

Re: Gowanus Canal Superfund Site, Brooklyn, New York

Request for Information Pursuant to Comprehensive Environmental response.

Northeastern Plastics, Inc.

Opening Statement:

American International Industries (the current owner of Northeastern Plastics, Inc.) purchased NPI from the prior ownership in June 1998 from the then owner, Acqueren Inc. The entire NPI operation was relocated to Nichols, GA on November 1, 1997 prior to the purchase by American International Industries (previously known as EDII). Since AIII was never involved in the Brooklyn site, AIII has no information with regard to your questions.

Acqueren, Inc was a Delaware Corporation incorporated in December of 1995. The Chief Executive Officer of Acqueren was Doug Fields (no relation) and the Chief Financial Officer, Secretary and Executive VP was Fred Friedman. Prior to Acqueren, NPI was a wholly-owned subsidiary of TDA Industries, Inc. since approximately 1986 when NPI was incorporated in the State of New York.

To the best of my knowledge Mr. Fields and Mr. Friedman still hold the same capacities at TDA Industries which is located in New York, NY. Both Mr. Fields and Mr. Friedman also held the same positions at NPI through the TDA and Acqueren ownership time frames and made all key management decisions with regard to the Brooklyn property while NPI was located in Brooklyn. The Brooklyn facility was owned by TDA Industries, Inc. and leased to NPI during its tenure in Brooklyn.

I believe that both Mr. Fields and Mr. Friedman can answer your questionnaire with the greatest accuracy.

The last known address on file for both Mr. Fields and Mr. Friedman are :

TDA Industries, Inc.

122 East 42nd, Street

Suite 1116

NY, NY 10168

Tel: 212-972-1510

Our last know direct contact for Mr. Fields is:

100 Midwood Road

Greenwich, Ct 06839

203-661-2996

My tenure as President and C.O.O. at NPI begun 09/28/1994. During my tenure in Brooklyn, the site was primarily a distribution facility with minimal – if any – on site production and assembly work. To the best of my knowledge the assembly work did not store, use, generate or discharge any hazardous materials into the Gawanus Canal. The production and assembly operations at NPI were in steady decline for permanent shut down prior to my tenure at NPI and were for the most part shut down prior to my arrival to the Company. NPI operated as an importer of consumer goods and distributed those goods through the Brooklyn facility.

REQUEST FOR INFORMATION:

1.a. NPI is a Texas Corporation (7/12/2004)

The Agent for NPI is : Rebekah Laird-Ruthstrom

601 Cien Street, Suite 235, Kemah TX 77565

To the best of my knowledge NPI has no agents for service in the State of NY

1.b. Daniel Dror, 601 Cien Street, Suite 235, Kemah TX 77565

1.c. NPI is an importer of consumer electrical and light automotive goods.

1.d. NPI is a wholly-owned subsidiary of American International Industries, Inc.

CEO: Daniel Dror

State of Incorporation: Nevada (09/27/1994)

Agent: Rebekah Laird-Ruthstrom

601 Cien Street, Suite 235, Kemah TX 77565

To the best of my knowledge AIII has no agents for service in the State of NY

2. No. NPI was acquired by American International Industries, Inc. from Acqueren Inc. in 1998. NPI was located in Nicholls, GA. The Brooklyn property was owned by TDA Industries prior to the sale of NPI. A copy of the acquisition agreement between TDA and AIII has been enclosed with this document.

3. During my brief tenure in the Brooklyn facility – NPI was engaged in very limited extrusion of PVC insulated conductor products (jumper cables and non UL Listed cord sets) and the molding of male and female electrical connectors onto those same extruded cables. Prior to my arrival to NPI in 09/1994 the manufacturing and assembly works at NPI were in the process of being shut down in total. There was one small extrusion line still functioning and a few molding machines still functional. Since NPI was importing its product line 100% prior to my arrival - NPI did not have a dedicated production crew on hand during my tenure in Brooklyn. Products were being supplied from Asian manufacturers completely assembled and packaged for resale. Only a few very limited production runs were made during my tenure in Brooklyn when import product was unable to meet the supply chain needs. This limited production was in no way a perceptible portion of the overall strategy or output of the company.

