



Banc One Leasing Corporation

# MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT is made, entered and dated as of 8/28/98, by and between:

LESSOR:

BANC ONE LEASING CORPORATION

1111 Polaris Parkway, Suite A-3

Columbus, Ohio 43240

LESSEE:

CARLISLE ENGINEERED PRODUCTS, INC.

100 SEVENTH AVENUE SUITE 100

CHARDON, OH 44024

1. **LEASE OF EQUIPMENT:** Lessor leases to Lessee, and Lessee leases from Lessor, all the property described in the Lease Schedules which are signed from time to time by Lessor and Lessee.

2. **CERTAIN DEFINITIONS:** "Schedule" means each Lease Schedule signed by Lessee and Lessor which incorporates the terms of this Master Lease Agreement, together with all exhibits, riders, attachments and addenda thereto. "Equipment" means the property described in each Schedule, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto. "Lease", "herein", "hereunder", "hereof" and similar words mean this Master Lease Agreement and all Schedules, together with all exhibits, riders, attachments and addenda to any of the foregoing, as the same may from time to time be amended, modified or supplemented. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, Columbus, NA; provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Fair Market Value" means the amount which would be paid for an item of Equipment by an informed and willing buyer (other than a used equipment or scrap dealer) and an informed and willing seller neither under a compulsion to buy or sell. "Lessor's Cost" means the invoiced price of any item of Equipment plus any other cost to Lessor of acquiring an item of Equipment. All terms defined in the Lease are equally applicable to both the singular and plural form of such terms.

3. **LEASE TERM AND RENT:** The term of the lease of the Equipment described in each Schedule ("Lease Term") commences on the date stated in the Schedule and continues for the term stated therein. As rent for the Equipment described in each Schedule, Lessee shall pay Lessor the rent payments and all other amounts stated in such Schedule, payable on the dates specified therein. All payments due under the Lease shall be made in United States dollars at Lessor's office stated in the opening paragraph or as otherwise directed by Lessor in writing.

4. **ORDERING, DELIVERY, REMOVAL AND INSPECTION OF EQUIPMENT:** If an event of default occurs or if for any reason Lessee does not accept, or revokes its acceptance of, equipment covered by a purchase order or purchase contract or if any commitment or agreement of Lessor to lease equipment to Lessee expires, terminates or is otherwise canceled, then automatically upon notice from Lessor, any purchase order or purchase contract and all obligations thereunder shall be assigned to Lessee and Lessee shall pay and perform all obligations thereunder. Lessee agrees to pay, defend, indemnify and hold Lessor harmless from any liabilities, obligations, claims, costs and expenses (including reasonable attorney fees and expenses) of whatever kind imposed on or asserted against Lessor in any way related to any purchase orders or purchase contracts. Lessee shall make all arrangements for, and Lessee shall pay all costs of, transportation, delivery, installation and testing of Equipment. The Equipment shall be delivered to Lessee's premises stated in the applicable Schedule and shall not be removed without Lessor's prior written consent. Lessor has the right upon reasonable notice to Lessee to inspect the Equipment wherever located. Lessor may enter upon any premises where Equipment is located and remove it immediately, without notice or liability to Lessee, upon the expiration or other termination of the Lease Term.

5. **MAINTENANCE AND USE:** Lessee agrees it will, at its sole expense: (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; and (c) make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lessor's prior written consent, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment. The Equipment will not be used or located outside of the United States.

6. **NET LEASE; NO EARLY TERMINATION:** The Lease is a net lease. Lessee's obligation to pay all rent and all other amounts payable under the Lease is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Lessee may have at any time against Lessor or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment. Each Schedule is a noncancelable lease of the Equipment described therein and Lessee's obligation to pay rent and perform all other obligations thereunder and under the Lease are not subject to cancellation or termination by Lessee for any reason.

7. **NO WARRANTIES BY LESSOR:** LESSOR LEASES THE EQUIPMENT AS-IS, WHERE-IS, AND WITH ALL FAULTS. LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, OF ANY KIND AS TO THE EQUIPMENT INCLUDING, WITHOUT LIMITATION: ITS MERCHANTABILITY; ITS FITNESS FOR ANY PARTICULAR PURPOSE; ITS DESIGN, CONDITION, QUALITY, CAPACITY, DURABILITY, CAPABILITY, SUITABILITY OR WORKMANSHIP; ITS NON-INTERFERENCE WITH OR NON-INFRINGEMENT OF ANY PATENT, TRADEMARK, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT; OR ITS COMPLIANCE WITH ANY LAW, RULE, SPECIFICATION, PURCHASE ORDER OR CONTRACT PERTAINING THERETO. Lessor hereby assigns to Lessee the benefit of any assignable manufacturer's or supplier's warranties, but Lessor, at Lessee's written request, will cooperate with Lessee in pursuing any remedies Lessee may have under such warranties. Any action taken with regard to warranty claims against any manufacturer or supplier by Lessee will be at Lessee's sole expense. LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND AS TO THE FINANCIAL CONDITION OR FINANCIAL STATEMENTS OF ANY PARTY OR AS TO THE TAX OR ACCOUNTING TREATMENT OR CONSEQUENCES OF THE LEASE, THE EQUIPMENT OR THE RENTAL PAYMENTS.

8. **INSURANCE:** Lessee at its sole expense shall at all times keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Lessor's Cost of such item of Equipment. Lessee at its sole expense shall at all times carry public liability and property damage insurance in amounts satisfactory to Lessor protecting Lessee and Lessor from liabilities for injuries to persons and damage to property of others relating in any way to the Equipment. All insurers shall be reasonably satisfactory to Lessor. Lessee shall deliver to Lessor satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment shall be payable to Lessor as loss payee and shall, at Lessor's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Lessee under the Lease. Proceeds of any public liability or property insurance shall be payable first to Lessor as additional insured to the extent of its liability, then to Lessee. If an event of default occurs and is continuing, or if Lessee fails to make timely payments due under Section 9 hereof, then Lessee automatically appoints Lessor as Lessee's attorney-in-fact with full power and authority in the place of Lessee and in the name of Lessee or Lessor to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lessor at least 30 days prior written notice of any cancellation of such policy and will require that Lessor's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Lessee. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor.

9. **LOSS AND DAMAGE:** (a) Lessee bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Lessee from the obligation to pay rent or from any other obligation under the Lease.

