the ordinary course of business in the recorded amounts thereon without valid set-off or counterclaim.

(c) The inventories of the Outdoor Business included in the Acquired Assets consist only of material in merchantable condition and saleable or usable in the ordinary course of business.

Section 4.6. Absence of Certain Changes

Except as contemplated by this Agreement or as described on Schedule 4.6 hereto, since June 30, 1997, there has been no Material Adverse Change in the condition, financial or otherwise, of Seller. Without limiting the generality of the foregoing, since June 30, 1997 Seller has not, with respect to the Outdoor Business or the Acquired Assets:

(1) paid, discharged, or satisfied any claim, liability, or obligation (absolute, accrued, contingent, or otherwise) relating to the Outdoor Business, other than the payment, discharge, or satisfaction of claims, liabilities and obligations, in the ordinary course of business and consistent with

past practice, and other than payments made in connection with the termination of Seller's lease for 2505 Trade Center Avenue, Longmont, Colorado;

(ii) disposed of or permitted to lapse any rights to the use of any Intellectual Property;

(iii) sold, transferred, or otherwise disposed of any of the properties or assets of Seller used by the Outdoor Business, except for the sale of inventory in the ordinary course of business, and except for the sale of any Excluded Asset;

(iv) waived or released any rights of material value relating to the Outdoor Business;

(v) entered into any agreement, whether in writing or otherwise, to do any of the foregoing; or

(vi) suffered any casualty loss or damage (whether or not covered by insurance) which affects in any material respect the Acquired Assets or the conduct of the Outdoor Business.

#### Section 4.7. Legal Proceedings

Except as described on Schedule 4.7 hereto, there are no material claims, actions, suits, inquiries, investigations, or proceedings pending or, to the best knowledge of Seller, threatened in writing or imminent before or by any court or governmental body, (i) against Seller relating to the Acquired Assets or the Outdoor Business, (ii) which question or challenge the validity of this Agreement or any action taken or to be taken by Seller pursuant hereto, or (iii) which constitute requests for environmental clean-up actions, cost reimbursement or contribution by any Federal, state or local agencies or any private parties with respect to any property leased by Seller and used by the Outdoor Business. Seller is not subject to any judgment, order or decree, or to any governmental restriction (other than those applicable generally to companies engaged in businesses similar to the Outdoor Business) which is likely to have a Material Adverse Effect on the Outdoor Business.

#### Section 4.8. Title to Properties and Related Matters

(a) Seller has, and pursuant to this Agreement will convey, sell, transfer, assign and deliver to Purchaser, good and valid title to all of the Acquired Assets, except that with respect to Acquired Assets leased by Seller, Seller has and will convey, sell, transfer, assign and deliver to Purchaser valid and enforceable leasehold interests therein. Such Acquired Assets and properties and title thereto are free and clear of all title



defects and all liens, mortgages, pledges, claims, charges, security interests, and other encumbrances ("Encumbrances") except Encumbrances which are disclosed on Schedule 4.8(a) hereto or which do not, individually or in the aggregate, impair the current use, occupancy, or value, or the validity of title, of the property subject thereto (such exceptions being referred to herein as the "Permissible Exceptions").

(b) Seller has delivered to Purchaser a correct and complete copy of the lease for the Facility, which lease is legal, valid, binding, enforceable and is in full force and effect and constitutes the only lease for real property held by Seller. There are no disputes, oral agreements or forbearance in effect as to the lease for the Facility and to the best knowledge of Seller neither party to the lease is in breach or default of the terms thereof. All rental and other amounts required to be paid under the Lease have been duly paid.

#### Section 4.9. Taxes and Tax Returns

Seller has filed all Tax Returns that it was required to file, and has paid all Taxes shown thereon as owing, except where the failure to file Tax Returns or to pay Taxes would not have a Material Adverse Effect on the Outdoor Business. There is no dispute or claim concerning any Taxes either claimed or raised by any authority in writing.

#### Section 4.10. Contracts

(a) Schedule 4.10(a) hereto lists all written contracts, agreements, instruments, arrangements, and leases to which Seller is a party or is otherwise bound and which relate to the Outdoor Business or the Acquired Assets, other than any contract which is an Excluded Asset and other than immaterial contracts (which for purposes of this Agreement shall mean contracts which (i) do not provide for aggregate payments by or to Seller in excess of \$5,000 and (ii) are not otherwise material to the Outdoor Business) (collectively, including such immaterial contracts, "Outdoor Contracts"). True and correct copies of all Outdoor Contracts listed on Schedule 4.10(a) have heretofore been delivered to Purchaser.

(b) Except as set forth and described (including a reference in each case to the relevant clause of this Section 4.10(b)) on Schedule 4.10(b) hereto:

(i) to the best knowledge of Seller, all Outdoor Contracts are valid and in full force and effect and constitute the legal, valid and binding obligations of Seller and the other parties thereto;

(ii) there are no existing material defaults by Seller under any Outdoor Contract, and to the best knowledge of Seller, no event, act or omission has occurred which (with or without notice, lapse of time or the happening or occurrence of any other event) would result in a material default thereunder;

(iii) no other party to any Outdoor Contract has asserted the right, and to the best knowledge of Seller, no basis exists for the assertion of any right, to renegotiate the terms or conditions of any such Outdoor Contract; and

(iv) all Outdoor Contracts are assignable by Seller in connection with the transactions contemplated by this Agreement, except as noted on Schedule 4.3 hereto.

Section 4.11. Patents, Trademarks, Trade Names, etc.

(a) Schedule 4.11(a) hereto lists all material patents, patent applications, common law and registered trademarks, service marks and trade names, and pending registrations thereof currently owned by or licensed to Seller and used by or in the Outdoor Business. All of the foregoing, together with all other trade secrets, copyrights, know-how, processes, and proprietary information owned by Seller and used by the Outdoor Business which are entitled to legal protection, are sometimes referred to collectively herein as the "Intellectual Property."

(b) Except as described on Schedule 4.11(b) hereto, Seller has not received any notice that its current use of any of the Intellectual Property constitutes infringement of the intellectual property of any third party, and to the best knowledge of Seller, such current use of the Intellectual Property does not constitute infringement of the intellectual property of any third party. Except as described on Schedule 4.11(b), Seller has no knowledge that any third party is infringing any of the Intellectual Property and none of the Intellectual Property is subject to any outstanding litigation, administrative proceeding, order, decree, judgment, stipulation, injunction, or settlement agreement restricting or seeking to restrict the use thereof by Seller, or challenging the validity or registration of any of the Intellectual Property.

Section 4.12. Condition of Assets

The material improvements, fixtures and appurtenances on or to the Facility and the material tangible property included in the Acquired Assets, or the subject of any lease included in

the Acquired Assets, are in good operating condition, subject to ordinary wear and tear.

Section 4.13. Environmental Matters

(a) Schedule 4.13(a) hereto lists all permits, licenses and other authorizations which have been obtained by Seller and which are required to be held or obtained by Seller in connection with the Outdoor Business under all Environmental Laws, except for such permits, licenses and other authorizations the failure of which to obtain would not, individually or in the aggregate, have a Material Adverse Effect on the Outdoor Business. Seller is in substantial compliance with all terms and conditions of such permits, licenses and authorizations, and to the best knowledge of Seller, with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws and applicable to the Outdoor Business.

(b) To the best knowledge of Seller, there is no pending or, threatened civil or criminal litigation, notice of violation, or administrative proceeding relating in any way to the Environmental Laws (including notices, demand letters, or claims under the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("Superfund"), and similar state or local laws) involving the Outdoor Business or any of the Acquired Assets. To the best knowledge of Seller, there have not been and there are not any events, conditions, circumstances, activities, practices, incidents, actions, or plans which may interfere with or prevent continued compliance, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing, study, or investigation against Seller relating to the Outdoor Business or the Acquired Assets, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release, or threatened release into the environment, of any pollutant, contaminant, chemical, industrial, hazardous, or toxic material or waste, including, without limitation, any liability arising, or any claim, action, demand, suit, proceeding, hearing, study, or investigation which may be brought, under RCRA, Superfund, or similar state or local laws.

Section 4.14. Finders

Neither Seller nor any of its Affiliates has paid or become obligated to pay any fee or commission to any broker, finder, or intermediary for or on account of the transactions provided for in this Agreement, other than Dillon, Read & Co. Inc. Seller agrees to indemnify Purchaser against, and to hold Purchaser harmless from, any claims for brokerage or similar commission or other compensation which may be made against Purchaser by any third party in connection with the transactions contemplated hereby, which claim is based upon such third party having acted as broker, finder, investment banker, or in any similar capacity on behalf of Seller or any of its Affiliates.

Section 4.15. Proxy Statement Information

Seller's Proxy Statement will not, at the respective time such Proxy Statement is filed with the SEC or mailed to the Seller's stockholders, and on the date of the Seller's stockholders' meeting, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order (i) to make the statement therein, in light of the circumstances under which they were made, not misleading or (ii) to correct any statement in any earlier communication with respect to the solicitation of proxies or otherwise. The representations and warranties contained in this Section 4.15 will not apply to statements included in or omissions from the Seller's Proxy Statement based upon information furnished to Seller by Purchaser specifically for use therein.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

Section 5.1. Corporate Organization

Purchaser is a corporation duly organized, validly existing, and in good standing under the laws of the State of Washington. Purchaser has all requisite corporate power and authority to own, operate, and lease its properties and to carry on its business as now being conducted.

Section 5.2. Authorization, Execution and Binding Effect

The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser and constitutes the valid and binding agreement of

Purchaser, enforceable against Purchaser in accordance with its terms, except to the extent that enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general principles of equity.

Section 5.3. Noncontravention; Consents and Approvals

Neither the execution and delivery by Purchaser of this Agreement, nor the consummation by Purchaser of the transactions contemplated hereby, nor compliance by Purchaser with any of the provisions hereof will (i) violate or conflict with any provision of the certificate of incorporation or by-laws of Purchaser, (ii) result in a violation of any order, writ, injunction, decree, judgment, ruling, law, rule, or regulation of any court or governmental authority, applicable to Purchaser, (iii) result in the breach of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, contract, agreement, or other instrument or commitment or obligation of Purchaser which breach would have a Material Adverse Effect on Purchaser, (iv) require any consent, approval, or authorization of, or notice to, or declaration, filing, or registration with, any governmental or regulatory authority or any other Person, except for such consents, approvals, authorizations, notices, declarations, filings or registrations which have been obtained, which are set forth on Schedule 5.3, or the failure of which to obtain would not have a Material Adverse Effect on Purchaser.

Section 5.4. Finders

Neither Purchaser nor any of its Affiliates has paid or become obligated to pay any fee or commission to any broker, finder, or intermediary, for or on account of the transactions provided for in this Agreement. Purchaser agrees to indemnify Seller against, and to hold Seller harmless from, any claims for brokerage or similar commission or other compensation which may be made against Seller by any third party in connection with the transactions contemplated hereby, which claim is based upon such third party having acted as broker, finder, investment banker, or in any similar capacity on behalf of Purchaser or any of its Affiliates.

Section 5.5. Legal Proceedings

There are no material claims, actions, suits, inquiries, investigations or proceeding pending, or to the best knowledge of Purchaser, threatened in writing or imminent, against Purchaser before or by any court or governmental body which question or challenge the validity of this Agreement or any action taken or to be taken by Purchaser pursuant hereto.

Section 5.6. Proxy Statement

None of the information with respect to Purchaser that will be included in the Seller's Proxy Statement that is based upon and consistent with information provided to Seller by Purchaser specifically for use therein will, at the respective times, such Proxy Statement is filed with the SEC or mailed to the Seller's stockholders or on the date of the Seller's stockholders' meeting contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order (i) to make the statement therein, in light of the circumstances under which they were made, not misleading or (ii) to correct any statement in any earlier communication with respect to the solicitation of proxies or otherwise.