3.a. I have no knowledge prior to 9/1994. Please contact either Mr. Fields or Mr. Friedman at TDA for additional information.

3.b. The property was leased from TDA Industries during my tenure. Please contact either Mr. Fields or Mr. Friedman at TDA Industries for additional information.

3.c. No

3.d. Documents enclosed

4.a. - d. To best of my knowledge, no hazardous materials or chemicals were purchased, stored or used in the limited production of products in the Brooklyn facility.

4.e. The property had an existing water tank on its roof used to circulate water to the cooling tray for the extrusion line. I believe that the system was self-contained and recirculated. Any available floor plans, drainage and discharge piping plans may be in the possession of TDA Industries.

4.f. None performed during my tenure. Please contact either Mr. Fields or Mr. Friedman at TDA for additional information.

5.a Please refer to section 4a.

5.b. Please refer to section 4a.

5.c. No – not to my knowledge.

6. There was no bulk storage of petroleum, hazardous materials or chemicals at the site.

7. None

8. a. Please refer to section 4a.

8.b. Please refer to section 4a.

8.c. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

9. No – barges or other vessels were not utilized in any of the operations at the facility.

10. No

11. No

12. No

13. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

14. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

15. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

16. This section does not apply to our company. Please refer to Section 6 in - REPRESENTATIONS AND WARRANTIES OF THE SELLERS in the Acquisition Agreement between AIII (EDII), Acqueren and certain shareholders of AI (the "Sellers").

17. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

18. All information has been previously stated in our opening section.

19. All information has been previously stated in our opening section.

20. Marc Fields – President / C.O.O. Northeastern Plastics, Inc. 14221 Eastex Freeway, Houston, TX 77032

21. No such documents are in our possession. Please contact either Mr. Fields or Mr. Friedman at TDA Industries.

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION  
GOWANUS CANAL SUPERFUND SITE

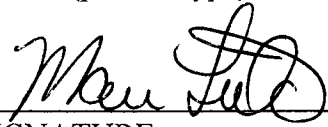
State of Texas

County of Harris:

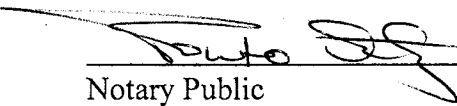
I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA Request for Information ) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I am also aware that my Company is under a continuing obligation to supplement its response to EPA's Request for Information if any additional information relevant to the matters addressed in EPA's Request for Information or my Company's response thereto should become known or available to the Company.

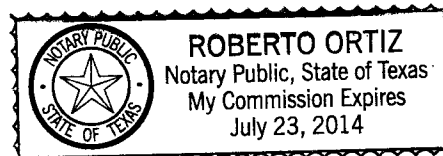
MARC FIELDS  
NAME (print or type)

President  
TITLE (print or type)

  
SIGNATURE

Sworn to before me this  
27 day of Sept, 2011

  
Notary Public



## ACQUISITION AGREEMENT

This Acquisition Agreement is made by Energy Drilling Industries, Inc. ("EDII"), Acqueren, Inc. ("AI") and certain shareholders of AI (the "Sellers"), as of June 30, 1998.

### INTRODUCTION

The Sellers wish to sell to EDII, and EDII wishes to purchase from the Sellers, not less than 67% of the outstanding shares of AI's common stock in exchange for the delivery to the Sellers of shares of EDII's common stock.

**NOW, THEREFORE**, EDII, AI, and the Sellers agree as follows:

#### 1

### DEFINITIONS

When used in this Agreement:

- 1.1 All accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with generally accepted accounting principles consistently applied.
- 1.2 "Additional Sellers" means each of those persons identified on *Annex A* who is not an Initial Seller.
- 1.3 "Agreement" means this Acquisition Agreement.
- 1.4 "AI" means Acqueren, Inc., a Delaware corporation.
- 1.5 "AI Financial Statements" are defined in section 5.6.
- 1.6 "AI Shares" means the outstanding and validly issued shares of the common stock of AI.
- 1.7 "Claim" is defined in section 13.3.
- 1.8 "Closing" is defined in section 3.1.
- 1.9 "Companies" means AI and all of its subsidiaries; "Company" means either AI or one of its subsidiaries.
- 1.10 "EDII" means Energy Drilling Industries, Inc., a Nevada corporation.