9. **LOSS AND DAMAGE (continued):** In the event of a Casualty Loss to any item of Equipment, Lessee shall, if so directed by Lessor, immediately repair the same. If Lessor determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Lessee, at the option of Lessor, shall (1) immediately replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lessor a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under the Lease, or (2) On the rent payment date which is at least 30 but no more than 60 days after the date of the Casualty Loss, pay to Lessor all amounts then due and payable by Lessee under the Lease for the Lost Equipment plus the Stipulated Loss Value for such Lost Equipment as of the date of the Casualty Loss. Upon payment by Lessee of all amounts due under the above clause (2), the lease of the Lost Equipment will terminate and Lessor shall transfer to Lessee all of Lessor's right, title and interest in such Equipment on an "as-is, where-is" basis with all faults, without recourse and without representation or warranty of any kind, express or implied.

(b) "Stipulated Loss Value" of any item of Equipment during its Lease Term equals the present value discounted in arrears to the applicable date at the applicable SLV Discount Rate of (1) the remaining rents and all other amounts (including, without limitation, any balloon payment and, as to a terminal rental adjustment clause ("TRAC") lease, the TRAC value stated in the Schedule, and any other payments required to be paid by Lessee at the end of the applicable Lease Term) payable under the Lease for such item on and after such date to the end of the applicable Lease Term and (2) an amount equal to the Economic Value of the Equipment. For any item of Equipment, "Economic Value" means the Fair Market Value of the Equipment at the end of the applicable Lease Term as originally anticipated by Lessor at the Commencement Date of the applicable Schedule; provided, that Lessee agrees that such value shall be determined by the books of Lessor as of the Commencement Date of the applicable Schedule. After the payment of all rent due under the applicable Schedule and the expiration of the Lease Term of any item of Equipment, the Stipulated Loss Value of such item equals the Economic Value of such item. Stipulated Loss Value shall also include any Taxes payable by Lessor in connection with its receipt thereof. For any item of Equipment, "SLV Discount Rate" means an interest rate equal to the Prime Rate in effect on the Commencement Date of the Schedule for such item minus two percentage points.

10. **TAX BENEFITS INDEMNITY.** (a) The Lease has been entered into on the basis that Lessor shall be entitled to such deductions, credits and other tax benefits as are provided by federal, state and local income tax law to an owner of the Equipment (the "Tax Benefits") including, without limitation: (1) modified accelerated cost recovery deductions on each item of Equipment under Section 168 of the Code (as defined below) in an amount determined commencing with the taxable year in which the Commencement Date of the applicable Schedule occurs, using the maximum allowable depreciation method available under Section 168 of the Code, using a recovery period (as defined in Section 168 of the Code) reasonably determined by Lessor, and using an initial adjusted basis which is equal to the Lessor's Cost of such item; (2) amortization of the expenses paid by Lessor in connection with the Lease on a straight-line basis over the term of the applicable Schedule; and (3) Lessor's federal taxable income will be subject to the maximum rate on corporations in effect under the Code as of the Commencement Date of the applicable Schedule.

(b) If on any one or more occasions (1) Lessor shall lose, shall not have or shall lose the right to claim all or any part of the Tax Benefits, (2) there shall be reduced, disallowed, recalculated or recaptured all or any part of the Tax Benefits, or (3) all or any part of the Tax Benefits is reduced by a change in law or regulation (each of the events described in subparagraphs 1, 2 or 3 of this paragraph (b) will be referred to as a "Tax Loss"), then, upon 30 days written notice by Lessor to Lessee that a Tax Loss has occurred, Lessee shall pay Lessor an amount which, in the reasonable opinion of Lessor and after the deduction of all taxes required to be paid by Lessor with respect to the receipt of such amount, will provide Lessor with the same after-tax net economic yield which was originally anticipated by Lessor as of the Commencement Date of the applicable Schedule.

(c) A Tax Loss shall occur upon the earliest of: (1) the happening of any event (such as disposition or change in use of an item of Equipment) which may cause such Tax Loss; (2) Lessor's payment to the applicable taxing authority of the tax increase resulting from such Tax Loss; or (3) the adjustment of Lessor's tax return to reflect such Tax Loss.

(d) Lessor shall not be entitled to payment under this section for any Tax Loss caused solely by one or more of the following events: (1) a disqualifying sale or disposition of an item of Equipment by Lessor prior to any default by Lessee; (2) Lessor's failure to timely or properly claim the Tax Benefits in Lessor's tax return; (3) a disqualifying change in the nature of Lessor's business or liquidation thereof; (4) a foreclosure by any person holding through Lessor a security interest on an item of Equipment which foreclosure results solely from an act of Lessor; or (5) Lessor's failure to have sufficient taxable income or tax liability to utilize the Tax Benefits.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended. For the purposes of this section 10, the term "Lessor" shall include any affiliate group (within the meaning of section 1504 of the Code) of which Lessor is a member for any year in which a consolidated income tax return is filed for such affiliated group. Lessee's obligations under this section shall survive the expiration, cancellation or termination of the Lease.

11. **GENERAL TAX INDEMNITY:** Lessee will pay, and will defend, indemnify and hold Lessor harmless on an after-tax basis from, any and all Taxes (as defined below) and related audit and contest expenses on or relating to (a) any of the Equipment, (b) the Lease, (c) purchase, acceptance, ownership, lease, possession, use, operation, transportation, return or other disposition of any of the Equipment, and (d) rentals or earnings relating to any of the Equipment or the Lease. "Taxes" means present and future taxes or other governmental charges that are not based on the net income of Lessor, whether they are assessed to or payable by Lessee or Lessor, including, without limitation (i) sales, use, excise, licensing, registration, titling, franchise, business and occupation, gross receipts, stamp and personal property taxes, (ii) levies, imposts, duties, assessments, charges and withholdings, (iii) penalties, fines, and additions to tax and (iv) interest on any of the foregoing. Unless Lessor elects otherwise, Lessor will prepare and file all reports and returns relating to any Taxes and will pay all Taxes to the appropriate taxing authority. Lessee will reimburse Lessor for all such payments promptly on request. On or after any applicable assessment/levy/lien date for any personal property Taxes relating to any Equipment, Lessee agrees that upon Lessor's request Lessee shall pay to Lessor the personal property Taxes which Lessor reasonably anticipates will be due, assessed, levied or otherwise imposed on any Equipment during its Lease Term. If Lessor elects in writing, Lessee will itself prepare and file all such reports and returns, pay all such Taxes directly to the taxing authority, and send Lessor evidence thereof. Lessee's obligations under this section shall survive the expiration, cancellation or termination of the Lease.

12. **GENERAL INDEMNITY:** Lessee assumes all risk and liability for, and shall defend, indemnify and keep Lessor harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lessor, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, lease, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Lessee or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Lessee will not indemnify Lessor under this section for loss or liability arising from events which occur after the Equipment has been returned to Lessor or for loss or liability caused directly and solely by the gross negligence or willful misconduct of Lessor. In this section, "Lessor" also includes any director, officer, employee, agent, successor or assign of Lessor. Lessee's obligations under this section shall survive the expiration, cancellation or termination of the Lease.