ARTICLE VI  
COVENANTS

Section 6.1. Pre-Closing Covenants

(a) General. Prior to the Closing, Purchaser and Seller will each use all reasonable efforts to take all action and to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement.

(b) Operation of Business. Prior to the Closing, Seller will conduct the Outdoor Business in the ordinary course, consistent with past practice, and will use all reasonable efforts to maintain its relationships with lessors, suppliers, vendors, customers and employees. Without limiting the foregoing, Seller shall not (i) become a party to any plan, contract, guarantee, agreement or arrangement that would frustrate the purpose of, or would materially adversely affect Purchaser's rights under, this Agreement; (ii) sell, mortgage, pledge or encumber or agree to sell, mortgage, pledge or encumber any of the Acquired Assets, except that Seller may sell its inventory in the ordinary course of business; or (iii) purchase, acquire, transfer, or convey, any material Acquired Assets or enter into any transaction or make or enter into any contract or commitment except in the ordinary course of business. Prior to the Closing, Seller will transfer any inventory currently located in Canada to Seller's Facility in Longmont, Colorado.

(c) Full Access. Prior to the Closing, Seller will permit representatives of Purchaser to have full access at all reasonable times, and in a manner so as not to interfere with its normal business operations, to all premises, properties, personnel, books, records, contracts, and documents of or pertaining to the Outdoor Business. Purchaser and its Affiliates

and representatives will treat and hold such information it receives from Seller as confidential, will not use any of the information except in connection with this Agreement, and will not disclose such information to any third party until the transaction contemplated by this Agreement is consummated. If this Agreement is terminated for any reason whatsoever and Seller sends a written request for the return of such information within thirty (30) days of such termination, Purchaser will return to Seller all tangible embodiments (and all copies) of the information which are in its possession.

(d) Exclusivity. Seller will not solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of the Acquired Assets or any substantial portion thereof; provided, however, that Seller and its directors and officers may furnish information to any Person who, after the date hereof, submits a written offer for the stock or assets of Seller, if the Board of Directors of Seller determines, upon advice of counsel to such effect, that the fulfillment of the fiduciary duties of the Board of Directors requires that Seller furnish such information.

(e) Seller's Stockholder Meeting. (i) As soon as reasonably practicable after the date hereof, Seller shall prepare for filing and file with the SEC a proxy statement (as amended or supplemented from time to time, the "Proxy Statement") in preliminary form to approve the sale of the Acquired Assets and the Outdoor Business on the terms and conditions set forth herein, a change of Seller's corporate name and such other matters as may be necessary or desirable to include therein (collectively, the "Stockholder Proposals"). Seller shall respond to comments and requests from the SEC, use its best efforts to promptly respond to any comments received from the SEC, file such document in definitive form with the SEC, mail such document to its stockholders entitled thereto, and solicit proxies with respect thereto to obtain the Stockholder Approval. Seller shall promptly deliver to Purchaser copies of any comments or requests with respect to the Proxy Statement that it receives from the SEC. Purchaser and Seller will consult and cooperate with each other in preparing and filing such document and responding to such comments and requests, and Seller shall not file with the SEC or mail to its stockholders the Proxy Statement or any amendment or supplement thereto, or respond to such comments or requests, without the prior approval of Purchaser, which approval will not be unreasonably withheld. All documents that Seller is responsible for filing with the SEC in connection with the transaction contemplated herein will comply as to form and substance in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder.

(ii) Seller shall use all reasonable efforts to call a meeting of the holders of its Common Stock as promptly as practicable after the date hereof, for the purpose of obtaining approval of the Stockholder Proposals and shall use all reasonable efforts to hold such meeting. Seller will use its best efforts to obtain necessary stockholder approval of the Stockholder Proposals and will otherwise comply with all legal requirements applicable to the stockholders meeting. If the Stockholder Proposals are approved, prior to the Closing, Seller shall file a Certificate of Amendment to its Certificate of Incorporation to change its corporate name.

(iii) Subject to the accuracy of the representations and warranties of Purchaser set forth in Article V, Seller will, through its Board of Directors, recommend to the holders of its Common Stock approval of this Agreement and the transaction contemplated hereby.

(f) Publicity. Purchaser and Seller agree that, from the date hereof through the Closing Date, no public release or announcement concerning the transaction contemplated hereby shall be issued by either party without the prior consent of the other party (which consent shall not be unreasonably withheld), except as such release or announcement may, in the opinion of counsel to the disclosing party, be required by applicable law.

Section 6.2. Post-Closing Covenants.

(a) General. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, Purchaser and Seller agree to take such further action (including the execution and delivery of such further instruments and documents) as the other party reasonably may request, at the sole cost and expense of the requesting party (unless the requesting Party is entitled to indemnification therefor under Article VIII below).

(b) Covenant Not to Compete. For a period of three years from and after the Closing Date, Seller will not engage directly or indirectly in the business of manufacturing, distributing or selling portable water filtration and purification devices in the outdoor recreational and the travel-related markets; provided, however, that nothing contained herein shall prohibit Seller from owning less than 5% of the outstanding stock of any publicly traded corporation. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 6.2(b) is invalid or unenforceable, Purchaser and Seller agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or



provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

(c) Access. For a period of one year after the Closing, or for such shorter period as Purchaser may elect, Seller's paid invoice records shall be stored at the Facility and both Purchaser and Seller shall have access thereto. At the expiration of such period, Seller shall notify Purchaser of the location to which such records shall be forwarded and Purchaser shall forward such records to such address, at Seller's expense. After the Closing, upon reasonable written notice, Purchaser and Seller each agree to furnish or cause to be furnished to the other party and its representatives, employees, counsel and accountants reasonable access, during normal business hours, to such additional information and additional records pertinent to the Outdoor Business and assistance (relating to the Outdoor Business), as are reasonably necessary for financial reporting, benefits administration and accounting matters, the preparation and filing of any Tax Returns or other filings required to be made with any governmental entity or the defense of any Tax claim or assessment or other claim; provided, however, that such access shall not unreasonably disrupt the normal operations of either Purchaser or Seller. Neither Purchaser nor Seller shall destroy any books, records or files delivered or obtained, as the case may be, without first offering to turn over possession thereof to the other party by written notice least 30 days prior to the proposed date of such disposition or destruction.

Section 6.3. Employees

Purchaser shall have the right, but not the obligation, to offer employment to any of Seller's employees, at the salary levels and on other terms and conditions to be determined in Purchaser's sole discretion.

ARTICLE VII  
CONDITIONS TO CLOSING

Section 7.1. Conditions to Obligation of Purchaser to Close.

The obligation of Purchaser to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Article 4 above shall be true and correct in all material respects at and as of the Closing Date;

(b) Seller shall have performed and complied with all of its covenants hereunder in all material respects to the Closing Date;

(c) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect prohibiting consummation of any of the transactions contemplated by this Agreement;

(d) Each of Messrs. Reynolds and Cogdill shall have executed a Non-Competition Agreement in the form attached hereto as Exhibit E;

(e) Seller shall have delivered to Purchaser a certificate of Seller's chief executive officer or chief financial officer in the form attached hereto as Exhibit F; and

(f) the Stockholder Proposals shall have been approved by the holders of a majority of Seller's outstanding shares of Common Stock.

Section 7.2. Conditions to Obligation of Seller to Close.

The obligation of Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Article 5 above shall be true and correct in all material respects at and as of the Closing Date;

(b) Purchaser shall have performed and complied with all of its covenants hereunder in all material respects up to the Closing Date;

(c) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect prohibiting consummation of any of the transactions contemplated by this Agreement;

(d) Purchaser shall have delivered to Seller a certificate of Purchaser's chief executive officer or chief financial officer in the form attached hereto as Exhibit G; and

(e) the Stockholder Proposals shall have been approved by the holders of a majority of Seller's outstanding shares of Common Stock.

ARTICLE VIII  
SURVIVAL AND INDEMNIFICATION

Section 8.1. Survival of Representations and Warranties, etc.

Except as otherwise expressly provided by this Agreement, all representations and warranties, covenants, agreements and other undertakings of the parties contained in this Agreement or in any writing delivered pursuant hereto, shall survive the Closing and shall remain in full force and effect, regardless of any investigation made by or on behalf of any party hereto, for a period of one (1) year following the Closing Date; provided, however, that all representations and warranties of Seller which relate to Taxes and title to the Acquired Assets, shall survive until the expiration of all applicable statutes of limitation; and provided further, that the expiration of any representation or warranty shall not affect any claim made prior to the date of such expiration.

Section 8.2. Indemnification

(a) Subject to the limitations set forth in this Article VIII, Seller shall indemnify, defend, and hold harmless Purchaser and Purchaser's Affiliates from and against any and all losses, liabilities, damages, obligations, payments, costs and expenses (including reasonable attorneys' fees incurred by Purchaser and Purchaser's Affiliates in connection therewith) of Purchaser and Purchaser's Affiliates, arising out of or due to, any claim, action or proceeding asserted by a person or entity who is not a party to this Agreement (a "Third Party Claim") that arises out of, is due to or concerns, directly or indirectly

(i) any inaccuracy in or breach of any of the representations, warranties, covenants, agreements or undertakings of Seller contained in this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection herewith; or

(ii) any Excluded Liability.

(b) Subject to the limitations set forth in this Article VIII, Purchaser shall indemnify, defend, and hold harmless Seller and Seller's Affiliates from and against any and all losses, liabilities, damages, obligations, payments, costs and expenses (including reasonable attorneys' fees incurred by Seller and Seller's Affiliates in connection therewith) of Seller and Seller's Affiliates, arising out of or due to Third Party Claim that arises out of, is due to or concerns, directly or indirectly

(i) any inaccuracy in or breach of any of the representations, warranties, covenants, agreements or undertakings of Purchaser contained in this Agreement

or in any agreement, document or instrument executed and delivered pursuant hereto in connection herewith; or

(ii) any Assumed Liability.

(c) The matters to which the indemnification obligations of Section 8.2(a) and 8.2(b) apply shall be referred to collectively as "Indemnifiable Losses" and each shall be referred to as an "Indemnifiable Loss." The amount of any Indemnifiable Loss shall be net of any amounts actually recovered by the indemnified party under insurance policies with respect to such Indemnifiable Loss.

### Section 8.3. Procedure for Indemnification

(a) If a party entitled to indemnification pursuant to Section 8.2 (the "Indemnitee") receives notice of the assertion of a Third Party Claim with respect to which another party to this Agreement (the "Indemnifying Party") is obligated to provide indemnification, the Indemnitee shall give the Indemnifying Party notice thereof within thirty (30) days after becoming aware of such Third Party Claim. Such notice shall describe the Third Party Claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. With respect to any Third Party Claim, the Indemnifying Party may elect to compromise or defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim; provided, however, that without the consent of the Indemnitee, which consent shall not unreasonably be withheld or delayed, the Indemnifying Party shall not settle or compromise any claim unless such settlement or compromise (i) is for money damages only, which damages are paid solely by the Indemnifying Party, (ii) includes a release of the Indemnitee, and (iii) does not involve an admission of liability or fault on the part of the Indemnitee. If the Indemnifying Party elects to compromise or defend such Third Party Claim, it shall within thirty (30) days of such election (or sooner if the nature of the Third Party Claim so requires) notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Third Party Claim. If the Indemnifying Party elects not to compromise or defend against the Third Party Claim, or fails to notify the Indemnitee of its election as herein provided, the Indemnitee may defend such Third Party Claim without waiving its claim for indemnification hereunder; provided, however, that the Indemnitee shall not settle or compromise any such claim without the consent of the Indemnifying Party, which consent shall not unreasonably be withheld or delayed. In any event, the Indemnitee and the Indemnifying Party may each participate, at its own expense, in the defense of such Third Party claim, it

being understood that the Indemnifying Party may, if it so elects, control such defense. "Control" of the defense, as used herein, includes, without limitation, the selection of counsel and the determination of tactics and strategy applicable to litigation and settlement, subject to the other provisions of this Section 8.3. If the Indemnifying Party chooses to defend any claim, the Indemnitee shall make available on a reasonable basis to the Indemnifying Party any personnel or any books, records, or other documents within its control that are necessary for such defense.