- 1.11 "Effective Date" means June 30, 1998.
- 1.12 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- 1.13 "Equipment" is defined in section 5.12.
- 1.14 "Governmental Authority" means any foreign governmental authority, the United States of America, any state of the United States, and any political subdivision of any of the foregoing, and any agency, department, commission, board, bureau, court, or similar entity, having jurisdiction over a party to this Agreement or its assets or properties.
- 1.15 "Indemnified Party" is defined in section 13.3.
- 1.16 "Indemnifying Party" is defined in section 13.3.
- 1.17 "Initial Sellers" means Interbank and TDA.
- 1.18 "Interbank" means Interbank Capital Group, Inc., a limited liability company.
- 1.19 "Legal Requirement" means any material law, statute, ordinance, writ, injunction, decree, requirement, order, judgment, rule, or regulation (or interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any Governmental Authority.
- 1.20 "PBGC" means the Pension Benefit Guaranty Corporation.
- 1.21 "Permitted Liens" means (i) liens for taxes, assessments, and other governmental charges or levies, the payment of which is not past due, (ii) mechanics', workmen's, repairmen's, warehousemen's, vendors', or carriers' liens, or similar liens arising in the ordinary course of business and securing sums that are not past due, or deposits or pledges to obtain the release of any such liens, or (iii) easements, reservations, encroachments, or minor defects in title that do not materially impair the use of the property affected thereby.
- 1.22 "Plans" are defined in paragraph 5.18.2.
- 1.23 "Purchase Shares" means shares of the common stock of EDII and each such share is herein referred to as a "Purchase Share".
- 1.24 "Rights" are defined in section 5.17.
- 1.25 "Securities Act" means the Securities Act of 1933, as amended.
- 1.26 "Sellers" means all of the Initial Sellers and all of the Additional Sellers and, individually, each is referred to as a "Seller".



1.27 "TDA" means TDA Industries, Inc., a New York corporation.

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**THE TRANSACTION**

Subject to the terms and conditions set forth in this Agreement, and based on the covenants, warranties and representations in this Agreement, the Sellers hereby agree to sell, assign, transfer, convey, and deliver to EDII, and EDII hereby agrees to purchase from the Sellers, all of the AI Shares held by the Sellers in exchange for the issuance and delivery of the Purchase Shares to the Sellers. This Agreement has initially been executed by EDII, AI and the Initial Sellers. At any time before, or within one year after, the Closing, other persons may become parties to this Agreement as Additional Sellers by executing and delivering to EDII counterpart signature pages to this Agreement in the form of *Annex B*. At the Closing, EDII and AI shall prepare and attach to the counterparts of this Agreement *Annex A* setting forth the name and address of each Seller, the classification of the Seller (Initial or Additional), the number of AI Shares each Seller is selling to EDII and the number of Purchase Shares each Seller is receiving in exchange for his AI Shares. Each Seller who acquired his AI Shares in the AI 1996 private placement will receive 25.018835 Purchase Shares for each AI Share and corresponding warrant held by such Seller; the total number of Purchase Shares to be received by each such Seller shall be rounded up to the nearest whole number. TDA will receive a total of 5,000,000 Purchase Shares for its 700,000 AI Shares and all of the warrants to acquire AI common stock that it owns. Interbank will receive a total of 1,750,000 Purchase Shares for its 150,000 AI Shares and all of the warrants to acquire AI common stock that it owns. At the Closing, each Seller shall receive a complete copy of this Agreement, including all annexes, exhibits and signature pages. By notice delivered to EDII at any time before the Closing, TDA may elect to have the Purchase Shares it is entitled to receive under this Agreement issued to one of its wholly owned subsidiaries.

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**THE CLOSING**

3.1 The Closing. The closing (the "Closing") of the transactions contemplated in this Agreement shall be at the offices of Snow Becker Krauss P.C., at 605 Third Avenue, New York, N.Y. 10158-0125, at 2 p.m., EDT, on June 30, 1998 or such other place, time and date as may be agreed by AI, the Sellers and EDII.