13. **PERSONAL PROPERTY:** Lessee represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lessor's request, Lessee shall furnish Lessor a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lessor may display notice of its interest in the Equipment by any reasonable identification. Lessee shall not alter or deface any such indicia of Lessor's interest.

14. **DEFAULT:** Each of the following events shall constitute an event of default under the Lease: (a) Lessee fails to pay any rent or other amount due under the Lease within ten days of its due date; or (b) Lessee fails to perform or observe any of its obligations in Sections 8, 18, or 22 hereof; or (c) Lessee fails to perform or observe any of its other obligations in the Lease for more than 30 days after Lessor notifies Lessee of such failure; or (d) Lessee or any Lessee affiliate defaults in the payment, performance or observance of any obligation under any loan, credit agreement or other lease in which Lessor or any subsidiary (direct or indirect) of Banc One Corporation (which is Lessor's ultimate parent corporation) is the creditor or lessor; or (e) any statement, representation or warranty made by Lessee in the Lease, in any Schedule or in any document, certificate or financial statement in connection with the Lease proves at any time to have been untrue or misleading in any material respect as of the time when made; or (f) Lessee becomes insolvent or bankrupt, or Lessee admits its inability to pay its debts as they mature, or Lessee makes an assignment for the benefit of creditors, or Lessee applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Lessee or any substantial part of its property or any such official is appointed without Lessee's consent, or Lessee applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation, or similar proceeding relating to Lessee or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Lessee without stay or dismissal for more than 30 days, or Lessee commences any act amounting to a business failure or a winding up of its affairs, or Lessee ceases to do business as a going concern; or (g) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Lessee's obligations under the Lease, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it; or (h) there shall occur in Lessor's reasonable opinion any material adverse change in the financial condition, business or operations of Lessee.

**14. DEFAULT (continued):**

As used in this section 14, the term "Lessee" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Lessee's obligations under the Lease and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Lessee's obligations under the Lease, and the term "Lease" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Lessee's obligations under the Lease.

**15. REMEDIES.** If any event of default exists, Lessor may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Lessee shall perform its obligations imposed thereby:

- (a) Lessor may require Lessee to return any or all Equipment as provided in the Lease.
- (b) Lessor or its agent may repossess any or all Equipment wherever found, may enter the premises where the Equipment is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Equipment for sale.
- (c) Lessor may sell any or all Equipment at public or private sale, with or without advertisement or publication, may re-lease or otherwise dispose of it or may use, hold or keep it.
- (d) Lessor may require Lessee to pay to Lessor on a date specified by Lessor, with respect to any or all Equipment (i) all accrued and unpaid rent, late charges and other amounts due under the Lease on or before such date, plus (ii) as liquidated damages for loss of a bargain and not as a penalty, and in lieu of any further payments of rent, the Stipulated Loss Value of the Equipment on such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 18% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). The parties acknowledge that the foregoing money damage calculation reasonably reflects Lessor's anticipated loss with respect to the Equipment and the related Lease resulting from the event of default. If an event of default under section 14 (f) of this Master Lease Agreement exists, then Lessee will be automatically liable to pay Lessor the foregoing amounts as of the next rent payment date unless Lessor otherwise elects in writing.
- (e) Lessee shall pay all costs, expenses and damages incurred by Lessor because of the event of default or its actions under this section, including, without limitation, any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Equipment and any incidental and consequential damages.
- (f) Lessor may terminate the Lease and/or any or all Schedules, may sue to enforce Lessee's performance of its obligations under the Lease and/or may exercise any other right or remedy then available to Lessor at law or in equity.

Lessor is not required to take any legal process or give Lessee any notice before exercising any of the above remedies. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lessor. Lessor's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lessor shall release Lessee from any of its obligations to Lessor. No delay or failure on the part of Lessor to exercise any right hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lessor's acceptance of any payment by Lessee under the Lease shall not constitute a waiver by Lessor of such default, regardless of Lessor's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Lease if the Lease has been declared in default by Lessor, unless Lessor has agreed in writing to reinstate the Lease and to waive the default.

If Lessor actually repossesses any Equipment, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lessor shall not be required to sell, re-lease or otherwise dispose of any Equipment prior to Lessor enforcing any of the remedies described above. Lessor may sell or re-lease the Equipment in any manner it chooses, free and clear of any claims or rights of Lessee and without any duty to account to Lessee with respect thereto except as provided below. If Lessor actually sells or re-leases the Equipment, it will credit the net proceeds of any sale of the Equipment, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Equipment, against and up to (but not exceeding) the Stipulated Loss Value of the Equipment and any other amounts Lessee owes Lessor, or will reimburse Lessee for and up to (but not exceeding) Lessee's payment thereof. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. If Lessor elects in writing not to sell or re-lease any Equipment, it will similarly credit or reimburse Lessee for Lessor's reasonable estimate of such Equipment's Fair Market Value.

**16. LESSOR'S RIGHT TO PERFORM:** If Lessee fails to make any payment under the Lease or fails to perform any of its other agreements in the Lease (including, without limitation, its agreement to provide insurance coverage as stated in the Lease), Lessor may itself make such payment or perform such agreement, and the amount of such payment and the amount of the expenses of Lessor incurred in connection with such payment or performance shall be deemed to be additional rent, payable by Lessee on demand.

**17. FINANCIAL REPORTS:** Lessee agrees to furnish to Lessor: (a) annual financial statements setting forth the financial condition and results of operation of Lessee (financial statements shall include the balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Lessee; (b) quarterly financial statements setting forth the financial condition and results of operation of Lessee within 60 days of the end of each of the first three fiscal quarters of Lessee; and (c) such other financial information as Lessor may from time to time reasonably request including, without limitation, financial reports filed by Lessee with federal or state regulatory agencies. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Lessee fails to furnish the annual financial statements to Lessor within 30 days of Lessor's written request, then Lessor may, at its option, charge Lessee a non-performance fee equal to all the rentals due under the Lease for the then current month (unless otherwise prohibited by law) and such fees shall be deemed to be additional rent, payable by Lessee on demand.

**18. NO CHANGES IN LESSEE:** Lessee shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Lessee may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all or any substantial part of its operations or assets outside of the United States of America; or (e) without 30 days advance written notice to Lessor, change its name or chief place of business. Lessee shall at all times maintain a tangible net worth which is no less than the greater of 75% of its tangible net worth as of the date of the Master Lease Agreement or 75% of its highest tangible net worth thereafter.