(b) Any claim for indemnity between the parties other than with respect to a Third Party Claim shall be asserted by written notice given by the Indemnitee to the Indemnifying Party, setting forth in reasonable detail the basis for such claim. The Indemnifying Party shall have a period of 45 days within which to respond thereto. If the Indemnifying Party does not respond within such 45-day period, the Indemnifying Party shall be deemed to have accepted responsibility to make payment, and shall have no further right to contest the validity of such claim. If the Indemnifying Party does respond within such 45-day period and rejects such claim in whole or in part, the Indemnitee shall, subject to the limitations as to liability and otherwise as set forth in this Article VIII, be free to pursue such remedies as may be available to such party by applicable law.

Section 8.4. Limitation on Seller's Indemnification

The indemnification rights provided by this Article VIII shall be subject to the following limitations:

(a) Purchaser and its Affiliates shall not be entitled to assert any indemnification right or claim until such time as the aggregate amount of such rights and claims exceeds Ten Thousand Dollars (\$10,000) (the "Basket Amount").

(b) At such time as Purchaser's and its Affiliates indemnification rights and claims exceed, in the aggregate, the Basket Amount, then Purchaser and its Affiliates may assert such rights and claims up to a maximum of Five Hundred Thousand Dollars (\$500,000) (the "Cap Amount").

Section 8.5. Limitation on Purchaser's Indemnification

Seller and its Affiliates shall not be entitled to assert any indemnification right or claim such time as the aggregate amount of such rights and claims of Seller and its Affiliates exceeds the Basket Amount. At such time as Seller's and its Affiliates' indemnification rights and claims exceed, in the aggregate, the Basket Amount, then Seller and its Affiliates may assert such rights and claims up to a maximum of the Cap Amount.

Section 8.6. Sole Remedy

Except as otherwise expressly provided by this Agreement, the indemnification provisions of this Article VIII shall from and after the Closing be the sole remedy for indemnification for any Third Party Claims or for any breach or alleged breach of any the representations, warranties or covenants contained in this Agreement.

ARTICLE IX  
MISCELLANEOUS

Section 9.1. Headings: Grammatical Usage

The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. In construing this Agreement, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular terms and vice versa, in any place in which the context so requires.

Section 9.2. Notices

Any notices or other communications required or permitted hereunder shall be given in writing and shall be sufficient if delivered personally or sent by certified or registered mail, postage prepaid, or by reputable overnight carrier, addressed as follows:

If to Seller, to:

SweetWater, Inc.  
1140 Boston Avenue, Unit A  
Longmont, Colorado 80501  
Attention: Eric M. Reynolds

with a copy to:

Zimet, Haines, Friedman & Kaplan  
460 Park Avenue  
New York, NY 10022  
Attention: Isabel J. Wacker, Esq.

If to Purchaser, to:

Cascade Designs, Inc.  
4000 First Avenue South  
Seattle, Washington 98134  
Attn: Lee Fromson

with a copy to:

Davis Wright Tremaine  
1501 Fourth Avenue -- Suite 2600  
Seattle, Washington 98101  
Attn: LaVerne Woods, Esq.

or to such other address as shall be furnished in writing by such party, and any such notice or communication shall be effective and be deemed to have been given when so personally delivered, or if mailed, three days after mailing, or if sent by overnight courier, on the following business day; provided, that any notice or communications changing any of the addresses set forth above shall be effective and deemed given only upon its receipt.

Section 9.3. Assignment: Third Parties

This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interest, or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties. Neither this Agreement nor any other agreement contemplated hereby shall be deemed to confer upon any Person not a party hereto or thereto any rights or remedies.

Section 9.4. Expenses and Transfer Taxes

(a) Except as provided to the contrary in paragraph (b) of this Section, all fees and expenses incurred by Seller in connection with this Agreement shall be borne by Seller, and all fees and expenses incurred by Purchaser in connection with this Agreement shall be borne by Purchaser.

(b) Purchaser shall pay all Transfer Taxes, which may be payable in connection with the transactions contemplated by this Agreement.

Section 9.5. Complete Agreement

This Agreement, which includes each of the Exhibits and Schedules hereto, contains the entire understanding of the parties with respect to the transactions contemplated hereby and supersedes all prior arrangements or understandings with respect thereto (including without limitation the Letter of Intent dated September 9, 1997 by Purchaser and executed by Seller on September 12, 1997). There are no restrictions, agreements, promises, warranties, covenants, or undertakings other than those expressly set forth herein or therein.

Section 9.6. Amendments and Waivers

This Agreement may be amended or modified, and the terms hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 9.7. Termination.

Anything contained herein to the contrary notwithstanding, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing Date (a) by mutual written consent of Purchaser and Seller; or (b) by either party hereto, if the Closing does not occur on or prior to March 31, 1998; provided, however, that the Closing has not been delayed as a result of a material breach of the representations, warranties, covenants and agreements contained herein by the party seeking termination. Upon such termination, this Agreement shall be of no further force and effect, except for the provisions of Section 6.1(c) relating to confidentiality, (ii) Section 6.1(f) relating to publicity, (iii) this Section 8.7, (iv) Section 2.4(f) and 9.4 relating to expenses, (v) Sections 4.14 and 5.4 relating to finder's fees and broker's fees and (vi) Sections 9.2 and 9.9 relating to notices and governing law, respectively.

Section 9.8. Counterparts

This Agreement may be executed in counterparts, all of which shall be considered one and the same Agreement and each of which shall be deemed an original.

Section 9.9. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed entirely within such state. Seller and Seller's Affiliates agree to submit irrevocably, at Purchaser and Purchaser's Affiliates election, to the personal jurisdiction and venue of the Superior Court of the State of Washington for the City of Seattle in the County of King (in which case Seller and Seller's Affiliates) waive any right of removal) or to the personal jurisdiction and venue of the United States District Court for the Western District of Washington in any action for emergency injunctive relief or to enforce the provisions of this Agreement.




Section 9.10. Severability

This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year first above written.

**Purchaser:**

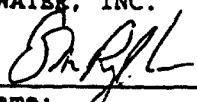
CASCADE DESIGNS, INC.

By:   
Name: Lee A. Frenson  
Title: Vice President/CEO

(10/21/97)

**Seller:**

SWEETWATER, INC.

By:   
Name:  
Title: CEO/President

**Excluded Assets**

The computer and monitor currently used by the Chief Financial Officer and one HP IV laser jet printer

Office operating and other supplies previously utilized by the Seller's former employees and consultants and not currently used by the Seller's employees

Expandable/MRP Software License Agreement dated April 26, 1995 by and between SweetWater, Inc. and Expandable Software Inc.

Schedule 2.3

Additions to Closing Asset Value

The sum of the following items shall be added to the amount set forth in Section 2.3 to determine the Closing Asset Value:

(i) utility security deposits of \$425, plus interest if any;

(ii) security deposit of \$6,011.46 under the lease dated August 1, 1997 by and between Edwin Kanemoto, Dale Kanemoto and Karen K. Wood, as Landlord, and SweetWater, Inc., as Tenant (the "Manufacturing Lease");

(iii) Outdoor Trade Show booth deposit of \$1,375.00;

(iv) the amount of any rent under the Manufacturing Lease or any payments under the copier and fax machines leases which have been prepaid by Seller and which are allocable to the portion of the payment period following the Closing Date; and the portion of any property taxes prepaid by Seller and allocable to the period between the Closing Date and the end of the relevant tax year.

(v) expenditures made by Seller in sales and marketing including samples, prototypes, catalogs, manuals, and point of sale materials in preparation for the 1998 sales season (which expenditures are approximately \$8,030 to date), excluding any items included under Section 2.3(b) of the Asset Purchase Agreement plus any future expenditures of this type which are made with the prior written consent of Purchaser.

(vi) the portion of any additional expenses (including fees for state license renewals) which are prepaid by Seller after the date hereof and which are allocable to the portion of the payment period following the Closing Date, if the Purchaser has agreed in writing that such expenses would be added to this Schedule 2.3.

Consents and Waivers of Seller

The consent of the United States Environmental Protection Agency for the transfer of the EPA Registration relating to the Guardian+Plus and the ViralGuard Cartridge is required.

Each of the state agencies listed on Exhibit A attached hereto (with the exception of the State of Iowa where Seller is not registered and does not sell its product) must be notified of the transfer of the Seller's state registration.

The Cost Per Copy Rental Agreement and related documents by and between SweetWater, Inc. and Lewan & Associates, Inc. (which relates to the lease of the following equipment: Sharp 2027 copier, Sharp 2022 copier, Sharp 7850 copier, sharp 5450 fax, Hewlett Packard Laser Jet 5SI) is not assignable without consent.

Lease dated August 1, 1997 by and between Edwin Kanemoto, Dale Kanemoto and Karen K. Wood, as Landlord, and SweetWater, Inc., as Tenant, may not be assigned without the Landlord's prior written consent, which consent shall not be unreasonably withheld.

Exhibit A to Schedule 4.  
Page 1 of 3

State	Ex Date	Address	Phone # Fax #	Contact Person	\$
1. Alabama	12/31	Alabama Dept. of Agriculture & Post. Mgmt. Div., POB 3336, Montgomery, AL 36108-0336	334-240-7244	Pat Burgess	\$100
2. Arizona	12/31	Arizona Dept. of Agric., Environ. Serv. Div., 1801 N. 17th St., Phoenix, AZ 85008	602-407-2924 602-407-2909	Janet Bessy	\$100
3. Arkansas	12/31	Arkansas State Plant Board Box 1088, Little Rock, Arkansas 72209	801-228-1668 801-228-3660	Tim Ellison	\$150
4. California	12/31	State of California, Dept. of Pest. Regulation, Pest. Enforcement Branch, 1020 N. St., Sacramento, CA 95814-8924	916-448-5820 916-324-1718		\$200
5. Colorado	12/31	Dept. of State, Corp. Report Section, 1080 Broadway, Ste. 200, Denver, CO 80202	303-884-251 303-884-2242		\$75
6. Connecticut	12/31	State of Connecticut, Dept. of Env. Prot. 79 Elm St., Hartford, CT 06108	(860)424-3324	Bradford Robinson	\$300
7. Delaware	8/30	State of Delaware, Dept. of Agric. 2320 S. Dupont Hwy, Dover, DE 19801	(302)738-4811 (302)687-8287		\$25
8. DC	12/31	Dept. of Consumer & Regulatory Affairs, Pesticide Enforcement & Certification Branch, 2100 Martin Luther King Ave., S.E. Room 203, Washington, D.C. 20020	(202)648-8080 x.3018	Joyce Purley	\$20
9. Florida	12/31	Florida Dept. of Agric. & Consumer Serv., Bureau of Pest., 3128 Conner Blvd., MD-2, Tallahassee, FL 32386	(904)487-2130 (904)488-5874		\$228
10. Georgia	12/31	Georgia Dept. of Agric., Pest. Div., Ste. 850, 19 Martin Luther King Jr. Drive, Atlanta, GA 30334	(404)888-8378	Kim Aleksukus	\$10
11. Hawaii	12/31	State of Hawaii, Dept. of Agric./Pest. Branch, PO Box 22198, Honolulu, Hawaii 96823-2198	(808)682-4486 (808)682-8408		\$225
12. Idaho	5/31	Idaho Dept. of Agric., Div. of Agric. Technology, PO Box 7723, Boise, ID 83707	(208)334-3444 (208)334-3547	George Robinson	\$120
13. Illinois	12/31	Illinois Dept. of Agric., Bureau of Env. Program's, State Fairgrounds, PO Box 19281, Springfield, IL 62794-8281	(217)784-2427 (217)624-4882	Tammy O'Brien	\$300
14. Indiana	12/31	Indiana State Chemist & Seed Commissioner, Purdue Univ., 1154 Biochemistry Bldg., West Lafayette, IN 47907-1154	(317)464-1587		\$75
15. Iowa	12/31	Iowa Dept. of Agric. & Land Stewardship/Pest. Bureau, Henry A. Wallace Bldg., Des Moines, IA 50319-0051			\$280
16. Kansas	12/31	Kansas Dept. of Agric., Div. of Plant Health, 801 S. Kansas, Topeka, KS 66612-1281	(913)298-3361 (913)298-0873		\$130
17. Kentucky	12/31	Kentucky Dept. of Agric., Div. of Pesticides, 100 Fair Oaks Lane, Piner & Frankfort, KY 40601	(602)864-7274 (602)864-3773		\$128
18. Louisiana	12/31	Louisiana Dept. of Agric. & Forestry, Pest. & Env. Prog., PO	(504)824-3788	Bonnie Meaux	\$300