**19. LATE CHARGES:** If any rent or other amount payable under the Lease is not paid when due, then as compensation for the administration and enforcement of Lessee's obligation to make timely payments, Lessee shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

**20. NOTICES; POWER OF ATTORNEY:** (a) Service of all notices under the Lease shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by the Lease, the powers conferred on Lessor thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lessor's interests under the Lease; and do not impose any duty on Lessor to exercise such powers. Lessor shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

**21. ASSIGNMENT BY LESSOR:** Lessor and any assignee of Lessor, with or without notice to or consent of Lessee, may sell, assign, transfer or grant a security interest in all or any part of Lessor's rights, obligations, title or interest in the Equipment, the Lease, any Schedule or the amounts payable under the Lease or any Schedule to any entity ("transferee"). The transferee shall succeed to all of Lessor's rights in respect to the Lease (including, without limitation, all rights to insurance and indemnity protection described in the Lease). Lessee agrees to sign any acknowledgement and other documents reasonably requested by Lessor or the transferee in connection with any such transfer transaction. Lessee, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Lessee agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Lessee may now or hereafter be entitled to assert against Lessor. Unless otherwise agreed in writing, the transfer transaction shall not relieve Lessor of any of its obligations to Lessee under the Lease and Lessee agrees that the transfer transaction shall not be construed as being an assumption of such obligations by the transferee.

**22. NO ASSIGNMENT, SUBLEASE OR LIEN BY LESSEE:** LESSEE SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF THE LEASE OR ANY INTEREST THEREIN OR THE EQUIPMENT OR ANY PART THEREOF, OR (b) SUBLEASE, RENT, LEND OR TRANSFER POSSESSION OR USE OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON THE LEASE, ANY SCHEDULE, THE EQUIPMENT OR ANY PART THEREOF.

23 EXPIRATION OF LEASE TERM: (a) At 10 (or earlier if otherwise specified), but no more than 90 days prior to expiration of the Lease Term of each Schedule, Lessee shall give Lessor written notice of its electing one of the following options for 10 (or less than all) of the Equipment covered by such Schedule: return the Equipment under clause (b) below; or purchase the Equipment under clause (c) below. The election of an option shall be irrevocable. If Lessee fails to give timely notice of its election, it shall be deemed to have elected to return the Equipment.

(b) If Lessee elects or is deemed to have elected to return the Equipment at the expiration of the Lease Term of a Schedule or if Lessee is obligated at any time to return the Equipment, then Lessee shall, at its sole expense and risk, reinstall, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States of America selected by Lessor. The Equipment shall be in the same condition as when received by Lessee, reasonable wear, tear and depreciation resulting from normal and proper use excepted (or, if applicable, in the condition set forth in the Lease or the Schedule), shall be in good operating order and maintenance as required by the Lease, shall be certified as being eligible for any available manufacturer's maintenance program, shall be free and clear of any Liens as required by the Lease, shall comply with all applicable laws and regulations and shall include all manuals, specifications, repair and maintenance records and similar documents. Until Equipment is returned as required above, all terms of the Lease shall remain in full force and effect including, without limitation, obligations to pay rent and insure the Equipment; provided, that after the expiration of any Schedule and before Lessee has completed its return of the Equipment or its purchase option (if elected), the term of the lease of the Equipment covered by such Schedule shall be month-to-month or such shorter period as may be specified by Lessor.

(c) If Lessee gives Lessor timely notice of its election to purchase Equipment, then on the expiration date of the applicable Schedule Lessee shall purchase all (but not less than all) of the Equipment and shall pay to Lessor the Fair Market Value of the Equipment plus all Taxes (other than income taxes on Lessor's gains on such sale), costs and expenses incurred or paid by Lessor in connection with such sale plus all accrued but unpaid amounts due with respect to the Equipment and/or the Schedule. The Stipulated Loss Value or Economic Value of any item of Equipment shall have no bearing or influence on the determination of Fair Market Value under this clause (c). Upon payment in full of the above amounts, and if no default has occurred and is continuing under the Lease, Lessor shall transfer title to such Equipment to Lessee "as-is, where-is" with all faults and without recourse to Lessor and without any representation or warranty of any kind whatsoever by Lessor, express or implied.

(d) For purposes of the purchase option of the Lease, the determination of the Fair Market Value of any Equipment shall be determined (1) without deducting any costs of dismantling or removal from the location of use, (2) on the assumption that the Equipment is in the condition required by the applicable return and maintenance provisions of the Lease and is free and clear of any Liens as required by the Lease, and (3) shall be determined by mutual agreement of Lessee and Lessor or, if Lessor and Lessee are not able to agree on such value, by the Appraisal Procedure. "Appraisal Procedure" means the determination of Fair Market Value by an independent appraiser acceptable to Lessor and Lessee, or, if the parties are unable to agree on an acceptable appraiser, by averaging the valuation (disregarding the one which differs the most from the other two) of three independent appraisers, the first appointed by Lessor, the second appointed by Lessee and the third appointed by the first two appraisers. For purposes of the "Remedies" section of the Lease, the Fair Market Value shall be determined by Lessor in good faith and any such valuation shall be on an "as-is, where-is" basis without regard to the first sentence of this clause (d). Lessee, at its sole expense, shall pay all fees, costs and expenses of the above described appraisers.

24. GOVERNING LAW: THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THE LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO. WITH RESPECT TO ANY ACTION BROUGHT BY LESSOR AGAINST LESSEE TO ENFORCE ANY TERM OF THE LEASE, LESSEE HEREBY IRREVOCABLY CONSENTS TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN THE FRANKLIN COUNTY, OHIO, WHERE LESSOR HAS ITS PRINCIPAL PLACE OF BUSINESS AND WHERE PAYMENTS ARE TO BE MADE BY LESSEE.

25. MISCELLANEOUS: (a) Subject to the limitations herein, the Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Master Lease Agreement and each Schedule may be executed in any number of counterparts, which together shall constitute a single instrument. Only one counterpart of each Schedule shall be marked "Lessor's Original" and all other counterparts shall be marked "Duplicate". A security interest in any Schedule may be created through transfer and possession only of the counterpart marked "Lessor's Original". (c) Section and paragraph headings in this Master Lease Agreement and the Schedules are for convenience only and have no independent meaning. (d) The terms of the Lease shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of the Lease and the Lease shall continue in full force and effect as if such invalid, illegal, void or unconscionable term were not originally included herein. (e) All indemnity obligations of Lessee under the Lease and all rights, benefits and protections provided to Lessor by warranty disclaimers shall survive the cancellation, expiration or termination of the Lease. (f) Lessor shall not be liable to Lessee for any indirect, consequential or special damages for any reason whatsoever. (g) Each payment made by Lessee shall be applied by Lessor in such manner as Lessor determines in its discretion which may include, without limitation, application as follows: first, to accrued late charges; second, to accrued rent; and third, the balance to any other amounts then due and payable by Lessee under the Lease. (h) If the Lease is signed by more than one Lessee, each of such Lessees shall be jointly and severally liable for payment and performance of all of Lessee's obligations under the Lease.