Exhibit A to Schedule 4.3  
Page 2 of 3

		Box 3898, Baton Rouge, LA 70821-3898			
19. Maine	12/31	Maine Dept. of Agric., Food & Rural Resources, State House Station 28, Augusta, Maine 04333	(207)287-2731		\$105
20. Maryland	12/31	Maryland Dept. of Agric., State Chemist Station, 80 Harry S. Truman Pkwy, Annapolis, MD 21401	(301)832-5485	Donna Leventhal of Data Analytical	\$80
21. Massachusetts	6/30	Commonwealth of Massachusetts, Exec. Ofc. of Env. Affairs, Dept. of Food & Agric., 100 Cambridge St., Boston, MA 02202	(617)727-3020 (617)727-7236	David Shelton	\$100
22. Michigan	6/30	Michigan Dept. of Agric., Post. & Plant Pest Mgmt. Div., POB 30017, Lansing, MI 48909	(617)373-6750		\$120
23. Minnesota	12/31	Minnesota Dept. of Agric., Rosalda, 80 West Plate Blvd., St. Paul, MN 55107-3004	(612)297-2200 OR 800- 627-3629 (612)297-2271		\$250
24. Mississippi	1/1	Mississippi Dept. of Agric. & Commerce, Bureau of Plant Industry, PO Box 9207, Mississippi State, Mississippi 39762	(601)325-3360 (601)325-6387		\$100
25. Missouri	12/31	Missouri State Dept. of Agric., POB 630, Jefferson City, MO 65102			\$100
26. Montana	12/31	Montana Dept. of Agric., Agric. Sciences Div., POB 200201, Helena, MT 59620-0201	(406)444-3144 (406)444-6406		\$180
27. Nebraska	12/31	Nebraska Dept. of Agric., Bureau of Plant Industry, POB 84799, Lincoln, Nebraska 68509	(402)471-2384 (402)471-6882		\$180
28. Nevada	12/31	Nevada Dept. of Business & Industry, Div. of Agric., 380 Capitol Hill ave., Reno, NV 89502	(702)888-1180 (702)888-1178		\$40
29. New Hampshire	12/31	New Hampshire Dept. of Agric., Div. of Plant Control, POB 2042, 10 Ferry St., Concord, NH 03302-2142	(603)271-3660		\$40
30. New Jersey	12/31	New Jersey Dept. of Envir. Prot. & Energy, Div. of Envir. Safety, Health & Analytical Programs, CN 61, Trenton, NJ 08625-0411	(609)330-4128 (609)330-8326		\$250
31. New Mexico	12/31	New Mexico Dept. of Agric., Bureau of Plant Mgmt., PO Box 30896, Dept. SAQ, Las Cruces, NM 88003-0006	(505)646-2133 (505)646-5677		\$35
32. New York	6/30	New York State Dept. of Env. Conservation, Div. of Hazardous Substances, Regulatory Bureau of Technical Support, Albany, NY 12233-7290			\$100
33. North Carolina	12/31	North Carolina Dept. of Agric., Food & Drug Prot. Div., PO Box 27847, Raleigh, NC 27611	(919)733-3666 (919)733-8793		\$45
34. North Dakota	12/31	North Dakota State Dept. of Health & Consumer Lab. Reg., Div., 600 E. Blvd., 6th Floor, Bismarck, ND 58105-0020	(701)338-6148		\$300
35. Ohio	12/31	Ohio Dept. of Agric., Reynoldsburg Lab. Ctr., 8986 E. High St., Reynoldsburg, OH	(614)728-4336 (614)788-1437		\$50

Exhibit A to Schedule 4.3  
Page 3 of 3

		43086-1368			
36. Oklahoma	12/31	Oklahoma Dept. of Agric., 2850 N. Lincoln Blvd., Oklahoma City, OK 73108-4266	(405)821-3664		\$50
37. Oregon	12/31	Oregon Dept. of Agric., 636 Capitol St. NE, Salem, OR 97310-6110	(503)866-4663		\$66
38. Pennsylvania	12/31	Pennsylvania Dept. of Agric., Bureau of Plant Ind., 2301 N. Cameron St., Harrisburg, PA 17110-6608	(717)772-6211		\$100
39. Rhode Island	11/30	Rhode Island Div. of Agric., 83 Park St., 8th Floor, Providence, RI 02903-1037	(401)277-2781		\$80
40. South Carolina	8/31	Dept. of Forestry & Plant Control, Room D840 Poole Agric. Ctr., Clemson Univ., Clemson, SC 29634-0384	(803)656-3171	Dabbie Smith	\$100
41. South Dakota	6/30	South Dakota Dept. of Agric., Peco Bldg., 823 E. Capitol, Pierre, SD 57501-3182	(605)775-3724		\$75
42. Tennessee	6/30	Tennessee Dept. of Agric., POB 40627, Nashville, TN 37204	(615)360-0130		\$100
43. Texas	9/30/97	Texas Dept. of Agric., POB 12947, Austin, TX 78711-2947	800-835-5832	Rick Perry, commissioner	\$175
44. Utah	6/30	Utah Dept. of Agric., 360 N. Rosewood Rd., Salt Lake City, UT 84118	(801)536-7100		\$80
45. Vermont	12/1	Plant Ind. Section, Vermont Dept. of Agric., 118 State St./Drawer 20, Montpelier, VT 05602-3901			\$70
46. Virginia	12/31	Virginia Dept. of Agric. & Consumer Serv., POB 838, Richmond, VA 23264-0526	(804)786-3768	Vickie Rangers	\$150
47. Washington	12/31	Washington State Dept. of Agric., Plant Mgmt Div., POB 42891, Olympia, WA 98504-2891	(509)902-3030 (360)802-2083		\$111
48. West Virginia	12/31	West Virginia Dept. of Agric., Plant Div., Prod. Reg., Charleston, West Virginia 25306	(504)348-2208		\$25
49. Wisconsin	12/31	Wisconsin Dept. of Agric., Trade & Consumer Protection/Div. of Agric. Resource Mgmt., 2811 Agriculture Dr. POB 8811, Madison, WI 53708-8811	(608)224-4834 (608)224-4666	Jean Kohlman	\$325
50. Wyoming	12/31	Wyoming Dept. of Agric., Prod. Reg., 2818 Carey Ave., Cheyenne, WY 82002-0109	(307)777-6690	Jen Bigelow	\$78

TOTAL \$6,336 =  
1996 fees to 50 states

Schedule 4.6

Certain Changes

None

ZH-51690.6

(iv)

TRADEMARK  
REEL: 1730 FRAME: 0501



Schedule 4.7

Legal Proceedings

None

ZH-81690.6

(v)

TRADEMARK  
REEL: 1730 FRAME: 0502

Schedule 4.8

Permissible Exceptions

None

ZH-81090.6

(v1)

TRADEMARK  
REEL: 1730 FRAME: 0503

Outdoor Contracts

Schedule 4.10(a)

Lease dated August 1, 1997 by and between Edwin Kanemoto, Dale Kanemoto and Karen K. Wood, as Landlord, and SweetWater, Inc., as Tenant

Cost Per Copy Rental Agreement and related documents by and between SweetWater, Inc. and Lewan & Associates, Inc. relating to the lease of the following equipment: Sharp 2027 copier, Sharp 2022 copier, Sharp 7850 copier, sharp 5450 fax, Hewlett Packard Laser Jet 5SI.

Agreement dated April, 1997 by and between SweetWater, Inc. and American Standard, Inc.

Contract for Assignment dated November 10, 1995 by and between SweetWater, Inc. and American Air & Water Corporation.

Exclusivity Agreement dated as of April 30, 1993 by and between Balston Inc. and SweetWater, Inc.

Purchase Agreements dated December 20, 1994 and November 16, 1995 by and between Mountain Moulding, Ltd. and SweetWater, Inc.

Non-Competition Agreement between SweetWater, Inc. and Eric Reynolds

Assignment and Agreement concerning Non-Disclosure of Proprietary Information between SweetWater, Inc. and each of the individuals listed on Exhibit A to this Schedule 4.10

Purchase Orders listed on Exhibit B to this Schedule 4.10

Schedule 4.10(b)

None

List of Executed Non-Disclosure and Non-Compete Agreements

Name (Summary Job Description)	Date
<b>Non-Disclosure Agreements</b>	
Honey L. Albert (manufacturing line worker)	May 14, 1993
Jeff Aldred (senior engineer)	May 14, 1993
Julie Alverson (manufacturing line worker)	January 5, 1994
Andrew Anderson ((customer service)	December 11, 1995
Irving Robert Armstrong (Controller; MIS Manager)	May 14, 1993
Cindy Biggs (manufacturing line worker)	December 12, 1994
David Kyle Burgess (customer service; sales manager)	March 6, 1995
Michael Burns (Vice President - Sales)	May 14, 1993
Ralph E. Burns (Engineer)	July 23, 1993
Jerry Cogdill (Vice President; Chief Operating Officer)	November 7, 1994
Cathy Cooper (manufacturing line worker)	May 14, 1993
Ben Cordileone (production control manager)	January 9, 1996
Rita Davis (customer service - part-time)	May 14, 1993
Sally D. Davis (Daniels) (executive assistant; wholesale operations manager)	January 3, 1995
Elisabeth Dickinson (bookkeeper; accounting assistant)	November 30, 1995
Jonathan Erb (Executive Vice President - Marketing)	April 18, 1996
Heather Ferrera (shipping; receiving; quality control)	March 10, 1995
David W. Firor (manufacturing line technical)	May 14, 1993
Beth Fly (Controller)	January 3, 1995
Christa Francis (manufacturing line worker)	May 14, 1993
Elizabeth Garcia (manufacturing line worker)	December 2, 1994
Julie R. Grow (manufacturing line worker)	January 5, 1994
Christie Guttridge (credit manager; accounting)	January 19, 1995
Michaela Hasan (microbiology lab manager)	June 8, 1994
Jeremy Hayes (wholesale operations manager)	January 5, 1994
Zachary E. Hicks (quality control; engineering technician)	May 14, 1993
Diane Hough (customer service manager)	May 5, 1997
Louis H. Junker (research and development)	January 5, 1994
Kraig Koski (engineer)	January 5, 1994
Joan Mary Laubacher (export sales manager)	October 12, 1994
David Lennon (production manager)	May 14, 1993
Jack Marion (engineer)	January 5, 1994
Megan Matson (marketing manager)	February 27, 1995
Joy Millhiser (purchasing; document control)	January 5, 1994
Debra A. Mulder (purchasing manager)	January 5, 1994
Danny Owens (manufacturing line worker)	June 1, 1994
Sanford Platter (founder; engineer)	May 14, 1993

**List of Executed Non-Disclosure and Non-Compete Agreements**

<b>Name</b>	<b>Date</b>
<b>Non-Disclosure Agreements</b>	
Paul Rebe (Vice President - Engineering; product development)	January 4, 1995
Eric W. Reynolds (Chief Executive Officer)	May 14, 1993
John Reynolds (production manager)	May 14, 1993
Calvin Simmons (manufacturing line worker)	January 5, 1994
Christopher Swaney (production control)	October 12, 1994
Katrina A. Sorenson (Vice President - Marketing)	May 14, 1993
Patrick Thomas (Chief Financial Officer)	November 7, 1994
Shirley Wagner (manufacturing line worker)	February 26, 1996
Jay Yoshida (sales representative - Japan)	May 14, 1993
<b>Non-Competition Agreements</b>	
Eric W. Reynolds	May 17, 1993

007-06-97 WED 11:10 AM

FAX NO. 3036730457

P. 01

10/08/97 08:42

SweetWater, Inc.

Exhibit B to Schedule 4.10  
Page 1 of 2 PAGE

PCRAC:

AGED PO COMMITMENT REPORT

BY VENDOR I:

PO ID	TYPE	ORDER CLASS	PAST DUE TO 10/08/97	10/09/97 11/07/97	11/08/97 12/07/97	12/08/97 01/06/98	01/07/9 & BEYON
VENDOR: JEMC JEMCO SEAL CORPORATION					TYPE: R	ST:	
051571	N	02/14/97 N	0	0	0	1886	227
VENDOR JEMC TOTAL			0	0	0	1886	227
VENDOR: LAWR LAWRENCE MOLDING COMPANY					TYPE: R	ST:	
051654	N	09/12/97 N	0	537	0	0	
VENDOR LAWR TOTAL			0	537	0	0	
VENDOR: MOUN MOUNTAIN MOLDING LTD					TYPE: R	ST:	
051305	N	02/07/96 N		0	0	0	
		1887					
051541	N	01/14/97 N		0	0	0	
		1372					
051560	N	02/04/97 N		0	0	0	
		792					
051596	N	03/27/97 N		0	0	0	
		720					
051601	N	03/27/97 N		0	0	0	
		0					
051602	N	03/27/97 N		0	0	0	203
		1177					
51110	N	04/24/95 N		0	0	0	
		197					
51115	N	04/26/95 N		0	0	0	
		1363					
VENDOR MOUN TOTAL			7508	0	0	0	203
VENDOR: RENE RENEGADE PRESS					TYPE: R	ST:	
051650	N	08/01/97 N		0	0	0	
		920					
051651	N	08/07/97 N		0	0	0	
		1840					
VENDOR RENE TOTAL			2760	0	0	0	

007-08-97 WED 11:10 AM

FAX NO. 3336780457

P.02

10/08/97 08:42

SweetWater, Inc.

Exhibit B to Schedule 4.10  
Page 2 of 2 PAGE

PORAC1

AGED PO COMMITMENT REPORT

BY VENDOR :

PO ID	TYPE	ORDER CLASS	PAST DUE TO 10/08/97	10/09/97 11/07/97	11/08/97 12/07/97	12/08/97 01/06/98	01/07/98 & BEYON
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 VENDOR: SIGN      SIGNATURE PRINT SERVICES      TYPE: R      ST:

051648	N	07/23/97	N	0	0	0	
051649	N	07/23/97	N	0	0	0	
VENDOR SIGN TOTAL			0	0	0	0	
GRAND TOTAL			10268	537	0	1886	430
TOTAL PO COMMITMENTS:							1695

TRADEMARK

REEL: 1730 FRAME: 0508

Schedule 4.11

Patents, Trademarks and Trade Names  
(attach Schedule prepared by SweetWater)

ZH-81990.6

(x)

TRADEMARK  
REEL: 1730 FRAME: 0509



REGISTERED TRADEMARKS

DOMESTIC:

Docket No.	TM No.	Issue Date	Title	Specifics
5012/004	1,839,010	6/7/94	SinkStopper	
5012/007	1,882,928	3/7/95	Tap-Adapt	
5012/006	1,686,247	5/12/92	SweetWater	Purchased from AA WC, filters for U.S. domestic use for purifying potable water.
5012/016	1,947,548	1/9/96	ViralGuard	
5012/019	1,973,433	5/7/96	Guardian +Plus	
5012/010	2,061,707	5/13/97	TravelGuard	Water filtration apparatus for domestic and portable use
5012/027	2,084,641	7/29/97	WalkAbeut	

INTERNATIONAL:

Nims/Hoves	653909	7/4/96	SweetWater	Italy
Nims/Hoves	94517,661	4/27/94	SweetWater	France
Nims/Hoves	872925	6/17/96	SweetWater	Peru
Nims/Hoves	475,268	7/28/94	SweetWater	Mexico
Nims/Hoves	2104384	7/4/96	SweetWater	United Kingdom
Nims/Hoves	263203	6/7/96	SweetWater	New Zealand
Nims/Hoves	3253536	1/31/97	SweetWater	Japan

PENDING TRADEMARK APPLICATIONS:

Docket No.	TM No.	Title	Specifics
Nims/Hoves	Pending in Spain, Canada, Germany, Brazil, Switzerland	SweetWater	Korea, Thailand, Australia has conflict w/ Muratap Industries, China & Taiwan have conflicts also.

Filed 10/2/97

2:37 PM

FAX NO. 3336720457

001-14-97 Tue 12:35 PM

SweetWater, Inc.

ISSUED PATENTS

DOMESTIC:

Docket No.	Patent No.	Issue Date	Title	Specifics
5012/002	5,433,848	7/18/95	Water Filtration Pump with Disposable Filter Cartridges	Generic claim, old pump and old cartridge design (seused backup alternative to #6)
5012/005	5,366,642	11/22/94	Compact Water Filtration and Purification Pump	#005 is active pump & filter. Active is less expensive to mfg. Also includes locking pump handle and bottle adapter.
5012/017	5,431,816	7/11/95	Pre-Filter	More details patented on the pump.
5012/020	5,534,145	7/9/96	Compact Water Filtration and Purification Pump	Patent for combination of resin upstream of filter
5012/012	5380447	12/9/96	Bioicide Filter	upstream of positive charge mesh for purifying water.

INTERNATIONAL:

5012/005CA (Canada)	2,146,849/1		Compact Water Filtration and Purification Pump	CANADA - All four U.S. claims combined into one.
5012/005PCT	PCT/US93/06922		Compact Water Filtration and Purification Pump	International Patent - all four U.S. Claims combined into one.
5012/005EP (Europe)	0676010	9/4/96	Compact Water filtration and Purification Pump	EUROPE - Jacques Fresch, German & English translations of the patent.

PENDING PATENT APPLICATIONS

Docket No.	Patent No.	Title	Specifics
None			

00 00

FAX NO. 3036760457

001-14-97 TEL 201-55 FM



Schedule 4.11(b)

Letter dated October 14, 1996 from Mountain Safety Research Inc. to SweetWater, Inc.

Letter dated February 3, 1997 from Nims, Howes, Collison, Hansen & Lackert, on behalf of Seller, to Mr. Raymond E. Derby and letter dated August 25, 1997 from Christopher J. Archer, P.C., on behalf of Seller, to Network Solutions, Inc.

Schedule 4.13(a)

Registration No. 67373-1 of the United States Environmental Protection Agency relating to the ViralGuard Cartridge and the Guardian+Plus.

Attached hereto as Exhibit A to this Schedule 4.13 is a list of each state in which Seller has obtained a registration to sell its products, except that, with respect to the State of Iowa, Seller is registered to sell its water filtration, but not its water purification, products.

ZH-81690.6

(xii)

Exhibit A to Schedule 4.13  
Page 1 of 3

State	Ex Date	Address	Phone & Fax #	Contact Person	\$
1. Alabama	12/31	Alabama Dept. of Agriculture & Post. Mgmt. Div., POB 3338, Montgomery, AL 36103-0338	334-240-7244	Pat Burgess	\$100
2. Arizona	12/31	Arizona Dept. of Agric., Environ. Serv. Div., 1801 N. 17th St., Phoenix, AZ 85008	602-407-2924 602-407-2908	Janet Beesey	\$100
3. Arkansas	12/31	Arkansas State Plant Board Jex 1099, Lipscomb Bldg, Arkansas 72219	501-228-1888 501-228-3880	Tim Eason	\$150
4. California	12/31	State of California, Dept. of Pest. Regulation, Post. Enforcement Branch, 1020 N. St., Sacramento, CA 95814-8926	916-448-3820 916-324-1718		\$200
5. Colorado	12/31	Dept. of State, Corp. Report Section, 1800 Broadway, Ste. 200, Denver, CO 80202	303-864-2511 303-864-2242		\$75
6. Connecticut	12/31	State of Connecticut, Dept. of Env. Prot. 79 Elm St., Hartford, CT 06106	(860)424-3324	Bradford Robinson	\$300
7. Delaware	6/30	State of Delaware, Dept. of Agric., 2320 S. Dupont Hwy., Dover, DE 19901	(302)756-4811 (302)697-6287		\$25
8. DC	12/31	Dept. of Consumer & Regulatory Affairs, Pesticide Enforcement & Certification Branch, 2100 Martin Luther King Ave., S.E. Room 203, Washington, D.C. 20020	(202)644-6080 v.3018	Joyce Puley	\$20
9. Florida	12/31	Florida Dept. of Agric. & Consumer Serv., Bureau of Pest., 3128 Corcoran Blvd., MD-2, Tallahassee, FL 32309	(904)487-2130 (904)488-5874		\$225
10. Georgia	12/31	Georgia Dept. of Agric., Post. Div., Ste. 550, 19 Martin Luther King Jr. Drive, Atlanta, GA 30334	(404)884-8378	Kim Alasuekas	\$10
11. Hawaii	12/31	State of Hawaii, Dept. of Agric./Post. Branch, PO Box 22188, Honolulu, Hawaii 96823-2188	(808)883-6468 (808)882-6408		\$225
12. Idaho	5/31	Idaho Dept. of Agric., Div. of Agric. Technology, PO Box 7723, Boise, ID 83707	(208)351-3644 (208)334-3647	George Robinson	\$120
13. Illinois	12/31	Illinois Dept. of Agric., Bureau of Env. Programs, State Fairgrounds, PO Box 18281, Springfield, IL 62704-8881	(217)784-5427 (217)624-4882	Tammy O'Brien	\$300
14. Indiana	12/31	Indiana State Chemist & Seed Commissioner, Purdue Univ., 1184 Biochemistry Bldg., West Lafayette, IN 47907-1154	(317)484-1587		\$75
15. Iowa	12/31	Iowa Dept. of Agric. & Land Stewardship/Post. Bureau, Harry A. Wallace Bldg., Des Moines, IA 50319-0881			\$360
16. Kansas	12/31	Kansas Dept. of Agric., Div. of Plant Health, 901 S. Kansas, Topeka, KS 66612-1281	(313)266-1285 (313)269-0873		\$150
17. Kentucky	12/31	Kentucky Dept. of Agric., Div. of Pesticides, 100 Fair Oaks Lane, Floor 8, Frankfort, KY 40601	(602)664-7274 (502)664-3773		\$125
18. Louisiana	12/31	Louisiana Dept. of Agric. & Forestry, Post. & Env. Prog., PO	(504)625-3788	Bonnie Mesur	\$350