26. ENTIRE AGREEMENT: THE LEASE REPRESENTS THE FINAL, COMPLETE AND ENTIRE AGREEMENT BETWEEN THE PARTIES HERETO. THERE ARE NO ORAL OR UNWRITTEN AGREEMENTS OR UNDERSTANDINGS AFFECTING THE LEASE OR THE EQUIPMENT. Lessee agrees that Lessor is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lessor, and that any representation, warranty or agreement made by a manufacturer, supplier or their employees, sales representatives or agents shall not be binding on Lessor.

27. JURY WAIVER: ALL PARTIES TO THIS MASTER LEASE AGREEMENT WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS MASTER LEASE AGREEMENT.

CARLISLE ENGINEERED PRODUCTS, INC.

(Name of Lessee)

BANC ONE LEASING CORPORATION

Lessor

By: [Signature]

Title: [Signature]

By: Y Scott Kingsley

Title: Y VP - Finance & Administration

Lessee's Witness: Michelle Piccolo

CARLISLE ENGINEERED PRODUCTS, INC.

(Name of Lessee)

Regardless of any prior, present or future oral agreement or course of dealing, no term or condition of the Lease may be amended, modified, waived, discharged, cancelled or terminated except by a written instrument signed by the party to be bound; except Lessee authorizes Lessor to complete the Acceptance Date of each Schedule and the serial numbers of any Equipment.

By: Y Scott Kingsley

Title: Y VP - Finance & Administration

MASTER LEASE ADDENDUM

Dated as of December 14, 2000

Master Lease Agreement Dated as of August 28, 1998

Lessee: Carlisle Engineered Products, Inc.

Reference is made to the above Master Lease Agreement as amended by the above Lessee ("Lessor") and the above lessee ("Lessee") terms and conditions of the Master Lease. Unless otherwise defined herein, Lease shall have the same meaning when used herein. As part of the value of the Master Lease, Lessor and Lessee hereby agree as follows.

*Original to come via UPS 12/21/00*

1. Section 18 is modified to add the following to the first sentence: "and (d) permit the sale, pledge or other transfer of any ownership interest in Lessee."

2. The following additional provision is added: "Additional Affirmative Covenant - Tangible Net Worth. Lessee further covenants and agrees with Lessor that, while this Lease is in effect, Lessee will comply at all times with the following covenant: Maintain, as of the end of each fiscal quarter, a minimum Tangible Net Worth of not less than \$90,000,000.00. for purposes of this Lease, and to the extent the following term(s) are utilized in this Lease: the term "Tangible net Worth" shall mean Lessee's total assets excluding all intangible assets (including, without limitation, goodwill, trademarks, patents, copyrights, organization expenses, and similar intangible items) less total liabilities excluding Subordinated Debt. Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Lessee as being true and correct."

3. Except as expressly amended by this Addendum and other written instruments signed by the party to be bound, the Master Lease remains unchanged and in full force and effect. The modifications made pursuant to this Addendum shall apply to all existing and future Schedules under the Master Lease, and shall apply to all Schedules owned by Lessor or an assignee of Lessor for which Lessor executes this Addendum as such assignee's agent.

IN WITNESS, the parties hereto have executed this Addendum as of the date referenced above.

CARLISLE ENGINEERED PRODUCTS, INC.  
(Lessee)

By: Scott Kingsley

Title: VP FINANCE + ADMIN.

BANC ONE LEASING CORPORATION  
(Lessor)

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

Title: \_\_\_\_\_

LEASE SCHEDULE NO. 1000108960LEASE  
(Interim Rent)Master Lease Agreement dated 08/28/98Lessor: **BANC ONE LEASING CORPORATION**Lessee: **CARLISLE ENGINEERED PRODUCTS, INC.**

1. **GENERAL.** This Lease Schedule is signed and delivered under the Master Lease Agreement identified above, as amended from time to time ("Master Lease"), between Lessee and Lessor. Capitalized terms defined in the Master Lease will have the same meanings when used in this Schedule.

2. **LEASE; EQUIPMENT DESCRIPTION.** Lessor leases to Lessee, and Lessee leases from Lessor, all of the property ("Equipment") described in Schedule A-1 attached hereto (and Lessee represents that all Equipment is new unless specifically identified as used).

3. **LESSOR'S COST OF EQUIPMENT.**

Equipment Cost:	\$6,173,000.00
Set-up/Filing Fee:	
Miscellaneous:	
Sales tax:	
<b>Total:</b>	<b>\$6,173,000.00</b>

4. **LEASE TERM.** The Base Term of this Schedule shall be 24 months and the Base Term shall commence on March 1, 2001 ("Commencement Date"). The total Lease Term consists of the Interim Term plus the Base Term. The Interim Term begins on the date that Lessor accepts this Schedule as stated below Lessor's signature ("Acceptance Date") and continues up to the Commencement Date.

5. **RENT/FEES.** There shall be added to each rent or other payment described below all applicable Taxes as in effect from time to time.

(a) As rent for the Equipment during the Interim Term, Lessee shall pay to Lessor on the Commencement Date an amount equal to the Per Diem Rent multiplied by the number of days in the Interim Term. "Per Diem Rent" means an amount equal to the Lessor's Cost of the Equipment multiplied by the Daily Rate. "Daily Rate" means 7.38% divided by 360.

(b) As rent for the Equipment during the Base Term, Lessee shall pay to Lessor all amounts stated below according to the timing stated below:

- (1) Amount of each payment during the Base Term:  
**24 monthly payments of \$75,577.60**
- (2) Frequency of payments during the Base Term:  
**monthly**
- (3) Timing of payments during the Base Term:  
**in arrears**



(c) Lessee shall pay Lessor a Set-Up/Filing Fee as follows.

- (1) \$375.00 shall be paid on the Acceptance Date, or
- (2) \$.00 has been included in the above Lessor's Cost of the Equipment.

(d) Security Deposit: N/A. On the Acceptance Date, Lessee shall pay Lessor said Security Deposit which shall be held in accordance with paragraph 11 below.

6. **TITLE TO EQUIPMENT; QUIET POSSESSION.** Lessee agrees that Lessor is the lawful owner of the Equipment and that good and marketable title to the Equipment shall remain with Lessor at all times. Lessee at its sole expense will protect and defend Lessor's good and marketable title to the Equipment against all claims and demands whatsoever except for Liens created directly by Lessor. This Schedule is intended to be a lease transaction. Lessee shall have no right, title or interest in any of the Equipment except the right to peacefully and quietly hold and use the Equipment in accordance with the terms of the Lease during the Lease Term unless and until an event of default shall occur.

7. **TAX REPRESENTATIONS.** Lessee agrees that: (a) Lessee does not have, and the Lease will not create for Lessee, any equity or ownership interest in the Equipment; (b) the Equipment is not now, and will not be, "tax-exempt use property" as defined in Code Section 168; and (c) the Equipment has been placed in service as of the Acceptance Date

8. **LESSEE'S ASSURANCES.** Lessee irrevocably and unconditionally: (a) reaffirms all of the terms and conditions of the Master Lease and agrees that the Master Lease remains in full force and effect; (b) agrees that the Equipment is and will be used at all times solely for commercial purposes, and not for personal, family or household purposes; and (c) incorporates all of the terms and conditions of the Master Lease as if fully set forth in this Schedule.

9. **CONDITIONS.** No lease of Equipment under this Schedule shall be binding on Lessor, and Lessor shall have no obligation to purchase the Equipment covered hereby, unless: (a) Lessor has received evidence of all required insurance; (b) in Lessor's sole judgment, there has been no material adverse change in the financial condition or business of Lessee or any guarantor; (c) Lessee has signed and delivered to Lessor this Schedule, which must be satisfactory to Lessor, and Lessor has signed and accepted this Schedule; (d) no change in the Code or any regulation thereunder, which in Lessor's sole judgment would adversely affect the economics to Lessor of the lease transaction, shall have occurred or shall appear to be imminent; (e) Lessor has received, in form and substance satisfactory to Lessor, such other documents and information as Lessor shall reasonably request; and (f) Lessee has satisfied all other reasonable conditions established by Lessor.

10. **OTHER DOCUMENTS; EXPENSES:** Lessee agrees to sign and deliver to Lessor any additional documents deemed desirable by Lessor to effect the terms of the Master Lease or this Schedule including, without limitation, Uniform Commercial Code financing statements which Lessor is authorized to file with the appropriate filing officers. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact with full power and authority in the place of Lessee and in the name of Lessee to prepare, sign, amend, file or record any Uniform Commercial Code financing statements or other documents deemed desirable by Lessor to perfect, establish or give notice of Lessor's interests in the Equipment or in any collateral as to which Lessee has granted Lessor a security interest. The signing or filing of Uniform Commercial Code financing statements and other recordings are undertaken as a precaution only since the parties intend this Schedule to be a lease transaction. Lessee shall pay upon Lessor's written request any actual out-of-pocket costs and expenses paid or incurred by Lessor in connection with the above terms of this section or the funding and closing of this Schedule

11. **SECURITY DEPOSIT:** As collateral for Lessee's obligations under the Lease, Lessee hereby grants to Lessor a security interest in the sums specified in this Schedule as a "Security Deposit". At its option, Lessor may apply all or any part of said Security Deposit to cure any default of Lessee under the Lease. If upon final termination of this



Schedule, Lessee has fulfilled all of the terms and conditions hereof, then Lessor shall pay to Lessee upon Lessee's written request any remaining balance of the Security Deposit for this Schedule, without interest.

**12. REPRESENTATIONS AND WARRANTIES:** Lessee represents and warrants that: (a) Lessee is a corporation, partnership or proprietorship duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business and is in good standing under the laws of each other state in which the Equipment is or will be located; (b) Lessee has full power, authority and legal right to sign, deliver and perform the Master Lease, this Schedule and all related documents and such actions have been duly authorized by all necessary corporate, partnership or proprietorship action, and (c) the Master Lease, this Schedule and each related document has been duly signed and delivered by Lessee and each such document constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms

**13. PURCHASE ORDERS AND ACCEPTANCE OF EQUIPMENT.** Lessee agrees that (i) Lessor has not selected, manufactured, sold or supplied any of the Equipment, (ii) Lessee has selected all of the Equipment and its suppliers, and (iii) Lessee has received a copy of, and approved, the purchase orders or purchase contracts for the Equipment. **AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED, INSPECTED AND APPROVED ALL OF THE EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS OR CONTRACTS AND ALL APPLICABLE SPECIFICATIONS; (c) LESSEE IRREVOCABLY ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS" WITH ALL FAULTS; AND (d) LESSEE UNCONDITIONALLY WAIVES ANY RIGHT THAT IT MAY HAVE TO REVOKE ITS ACCEPTANCE OF THE EQUIPMENT.**

**LESSEE HAS READ AND UNDERSTOOD ALL OF THE TERMS OF THIS SCHEDULE. LESSEE AGREES THAT THERE ARE NO ORAL OR UNWRITTEN AGREEMENTS WITH LESSOR REGARDING THE EQUIPMENT OR THIS SCHEDULE.**

**BANC ONE LEASING CORPORATION**

(Lessor)

By: [Signature]

Title: Funding Authority

Acceptance Date: 2-23-01

**CARLISLE ENGINEERED PRODUCTS, INC.**

(Lessee)

By: X Scott Kingilly

Title: X VP, Finance & Administration

Witness: X Barbara L Whalen



# Banc One Leasing Corporation

## SCHEDULE A-1 EQUIPMENT LEASED HEREUNDER

QUANTITY	DESCRIPTION	PAGE
		1

EQUIPMENT LOCATION: 900 S. WILEY ST  
CRESTLINE, OH 44827

COUNTY: CRAWFORD

COST: \$6,173,000.00

- |   |  |
|---|--|
| 4 | HPM INJECTION MOLDING MACHINES, MODEL MLH 3300WP-400, MODULAR SERIES, HYDRAULIC CLAMP WITH COMMAND 9000 MICROPROCESSOR CONTROLS, CORE PULL, 84" x 72" WIDE PLATEN OPTION, 3300 TON, 4000Z., 460 VOLT<br>S/Ns 97063, 97064, 97065, 99099  |
| 4 | HPM INJECTION MOLDING MACHINES, MODEL MLH165DWP-260, MODULAR SERIES, HYDRAULIC CLAMP WITH COMMAND 9000, MICROPROCESSOR CONTROLS, CORE PULL, 76" x 62" WIDE PLATEN OPTION, 1650 TON, 260 OZ., 460 VOLT<br>S/Ns 97059, 97060, 97061, 97062 |

TOGETHER WITH ALL ATTACHMENTS, ADDITIONS, ACCESSIONS, PARTS, REPAIRS, IMPROVEMENTS, REPLACEMENTS AND SUBSTITUTIONS THERETO.