## Exhibit A to Schedule 4.1c

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		Box 3494, Baton Rouge, LA 70621-3494			
18. Maine	12/31	Maine Dept. of Agric., Food & Rural Resources, State House Station 28, Augusta, Maine 04333	(207)287-2731		\$108
20. Maryland	12/31	Maryland Dept. of Agric., State Chrysler Station, 80 Harry S. Truman Pkwy, Annapolis, MD 21401	(301)652-5485	Donna Leverthal of Delta Analytical	\$80
21. Massachusetts	6/30	Commonwealth of Massachusetts, Exec. Ofc. of Env. Affairs, Dept. of Food & Agric., 100 Cambridge St., Boston, MA 02202	(617)727-3020 (617)727-7238	David Sheldon	\$100
22. Michigan	6/30	Michigan Dept. of Agric., Post. & Plant Pest Mgmt. Div., POB 30917, Lansing, MI 48909	(617)375-8750		\$120
23. Minnesota	12/31	Minnesota Dept. of Agric., Postboxes, 88 West Pike Blvd., St. Paul, MN 55107-3094	(612)287-2500 CR 800- 627-3629 (612)287-2271		\$250
24. Mississippi	1/1	Mississippi Dept. of Agric. & Commerce, Bureau of Plant Industry, PO Box 5207, Mississippi State, Mississippi 39762	(601)328-3390 (601)328-6397		\$100
25. Missouri	12/31	Missouri State Dept. of Agric., POB 636, Jefferson City, MO 65102			\$100
26. Montana	12/31	Montana Dept. of Agric., Agric. Sciences Div., POB 200201, Helena, MT 59620-0201	(406)444-3144 (406)444-6408		\$180
27. Nebraska	12/31	Nebraska Dept. of Agric., Bureau of Plant Industry, POB 84788, Lincoln, Nebraska 68509	(402)471-2584 (402)471-8892		\$180
28. Nevada	12/31	Nevada Dept. of Business & Industry, Div. of Agric., 380 Capitol Hill ave., Reno, NV 89602	(702)888-1180 (702)888-1178		\$40
29. New Hampshire	12/31	New Hampshire Dept. of Agric., Div. of Pest Control, POB 2042, 10 Ferry St., Concord, NH 03303-2042	(603)271-3880		\$80
30. New Jersey	12/31	New Jersey Dept. of Envir. Prot. & Energy, Div. of Envir. Safety, Health, & Analytical Programs, CN 41, Trenton, NJ 08625-0411	(609)630-4128 (609)630-8324		\$250
31. New Mexico	12/31	New Mexico Dept. of Agric., Bureau of Pest Mgmt., PO Box 30806, Dept. SAO, Las Cruces, NM 88003-0806	(505)648-2133 (505)648-6877		\$35
32. New York	6/30	New York State Dept. of Env. Conservation, Div. of Hazardous Substances, Regulations, Bureau of Technical Support, Albany, NY 12226-7289			\$100
33. North Carolina	12/31	North Carolina Dept. of Agric., Food & Drug Prot. Div., PO Box 27647, Raleigh, NC 27611	(919)733-3464 (919)733-6798		\$85
34. North Dakota	12/31	North Dakota State Dept. of Health & Consumer Lab. Reg., Div., 608 E. Blvd., 6th Floor, Bismarck, ND 58005-0000	(701)328-6148		\$300
38. Ohio	12/31	Ohio Dept. of Agric., Reynoldsburg Lab. Div., 8886 E. Main St., Reynoldsburg, OH	(614)728-6388 (614)758-1467		\$30

Exhibit A to Schedule 4.13  
Page 3 of 3

		43008-3360			
36. Oklahoma	12/31	Oklahoma Dept. of Agric., 2300 N. Lincoln Blvd., Oklahoma City, OK 73108-4298	(405)821-3884		\$50
37. Oregon	12/31	Oregon Dept. of Agric., 628 Capitol St. NE, Salem, OR 97310-0110	(503)688-4863		\$84
38. Pennsylvania	12/31	Pennsylvania Dept. of Agric., Bureau of Plant Ind., 2301 N. Cameron St., Harrisburg, PA 17110-8408	(717)772-5211		\$100
39. Rhode Island	11/30	RI/Rhode Island Div. of Agric., 83 Park St., 8th Floor, Providence, RI 02903-1937	(401)277-2761		\$80
40. South Carolina	8/31	Dept. of Forester & Pest Control, Room D240 Forest Agric. Ctr., Clemson Univ., Clemson, SC 29634-0284	(803)656-3171	Debbie Smith	\$100
41. South Dakota	8/30	South Dakota Dept. of Agric., Pests Bldg., 823 E. Capitol, Pierre, SD 57501-3182	(605)773-3724		\$75
42. Tennessee	8/30	Tennessee Dept. of Agric., POB 40627, Nashville, TN 37204	(615)568-0130		\$100
43. Texas	9/30/97	Texas Dept. of Agric., POB 12847, Austin, TX 78711-2847	800-438-8432	Rick Perry, commissioner	\$175
44. Utah	8/30	Utah Dept. of Agric., 360 N. Redwood Rd., Salt Lake City, UT 84118	(801)538-7100		\$80
45. Vermont	12/1	Plant Dism. Section, Vermont Dept. of Agric., 118 State St/Drawer 20, Montpelier, VT 05602-2801			\$70
46. Virginia	12/31	Virginia Dept. of Agric. & Consumer Serv., POB 828, Richmond, VA 23294-0828	(804)786-3768	Vickie Rangers	\$150
47. Washington	12/31	Washington State Dept. of Agric., Pest Mgmt Div., POB 42591, Olympia, WA 98504-2591	(509)852-3030 (360)802-2083		\$111
48. West Virginia	12/31	West Virginia Dept. of Agric., Pest Div., Prod. Reg., Charleston, West Virginia 25308	(304)346-2208		\$25
49. Wisconsin	12/31	Wisconsin Dept. of Agric., Trade & Consumer Protection Div. of Agric. Resource Mgmt., 2811 Agriculture Dr. POB 8811, Madison, WI 53708-8811	(608)224-4838 (608)224-4884	Jean Kohman	\$325
50. Wyoming	12/31	Wyoming Dept. of Agric., Prod. Reg., 2218 Carey Ave., Cheyenne, WY 82002-0100	(307)777-6600	Jim Bigelow	\$78

TOTAL ~~75,336~~ -  
1996 fees to 50:

Schedule 5.3

Consents and Waivers of Buyer

None

ZH-81690.6

(xiii)

TRADEMARK  
REEL: 1730 FRAME: 0517



**FORM OF  
BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of \_\_\_\_\_, 1997, is made and entered into by and among SweetWater, Inc., a Delaware corporation ("Seller"), and Cascade Designs, Inc., a Washington corporation ("Purchaser").

WHEREAS, Seller and Purchaser are parties to that certain Asset Purchase Agreement, dated as of October \_\_, 1997 (the "Purchase Agreement"), providing for, among other things, (i) the transfer and sale of the assets of Seller relating to its Outdoor Business to Purchaser and the (ii) the assumption by Purchaser of the Assumed Liabilities, for consideration in the amount and on the terms and conditions provided in the Purchase Agreement; and

WHEREAS, the parties now desire to carry out the purposes of the Purchase Agreement by the execution and delivery of this instrument evidencing the purchase, acquisition, acceptance and vesting in Purchaser of all of the Acquired Assets and the assumption by Purchaser of the Assumed Liabilities;

NOW, THEREFORE, in consideration of the premises and of other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

All capitalized terms used herein and not defined shall have the meanings ascribed to them in the Purchase Agreement.

1. Sale and Assignment of Assets. Seller hereby grants, transfers, sells, conveys, assigns, releases and delivers to Purchaser, its successors and assigns, free and clear of all Encumbrances except for Permissible Exceptions, all of Seller's right, title and interest in and to all of the Acquired Assets.

2. Assumption of Liabilities. Purchaser hereby assumes and undertakes to pay, perform and otherwise discharge, in accordance with their respective terms and conditions, as and when the same shall become due, all of the Assumed Liabilities to the extent that any such Assumed Liabilities are required to be paid, performed or discharged on or after the date hereof.

3. Further Assurances. Each party hereto shall execute, acknowledge and deliver to the other party any and all documents or instruments, and shall take any and all actions, reasonably required by such other party from time to time, to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of the Purchase Agreement and this Agreement and the transaction contemplated thereby and hereby.

4. Purchase Agreement. This Agreement is entered into pursuant to and is subject in all respects to all of the terms, provisions and conditions of the Purchase Agreement, and nothing herein shall be deemed to modify any of the representations, warranties, covenants and obligations of the parties thereunder.

5. Interpretation. In the event of any conflict or inconsistency between the terms, provisions and conditions of this Agreement and the Purchase Agreement, the terms, provisions and conditions of the Purchase Agreement shall govern.

6. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute a single agreement.

7. Effective Date. This Agreement shall be effective as of 5:00 p.m. (New York time) on \_\_\_\_\_, \_\_\_\_\_, 1997.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be duly executed as of the date first above written.

SWEETWATER, INC., a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

CASCADE DESIGNS, INC., a [Delaware] corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

LICENSE AGREEMENT

LICENSE AGREEMENT (the "Agreement") dated as of \_\_\_\_\_, 1997 by and between Cascade Designs, Inc., a Washington corporation ("Licensor"), and SweetWater, Inc., a Delaware corporation ("Licensee").

W I T N E S S E T H:

WHEREAS, Licensor and Licensee have executed an Asset Purchase Agreement dated October \_\_\_\_, 1997 (the "Asset Purchase Agreement") pursuant to which Licensor has purchased the assets of Licensee related to its Outdoor Business, as defined therein;

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Licensor has acquired, and is the owner of, all right, title and interest in and to an anti-viral chemical treatment enhancement process previously under development by Seller, the formula for which is set forth on Exhibit A hereto (the "Formula"), which is designed to convert certain water filtration media into microbiological water purification products; and

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Licensor has agreed to grant, and Licensee desires to acquire, a royalty-free, exclusive, worldwide, irrevocable and transferrable license, with the right to grant sublicenses to others, to use the Formula in connection with the design, manufacture, production and distribution of the following products (collectively, the "Products") home use water filtration and purification products, home health care appliance products, laboratory filtration and purification products except that Licensee shall have no right to use the Formula in connection with portable water filtration and purification products for outdoor use;

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. License.

(a) Licensor hereby grants to Licensee a royalty-free, exclusive, worldwide, irrevocable and transferrable right and license (the "License") to use, commercialize and exploit the Formula in connection with the design, manufacture, production

and distribution of the Products, but excluding portable water filtration and purification products for outdoor use.

(b) Licensor hereby grants to Licensee the right to grant sublicenses with respect to the Formula on such terms as are consistent with the provisions of this Agreement and to disclose the Formula to potential sublicensees who have executed appropriate confidentiality and non-disclosure agreements.

(c) The License and other rights granted hereby shall include all improvements, enhancements and modifications made to the Formula by Licensor during the term of this Agreement, and all patent applications and patents based on or covering the Formula which Licensor now or hereafter owns or controls.