This Schedule A-1 is attached to and made a part of Lease Number 1000108960 and constitutes a true and accurate description of the equipment.

Lessee: CARLISLE ENGINEERED PRODUCTS, INC.

By: X Scott Kingsley  
Date: X 2/21/01

**PURCHASE, RETURN, OR RENEW SCHEDULE ADDENDUM**  
(Fixed Price/Limited Return Fee/Annual Renewal)

Dated X 2/21, 2001

Lessee: CARLISLE ENGINEERED PRODUCTS, INC.

Lease Schedule No. 1000108960

Reference is made to the Lease Schedule identified above ("Schedule") and the Master Lease Agreement identified therein as amended ("Master Lease"), which are by and between BANC ONE LEASING CORPORATION ("Lessor") and the lessee identified above ("Lessee"). As used herein: "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule; and "Equipment" shall mean the equipment covered by the Schedule. This Addendum modifies the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein. **Solely for purposes of the Lease, Lessor and Lessee agree as follows:**

**1. End of Term Options.** Solely for purposes of the Lease and its Equipment, Lessor and Lessee agree that on each Expiration Date (as defined below), Lessee shall have the following options (the "EOT Options"): (a) purchase all, but not less than all, of the Equipment as provided in Section 2 below (the "Purchase Option"); or (b) return all, but not less than all, of the Equipment pursuant to Section 3 below (the "Return Option"); or (c) renew the Lease Term as set forth in Section 4 below (the "Renewal Option"). Lessee shall provide Lessor written notice of its election of one of the EOT Options at least 90 days, but no more than 180 days, prior to an Expiration Date. If Lessee fails to notify Lessor of its election of one of the EOT Options, then Lessee shall automatically be deemed to have elected the Purchase Option. "Expiration Date" shall mean the expiration date of the initial Lease Term as set forth in the Schedule or the Renewal Term as set forth herein.

**2. Purchase Options.** If Lessee elects the Purchase Option (or is deemed to have elected the Purchase Option), then on the applicable Expiration Date, Lessee shall purchase all of the Equipment and shall pay to Lessor the Purchase Price (as defined below). The "Purchase Price" shall be an amount equal to (a) all rent, all Taxes (including, without limitation, all Taxes due in connection with Lessor's receipt of the Purchase Price) and all other amounts then due and payable by Lessee under the Lease plus (b) an amount equal to the Target Value as set forth in Exhibit A attached hereto for the applicable Expiration Date. The provisions of Section 23(c) of the Master Lease concerning the purchase of the Equipment at Fair Market Value shall not apply to the Lease.

**3. Return Options With Return Fee.** If Lessee elects the Return Option, the provisions of Section 23(b) of the Master Lease and the applicable maintenance and return requirements of the Lease shall govern such return. During the 90-day period prior to the Expiration Date, Lessee shall, and Lessor may, solicit offers to purchase the Equipment from prospective unrelated third party purchasers. Neither Lessee nor third parties affiliated with the Lessee may bid to purchase the Equipment. Lessor may bid to purchase the Equipment.

(a) If one or more such offers to purchase the Equipment are received by 10 days before the applicable Expiration Date, then the Equipment shall be sold by Lessor to the highest bidder. The purchase price actually received by Lessor in connection with such sale, after deducting all reasonable selling expenses, shall be the "Actual Value".

(b) If the Actual Value is less than the Target Value as set forth in Exhibit A attached hereto for the applicable Expiration Date, then (i) Lessor shall retain the Actual Value and (ii) Lessee shall pay to Lessor on the applicable Expiration Date a Return Fee equal to the amount by which the applicable Target Value exceeds the Actual Value, **provided**, that the Return Fee shall not exceed the Maximum Return Fee as set forth in Exhibit A attached hereto for the applicable Expiration Date.

(c) If the Actual Value equals or exceeds the applicable Target Value, then (i) Lessor shall retain an amount equal to the applicable Target Value and (ii) Lessor shall pay the amount by which the Actual Value exceeds the applicable Target Value to Lessee on the later of the applicable Expiration Date or 10 days after any sale by Lessor of the Equipment subsequent to such Expiration Date.

(d) If no offers to purchase the Equipment are received by 10 days before the applicable Expiration Date or if the Equipment is not sold for any reason by such Expiration Date, then Lessee shall pay a Return Fee equal to the applicable Maximum Return Fee on such Expiration Date. If Lessor subsequently sells the Equipment, then the Net Proceeds shall be distributed as follows: first, to Lessor in an amount equal to the applicable Target Value minus the Return Fee paid by Lessee hereunder; second, to Lessor in amount equal to the Interest Expense; and, third, the remainder to Lessee. "Net Proceeds" shall equal the purchase price for the Equipment actually received by Lessor, less all reasonable selling expenses. "Interest Expense" shall equal the amount of interest calculated at a per annum rate equal to the Prime Rate as of the applicable Expiration Date on the amount equal to the applicable Target Value less the Return Fee actually received by Lessor, for the period from the applicable Expiration Date to the date the Lessor actually receives the Net Proceeds of the Equipment.

4. **Renewal Options.** If Lessee elects to renew the Lease Term of the Equipment as of any applicable Expiration Date or if Lessee fails to give timely notice under either Section 2 or 3 above, then on the applicable Expiration Date, the Lease shall be renewed and extended for an additional term as set forth in Exhibit A attached hereto (each a "Renewal Term"). All provisions of the Lease shall remain in full force and effect and shall apply during each Renewal Term, including, but not limited to, Lessee's obligation to pay monthly rent in the same amount and in the same manner as provided in the Lease, commencing with the first day of the applicable Renewal Term and on the same day of each month thereafter until the entire Renewal Term rent is paid in full. Notwithstanding the above, Lessee may not elect the Renewal Option if the Lease has been previously renewed such that the initial Lease Term and the previous Renewal Terms equal the Maximum Lease Term.

The "Maximum Lease Term" shall be 96 months.

5. **Any Sale "As-Is, Where-Is".** Lessor shall, upon receipt of the purchase price of the Equipment as provided herein, convey title to the Equipment to the purchaser by a bill of sale, which transfer shall be "AS-IS, WHERE-IS", with all faults, without recourse to Lessor and without any representation or warranty of any kind whatsoever by Lessor, express or implied.

6. **No Other Options at Lease Expiration.** Notwithstanding anything to the contrary in the Lease, Lessee acknowledges and agrees that on each Expiration Date, Lessee shall **not** have the return or purchase options set forth in Section 23 of the Master Lease and Lessee shall only have the options set forth above.