(d) Licensee shall not be required to pay any fees, royalties or other amounts to Licensor in connection with the License or Licensee's use of the Formula.

2. Representations and Warranties of Licensor.  
Licensor hereby represents and warrants to Licensee as follows:

(a) Licensor has the full right, power and authority to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed by Licensor and constitutes a legal, valid and binding obligation of Licensor, enforceable against Licensor in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies). The execution, delivery and performance of this Agreement by Licensor does not and will not (i) violate or constitute a breach or default under any contract, agreement or commitment to which Licensor is a party or by which Licensor or any of its assets is bound or (ii) to the knowledge of Licensor, violate any judgment, order, statute, rule or regulation to which Licensor is subject.

(b) Licensor has not (i) granted to any other person or entity any right, title, license or privilege in or with respect to the Formula or (ii) disclosed the Formula to any other person or entity other than Licensee.

(c) Notwithstanding any other provision contained in this agreement to the contrary, Licensor makes no representation or warranty, either express or implied, as to the accuracy, validity or fitness for any particular use of the Formula, or that the Formula or the exercise or exploitation of the rights hereby licensed will not infringe any intellectual property right of any third party.

3. Representations and Warranties of Licensee.  
Licensee hereby represents and warrants to Licensor as follows:

(a) Licensee has the full right, power and authority to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed by Licensee and constitutes a legal, valid and binding obligation of Licensee, enforceable against Licensee in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies). The execution, delivery and performance of this Agreement by Licensee does not and will not (i) violate or constitute a breach or default under any contract, agreement or commitment to which Licensee is a party or by which Licensee or any of its assets is bound or (ii) to the knowledge of Licensee, violate any judgment, order, statute, rule or regulation to which Licensee is subject.

(b) Licensee has not (i) granted to any other person or entity any right, title, license or privilege in or with respect to the Formula or (ii) disclosed the Formula to any other person or entity other than Licensor and certain former employees and consultants, each of whom had executed confidentiality and non-disclosure agreements.

(c) Notwithstanding any other provision contained in this agreement to the contrary, Licensee makes no representation or warranty, either express or implied, as to the accuracy, validity or fitness for any particular use of the Formula.

4. Necessary Information: Improvements. Concurrently herewith, Licensor acknowledges that Licensee has retained copies of all information and documents relating to the Formula as shall be necessary in order to enable Licensee to use the Formula in the manner contemplated hereunder, including without limitation all notes, work papers, and other documents which relate to the Formula or the development or derivation of the Formula or which explain, summarize or otherwise describe the Formula (collectively, the "Supporting Materials"). In the event that, during the term of this Agreement, Licensor locates any supporting Materials which Licensee has not previously retained a copy of, or in the event that Licensor creates or develops any additional Supporting Materials, Licensor agrees to grant Licensee access to such Supporting Materials. Furthermore, in the event that, during the term of this Agreement, Licensor makes any improvements to the Formula or otherwise enhances or alters the Formula, Licensor agrees to grant Licensee access to such improvements, enhancements or other alterations and such improvements, enhancements or other alterations shall be deemed

to be included under this Agreement and the License without any additional compensation.

5. Patents. In the event Licensor determines to file an application with the United States Patent and Trademark Office for letters patent with respect to the Formula, Licensee shall provide such information and shall cooperate with Licensor in connection with such application, in each case at Licensor's cost and to the extent reasonably requested by Licensor. Any patent granted with respect to the Formula shall be the sole and exclusive property of Licensor, subject to the License granted hereunder. Licensor shall, at the request of Licensee, execute and deliver to Licensee such documents as may be deemed necessary or advisable by Licensee to file in the appropriate patent offices in order to evidence the granting of the License herein granted.

6. Infringement. In the event a patent with respect to the Formula is granted to Licensor, and information is brought to Licensor's attention that others without license are infringing on such patent, Licensor may, at its option, prosecute any such infringer at Licensor's own expense and, if Licensor finds it necessary or desirable in any such suit or proceeding, Licensor may join Licensee as a party plaintiff, but Licensor shall bear all costs and expenses of Licensee therefor.

7. Indemnification.

(a) Licensor shall indemnify and hold harmless Licensee and its affiliates, shareholders, employees, officers, directors, agents, predecessors, successors and assigns from and against any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including without limitation interest, penalties and reasonable attorneys' fees, disbursements and expenses (collectively, the "Damages"), imposed upon or incurred by Licensee or any of such other persons, either directly or indirectly, by reason of or resulting from (i) a breach or inaccuracy of any representation, warranty, covenant, agreement or other obligation of Licensor contained in this Agreement or (ii) any claim made by any person against Licensee relating to or otherwise concerning the use of the Formula by Licensor.

(b) Licensee shall indemnify and hold harmless Licensor and its affiliates, shareholders, employees, officers, directors, agents, predecessors, successors and assigns from and against any and all Damages imposed upon or incurred by Licensor or any of such other persons, either directly or indirectly, by reason of or resulting from (i) a breach or inaccuracy of any representation, warranty, covenant, agreement or other obligation of Licensee contained in this Agreement or (ii) any claim made by

any person against Licensor relating to or otherwise concerning the use of the Formula by Licensee.

(c) Promptly after receipt by any party entitled to indemnification hereunder (an "Indemnified Party") of notice of the commencement of any action involving a claim of a third party in respect of which the Indemnified Party will seek indemnification pursuant to this Section 7, such Indemnified Party shall notify the party obligated to provide such indemnification (the "Indemnifying Party") thereof in writing. The Indemnifying Party shall be entitled to have sole control over, and shall assume all expense with respect to, the defense, settlement, adjustment or compromise of any such claim, provided that within 15 days of receipt of such written notice, the Indemnifying Party notifies the Indemnified Party of its election to so assume full control, and provided, further, that (i) the Indemnified Party may, if it so desires, employ counsel at its own expense to assist in the handling of such claim, (ii) the Indemnifying Party shall obtain the prior written approval of the Indemnified Party, which shall not be unreasonably withheld, before entering into any settlement, adjustment or compromise of such claim or ceasing to defend against such claim, if pursuant to or as a result of such settlement, adjustment, compromise or cessation, injunctive or other relief would be imposed against the Indemnified Party, and (iii) in the event that the Indemnified Party reasonably and in good faith believes that circumstances underlying the claim for indemnification are such that the business of the Indemnified Party may be subject to imminent disruption for any period of time, the Indemnified Party may assume defense of the claim and settle such claim without the consent of the Indemnifying Party, in which case the Indemnifying Party shall have the right to contest its obligation to indemnify hereunder.

8. Term; Termination. This Agreement and the License granted hereby shall remain and continue in full force and effect for a period of seventeen years from the date of the first public sale of a product utilizing the Formula, and shall be automatically renewable for successive one-year terms unless, within 30 days prior to the expiration of the term or any such renewal term, Licensee shall have notified Licensor in writing of Licensee's election not to renew the Agreement. Notwithstanding the foregoing, Licensor or Licensee may terminate this Agreement in the event (i) the other party is in default in the performance of any material term of this Agreement and such default continues for a period of 90 days following receipt of notice from the non-defaulting party of such default or (ii) the other party is adjudicated bankrupt or insolvent, or if a receiver is appointed for any substantial portion of such party's assets.

9. Miscellaneous Provisions.

(a) Survival of Representations, Etc. All statements contained herein or in any certificate or other instrument delivered by or on behalf of any of the parties pursuant hereto shall be deemed representations, warranties, covenants and agreements made by the respective parties to the Agreement and shall survive the date hereof.

(b) Notices. Any notices or other communications required or permitted hereunder shall be sufficient if given or sent by registered or certified mail, postage prepaid, to the following addresses or such other addresses as shall be furnished in writing by any party to another party. Any such notice or communication shall be deemed given as of the date upon which such notice or communication is first sent by telecopier or other means of instantaneous communication, and simultaneously confirmed by mail in the manner specified above.

If to Licensor: Cascade Designs, Inc.  
4000 First Avenue South  
Seattle, Washington 98134  
Attention: Mr. Lee Fromson

with a copy to: Davis Wright Tremaine LLP  
2600 Century Square  
1501 Fourth Avenue  
Seattle, Washington 98101  
Attention: LaVerne Woods, Esq.

If to Licensee: SweetWater, Inc.

Attention: \_\_\_\_\_

with a copy to : Zimet, Haines, Friedman & Kaplan  
460 Park Avenue  
New York, New York 10022  
Attention: Herbert M. Friedman, Esq.

Any party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving notice thereof to the other parties hereto in the manner herein provided. Notices shall be deemed given at the time they are delivered personally or by telecopier or other means of instantaneous communication or three (3) days after they are mailed in the manner set forth above.

(c) Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof. This Agreement may not be altered, modified, changed or discharged and none of the provisions hereof



may be waived except in writing, signed by the party to be charged therewith. The failure of any party at any time to enforce any of the terms, provisions or conditions of this Agreement or to exercise any right hereunder shall not constitute a waiver of the same or affect the party's right to enforce the same.

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

(e) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and permitted assigns. This Agreement may not be assigned by either Licensor or Licensee without the consent of the other.

(f) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Washington. Licensee agrees to submit irrevocably, at Licensor's election, to the personal jurisdiction and venue of the Superior Court of the State of Washington for the City of Seattle and County of King (in which case Licensee waives any right of removal) or to the personal jurisdiction and venue of the United States District Court for the Western District of Washington, in any action bringing claims of any nature relating to this License Agreement, or relating to the course of dealings among the parties concerning this License Agreement, and regardless of the legal basis of any such claims and regardless of the nature of the remedy sought; and Licensee further agrees irrevocably not to assert, and does hereby waive any right to assert, in any such action that such venue as determined by Licensor is either improper or inconvenient.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not be deemed a part of this Agreement.

(h) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any of the provisions contained herein shall be deemed to be unenforceable under applicable law, or otherwise, then the court making such determination shall have the right to amend such provision, and in its amended form such provision shall be enforceable in the manner contemplated hereby.

(i) Expenses. Each party hereto shall bear its own fees and expenses in connection with the negotiation, execution, and effectuation of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the day and year first above written.

Cascade Designs, Inc.

By: \_\_\_\_\_  
Name:  
Title:

SweetWater, Inc.

By: \_\_\_\_\_  
Name:  
Title:

ZM-82530 3

REGISTRATION TRANSFER AGREEMENT

THIS REGISTRATION TRANSFER AGREEMENT (the "Registration Agreement") dated as of \_\_\_\_\_, 1997 by and between SweetWater, Inc., a corporation organized and existing under the laws of the State of Delaware ("SweetWater"), having its principal place of business located at 1140 Boston Avenue, Unit A, Longmont, Colorado 80501, and Cascade Designs, Inc., a corporation organized and existing under the laws of the State of Washington ("Cascade"), having its principal place of business located at 4000 First Avenue South, Seattle, Washington 98134.

W I T N E S S E T H:

WHEREAS, SweetWater wishes to sell and Cascade wishes to purchase a certain pesticide product registration pursuant to that certain Asset Purchase Agreement dated October \_\_, 1997 by and between SweetWater and Cascade (the "Parties").

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the parties agree as follows:

Section 1. Representations of SweetWater. For the purposes of transferring the Registration (as defined below) granted to SweetWater by the United States Environmental Protection Agency ("EPA"), SweetWater hereby represents and warrants for the sole benefit of EPA the following:

1.1 SweetWater is the holder of the registration for the ViralGuard Cartridge and the Guardian+Plus, EPA Registration Number #67373-1 (the "Registration"), granted to SweetWater by EPA under the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"). This Registration entitles SweetWater to sell and distribute the ViralGuard Cartridge and the Guardian+Plus in accordance with federal law, and is deemed to be an asset of SweetWater.