7. **No Depreciation Benefits for Lessor; No Tax or Accounting Representations.** It is the intention of the parties that Lessor shall not be entitled to such deductions, credits and other tax benefits as are provided by federal, state, and local income tax law to an owner of the Equipment. For purposes of the Lease only, Section 10 of the Master Lease is deleted in its entirety. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE LEASE OR THIS ADDENDUM, LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE TAX OR ACCOUNTING TREATMENT OR CONSEQUENCES OF THE LEASE OR OF THE TRANSACTIONS CONTEMPLATED THEREBY.

8. **General.** This Addendum is attached to, and hereby made a part of, the Lease. Except as expressly amended hereby and by other agreements executed by Lessee and Lessor, the Lease remains in full force and effect. The parties hereto have executed this Addendum as of the date first referenced above.

CARLISLE ENGINEERED PRODUCTS, INC.  
(Lessee)

By: Scott Kingall  
Title: X VP, Finance & Administration

BANC ONE LEASING CORPORATION  
(Lessor)

By: Timothy Keller  
Title: Kimberly Anthony

Exhibit A  
to  
Purchase, Return or Renew Schedule Addendum  
to  
Lease Schedule No. 1000108960

<u>Expiration Date</u>	<u>Target Value*</u>	<u>Maximum Return Fee**</u>
End of Initial Lease Term (24 months)	84.695%	71.902%
End of 1st Renewal Term (12 months)	75.871%	66.294%
End of 2nd Renewal Term (12 months)	66.375%	57.804%
End of 3rd Renewal Term (12 months)	56.168%	48.669%
End of 4th Renewal Term (12 months)	45.183%	38.848%
End of 5th Renewal Term (12 months)	33.368%	28.280%
End of 6th Renewal Term (12 months)	20.654%	16.913%

Each Renewal Term shall be 12 months and the Maximum Lease Term (i.e., Initial Lease Term plus all Renewal Terms) shall be 96 months.

\* "Target Value" means the percent stated in Exhibit A above of the Lessor's Cost of the Equipment.

\*\* "Maximum Return Fee" means the percent stated in Exhibit A above of the Lessor's Cost of the Equipment.

CARLISLE ENGINEERED PRODUCTS, INC.  
(Lessee)

By: X Scott Kingsley  
Title: X VP, Finance & Administration

BANC ONE LEASING CORPORATION  
(Lessor)

By: Timothy Hill  
Title: Regional Manager

**MAINTENANCE AND RETURN PROVISIONS**  
(Plastics Machinery)

Dated X2/21/01

Master

Lease Dated 08/28/98

Lease Schedule 1000108960

Lessee Name CARLISLE ENGINEERED PRODUCTS, INC.

Reference is made to the Master Lease Agreement identified above ("Master Lease") and to the Lease Schedule identified above ("Schedule"), which are by and between **Banc One Leasing Corporation** ("Lessor") and the lessee identified above ("Lessee"). As used herein, "Lease" shall mean the Schedule and the Master Lease to the extent that it relates to the Schedule; and "Equipment" shall mean the equipment covered by the Schedule. This Addendum modifies the terms and conditions of the Lease. Unless otherwise defined herein, capitalized terms defined in the Lease shall have the same meaning when used herein.

As part of the valuable consideration to induce the execution of the Lease by the parties thereto, Lessor and Lessee hereby agree as follows:

1. Physical Condition. In addition to all other terms and conditions of the Lease relating to maintenance, repair and return of the Equipment, Lessee agrees to comply with the following terms and conditions:

(a) Lessee agrees to maintain and lubricate the Equipment in accordance with the maintenance manual and lubrication schedule recommended by the original manufacturer. Written records of the lubrication and service will be kept, dated, and signed by the appropriate officer or manager of Lessee.

(b) Replacement parts for the Equipment must be purchased from sources approved by the original manufacturer. Copies of all purchase orders for such replacement parts are to be filed in the Equipment file

(c) At the time of the return of the Equipment, the Equipment must: be fully operational and able to perform as originally intended without repair or overhaul; be clean with all boots, guards and seals fully functional; and be free of rust

(d) All tooling and all warranty and maintenance/repair records for the Equipment shall be returned with the Equipment.

(e) If the Equipment is equipped with batteries, then all batteries shall be fully charged and returned with the Equipment.

2. Inspection. If, after any inspection of any Equipment by Lessor or its agent, Lessor determines that discrepancies exist as they pertain to the condition of the Equipment, then Lessor will communicate these discrepancies to Lessee in writing. Lessee shall have 30 days to repair or correct these discrepancies at its sole expense. Lessee will pay all expenses for a re-inspection by Lessor or its agent if corrective measures are required.

3. Storage. If Lessee has not exercised its purchase option for the Equipment under the Lease, then for a period of 120 days after the expiration of the Lease Term of the Schedule, Lessor shall have the right to attempt a private sale or an auction of the Equipment from Lessee's facility with Lessee's full cooperation and assistance. During the 120-day period, the Equipment must remain operational, Lessee must insure the Equipment in accordance with the terms of the Lease and Lessee must provide adequate electrical power, lighting, heat, water and compressed air necessary to maintain and demonstrate the Equipment to any potential buyer. During the 120-day period, Lessee shall not deinstall, disassemble or return the Equipment to Lessor until the earlier of the end of the 120-day period or a date specified by Lessor.

4. Removal, Packaging, Transportation. In addition to all other terms and conditions of the Lease as it relates to the return of the Equipment, Lessee agrees to comply with the following terms and conditions:

(a) When returning any Equipment, any special transportation devices, such as metal skids, lifting slings and brackets, which were provided with the Equipment when originally delivered must be used.

(b) Blocking of sliding members, securing of swinging doors, pendants and other swinging components and wrapping, boxing, banding and labeling of all components and documents must be done in a conscientious and meticulous manner so as to facilitate the efficient reinstallation of the Equipment.

(c) All process fluids are to be removed from the Equipment and disposed of in accordance with prevailing waste disposal laws and regulations. Sumps and tanks must be clean and dry. Materials which are considered "hazardous materials" by any federal or state regulatory authority must not be shipped with the Equipment.

(d) All internal fluids such as lubricating oil and hydraulic oil shall be filled to operating levels. Filler caps are to be secured and disconnected hoses are to be sealed to avoid spillage.

(e) All lock keys are to be wired together and secured to a major external component of the Equipment.

5. Notice. The notice required from Lessee pursuant to the Lease shall be given at least 270 days, but no more than 360 days, prior to the expiration of the Lease Term of the Schedule.

Except as expressly amended by this Addendum, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date referenced above.

Lessor:

Lessee:

BANC ONE LEASING CORPORATION

CARLISLE ENGINEERED PRODUCTS, INC.

By

By

Title:

Title