1.2 SweetWater has not previously transferred (or purportedly transferred) this registration to any other party.

1.3 SweetWater has the unqualified legal right to transfer this Registration to Cascade, upon approval of EPA.

Section 2. Transfer of Registration. Sweetwater hereby agrees, subject only to approval by EPA, to irrevocably transfer to Cascade all right, title and interest in the Registration.

Section 3. Statement of Understanding. SweetWater and Cascade hereby represent that the transferred Registration shall not serve as collateral or otherwise secure any loan or other payment arrangement or executory promise nor shall the Registration revert to SweetWater or any third party under any circumstances, and the Parties further acknowledge that EPA will not recognize such an arrangement, unless a new, properly executed transfer agreement is submitted by the new owner and approved by EPA.

Section 4. False Statements. SweetWater and Cascade hereby acknowledge their understanding that any false statement in this Registration Agreement may be punishable under 18 U.S.C. § 1001 as a violation of the federal criminal code.

Section 5. Transfer of Rights and Obligations. Cascade hereby acknowledges that SweetWater's rights and duties concerning the Registration under FIFRA, including Cascade's obligation to support continued registration by producing and submitting data as required by EPA, will be treated by EPA in the same manner as those rights held and obligations owed by SweetWater at the time the transfer is approved.

Section 6. Authorized Representative of SweetWater. The authorized representative of SweetWater for purposes of the transfer contemplated hereunder is Eric W. Reynolds (303-682-4111).

Section 7. Authorized Representative of Cascade. The authorized representative of Cascade for purposes of the transfer contemplated hereunder is Lee Fromson (206-583-0583).

Section 8. EPA Company Number. The company number assigned by EPA to SweetWater is #67373; the company number assigned by EPA to Cascade is #\_\_\_\_\_.

IN WITNESS WHEREOF, each party hereto has caused the due execution of this Agreement, as of the date first written above.

ATTEST/WITNESS

CASCADE DESIGNS, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: Lee Fromson  
Title: Vice President

ATTEST/WITNESS

SWEETWATER, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: Eric W. Reynolds  
Title: President

DATA COMPENSATION RIGHTS  
TRANSFER AGREEMENT

THIS DATA COMPENSATION RIGHTS TRANSFER AGREEMENT (the "Data Agreement"), dated as of \_\_\_\_\_, 1997, by and between SweetWater, Inc., a corporation organized and existing under the laws of the state of Delaware ("SweetWater"), having its principal place of business located at 1140 Boston Avenue, Unit A, Longmont, Colorado 80501, and Cascade Designs, Inc., a corporation organized and existing under the laws of the state of Washington ("Cascade"), having its principal place of business located at 4000 First Avenue South, Seattle, Washington 98134.

W I T N E S S E T H:

WHEREAS, SweetWater wishes to sell and Cascade wishes to purchase certain data compensation rights pursuant to that certain Asset Purchase Agreement dated October \_\_, 1997 by and between SweetWater and Cascade (the "Parties").

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the Parties agree as follows:

Section 1. Representation of SweetWater. For the purpose of transferring hereunder the Data Items (as defined below) held by SweetWater, SweetWater hereby represents and warrants for the sole benefit of the United States Environmental Protection Agency ("EPA") the following:

1.1 SweetWater is the holder of certain data compensation rights in the scientific studies set forth in Schedule A attached hereto (the "Data Items"). The Data Items were submitted to EPA under the authority of the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"). SweetWater's interests in the Data Items are deemed to be an asset of SweetWater. None of the Data Items are "exclusive use" data under Section 3(c)(1)(D)(i) of FIFRA.

1.2 SweetWater agrees, subject only to the approval of EPA, to transfer irrevocably to Cascade all of SweetWater's rights, titles and interest in the Data Items.

Section 2. False Statements. SweetWater and Cascade hereby acknowledge their understanding that any false statement in this Data Agreement may be punishable under 18 U.S.C. § 1001 as a violation of the federal criminal code.

IN WITNESS WHEREOF, each party hereto has caused the due execution of this Data Agreement, under seal, as of the date first written above.

ATTEST/WITNESS

CASCADE DESIGNS, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: Lee Fromson  
Title: Vice President

ATTEST/WITNESS

SWEETWATER, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Name: Eric W. Reynolds  
Title: President

NON-COMPETITION AGREEMENT

THIS AGREEMENT is made as of this \_\_\_ day of \_\_\_\_\_, 1997 between Cascade Designs, Inc., a corporation organized and existing under the laws of the State of Washington ("Cascade") and (insert name of Executive) (the "Executive"). Capitalized terms used but not defined herein shall have the meanings set forth in the Asset Purchase Agreement dated October \_\_, 1997 by and between Cascade and SweetWater, Inc., a corporation organized and existing under the laws of the State of Delaware ("SweetWater").

WHEREAS, simultaneously with the execution of this Non-Competition Agreement, Cascade and SweetWater have entered into an Asset Purchase Agreement pursuant to which Cascade has agreed to purchase all assets of SweetWater related to SweetWater's development, manufacture and marketing of portable water filtration and purification devices for outdoor use as more particularly set forth in such Asset Purchase Agreement;

WHEREAS, as a condition of the consummation of the sale contemplated by the Asset Purchase Agreement, the Executive has agreed to execute and deliver this Non-Competition Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the parties hereto hereby agree as follows:

1. (a) The Executive agrees that he possesses certain knowledge, skills and reputation relating to portable water filtration and purification devices for the worldwide outdoor recreational and travel-related markets which knowledge, skills and reputation are of material importance to Cascade and acknowledges that the use of his services by a competitor of Cascade in such markets may cause irreparable harm to Cascade. Therefore, Executive agrees that during the period commencing on the Closing Date and ending on the third anniversary of such date, he will not, knowingly, directly or indirectly, as a principal, officer, director, owner, shareholder (other than as a holder of less than 5% of the outstanding stock of any publicly traded corporation), partner, employee, agent, or in any other capacity whatsoever, engage in, be or become associated with, or advise or assist any business, firm, partnership, individual, corporation, or any other entity with regard to the design,

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development, manufacture or marketing of portable water purification and filtration devices for the worldwide outdoor recreational and travel-related markets. The Executive and Cascade agree the preceding sentence shall not restrict Executive from participating in the markets for home use water filtration and purification products, home health care appliance products or laboratory filtration and purification products.

(b) Executive will not directly or indirectly (through Seller or otherwise) solicit for employment any current employee of Purchaser. This prohibition shall extend for a period of three (3) years beginning with the Closing Date.

(c) Executive will not directly or indirectly (through Seller or otherwise) solicit business with respect to portable water filtration and purification systems from persons or entities that have at any time been customers of Purchaser or Seller. This prohibition shall extend for a period of three (3) years beginning with the Closing Date.

(d) It is agreed that Executive's knowledge is unique and that any breach or threatened breach by Executive of any provision of this paragraph 1 may not be remedied solely by damages. Accordingly, in the event of a breach or threatened breach by Executive of any of the provisions of this paragraph 1, Cascade shall be entitled to specific performance or injunctive relief, restraining Executive and any business, firm, partnership, individual, corporation or entity participating in such breach or attempted breach, from engaging in any activity which would constitute a breach of this paragraph 1. Nothing, herein, however, shall be construed as prohibiting Cascade from pursuing any other remedies available at law or in equity for such breach or threatened breach, including other equitable relief and the recovery of damages.

2. (a) No modification or changes in this Agreement shall be valid unless such modification or changes are in writing and signed by all parties hereto. Any waiver of any of the terms and conditions of this Agreement shall not operate as a waiver of any other breach of such terms or conditions, or any other term or condition, nor shall any failure to enforce any provisions hereof operate as a waiver of such provision or any other provision hereof.

(b) Any and all notices referred to herein shall be sufficient if furnished in writing, sent by registered or certified mail to Executive at his address as shall be furnished to Cascade in writing, and to Cascade at its principal office in Seattle, Washington.

(c) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State



of Colorado. Cascade agrees to submit irrevocably, at Executive's election, to the personal jurisdiction and venue of the Boulder County District Court of the State of Colorado (in which case Cascade waives any right of removal) or to the personal jurisdiction and venue of the United States District Court in Denver, Colorado, in any action bringing claims of any nature relating to this Non-Competition Agreement, or relating to the course of dealings among the parties concerning this Non-Competition Agreement, and regardless of the legal basis of any such claims and regardless of the nature of the remedy sought; and Cascade further agrees irrevocably not to assert, and does hereby waive any right to assert, in any such action that such venue as determined by Executive is either improper or inconvenient. In the event of litigation or arbitration relating to this Non-Competition Agreement, the prevailing party shall be entitled to recover interest as may be provided by law, court costs and reasonable attorneys' fees. The court or arbitrator, as the case may be, shall determine which party has, under all the circumstances, "prevailed."

(d) The invalidity or unenforceability of any provision in this Agreement shall not affect the other provisions hereof. This Agreement shall be construed as though such invalid or unenforceable provisions were omitted. Moreover, if one or more of the provisions hereof shall for any reason be held to be excessively broad as to scope, activity or subject, so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting and reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

(e) This Non-Competition Agreement, in combination with the Asset Purchase Agreement, contains the entire understanding among the parties with respect to the subject matter, and supersedes all prior and contemporaneous agreements and understanding, express or implied, oral or written, except as herein contained.

(f) This Agreement shall be binding upon and shall inure to the benefit of Cascade's successors and assigns and shall be enforceable by them.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date and year first above written.

Cascade Designs, Inc.

\_\_\_\_\_  
(insert name of Executive)

By \_\_\_\_\_

Exhibit F to  
Asset Purchase Agreement

SWEETWATER, INC.

OFFICER'S CERTIFICATE

This certificate (the "Certificate") is given to Cascade Designs, Inc., a Washington corporation ("Cascade") in connection with that certain Asset Purchase Agreement, dated October \_\_, 1997 (the "Agreement"), by and between SweetWater, Inc., a Delaware corporation ("SweetWater") and Cascade. All capitalized terms used but not defined in this Certificate shall have the meanings ascribed to them in the Agreement.

The undersigned in his capacity as President and Chief Executive Officer of SweetWater hereby certifies on behalf of SweetWater that:

(1) The representations and warranties of SweetWater set forth in Article 4 of the Agreement are true and correct in all material respects as of the date hereof.

(2) SweetWater has performed and complied with all of its covenants under the Agreement in all material respects (except to the extent such performance and compliance has been waived by Cascade).

(3) There is no injunction, judgment, order, decree, ruling or charge in effect prohibiting consummation of any of the transactions contemplated by the Agreement.

(4) Attached hereto as Exhibit A is a complete and correct copy of the resolutions of the Board of Directors and of the shareholders of SweetWater approving the amendment to the Certificate of Incorporation to change the name of the corporation and authorizing the officers of SweetWater to file a Certificate of Amendment to the Certificate of Incorporation in the State of Delaware to effect such name change;

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(5) All liens and security interests previously filed with respect to the SweetWater Intellectual Property have been released and removed.

IN WITNESS WHEREOF, I have hereunto subscribed my name to this Certificate as of this \_\_ day of \_\_\_\_\_, 1997.

---

Eric Reynolds  
President and Chief  
Executive Officer

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ASSET PURCHASE AGREEMENT

---

ASSET PURCHASE AGREEMENT

by and between

CASCADE DESIGNS, INC.  
("Purchaser")

and

SWEETWATER, INC.  
("Seller")

Dated October 21, 1997

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