3.2 Documents to be Delivered by the Sellers at the Closing. At the Closing, the Sellers shall deliver or cause to be delivered to EDII:

3.2.1 Certificates for the AI Shares and the corresponding warrants being sold pursuant to this Agreement, duly endorsed for transfer to EDII;

3.2.2 The minute books, stock transfer records, seals, all books of account, records, contracts, tax returns, and all other original documents and records of the Companies;

3.2.3 Except as provided in section 14.2, the resignations, effective upon their acceptance by EDII, of all the directors and officers of the Companies; and

3.2.4 Such other instruments of transfer, conveyance, and assignment as EDII may reasonably request to more effectively consummate the transactions contemplated in this Agreement.

3.3 Delivery of the Purchase Shares and Releases by EDII at the Closing: Upon delivery to EDII of the documents described in section 3.2, EDII shall deliver to each of the Sellers a certificate in his name for the number of Purchase Shares as set out opposite his name on *Annex A* duly registered on the stock transfer records of EDII. Each director and officer of the Companies who at the Closing resigned pursuant to section 3.2.3 shall receive from EDII its release of all claims it may have against such person for damages arising out of such person's service with the Companies or the transactions contemplated by this Agreement.

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### TERMINATION

Either EDII or both of the Initial Sellers may terminate this Agreement at any time before the Closing in the event any party other than the terminating party fails to comply with the conditions of this Agreement, and, thereupon, this Agreement shall be terminated without further obligation or liability on the part of any party against the others.

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### AI'S REPRESENTATIONS AND WARRANTIES

AI represents and warrants to EDII that:

5.1 Organization and Corporate Status of the Companies. Each of the Companies is a corporation duly organized, validly existing, and in good standing under the laws of the state of its incorporation and has all corporate power and authority and has satisfied all Legal Requirements necessary to own and operate its properties and to carry on its business as presently conducted. None of the Companies is qualified or licensed to do business as a foreign corporation in any jurisdiction, and, to the best knowledge of the AI, after due inquiry, in no jurisdiction does the character of any Company's properties or the nature of its business make such qualification necessary. No Company is a party to or subject to any agreement or commitment which will or may restrict the conduct of its business in any jurisdiction or location. Complete and correct copies of each Company's Articles of Incorporation and Bylaws, as presently in effect, have been delivered to EDII. Except as described

in Exhibit 5.1 no Company owns, directly or indirectly, any capital shares or any equity, profit sharing, participation or other interest in any other person.

5.2 Capitalization. The authorized capital stock of AI consists of 10,000,000 shares of common stock of \$.001 par value, and 1,000,000 shares of preferred stock of \$.001 par value. No shares of the preferred stock are outstanding on the Effective Date. 1,549,473 shares of the common stock are issued and outstanding on the Effective Date. The AI Shares being sold under this Agreement are owned beneficially and of record by the Sellers as shown on *Annex A*; each of such outstanding shares is validly issued, fully paid, and non-assessable and none has been issued in violation of any pre-emptive right or other agreement of any shareholder. Certain of the Sellers hold warrants to purchase shares of AI's common stock as described in *Annex A*. At the Closing, except as noted in Exhibit 5.2, there will be no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments by which any Company is or may become obligated to issue or to transfer from treasury any additional shares of its capital stock of any class.

5.3 Power and Authority of AI. The execution, delivery, and performance by AI of this Agreement are within its requisite corporate power and authority and have been duly authorized and approved by all necessary parties, including, without limitation, its Board of Directors.

5.4 Enforceability. This Agreement, when duly executed and delivered in accordance with its terms, will constitute the legal, valid, and binding obligations of AI enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally or by general equitable principles.

5.5 No Violation of Law. Except as noted on Exhibit 5.5 the execution, delivery, and performance of this Agreement by AI do not materially: (i) conflict with, violate, or constitute a breach of or a default under, (ii) require any authorization, consent, approval, exemption, or other action by or notice to or filing with any governmental authority under any provision of, or (iii) accelerate or permit the acceleration of the performance required by: (x) the Articles of Incorporation or Bylaws of AI, (y) any applicable Legal Requirement, or (z) any credit or loan agreement, mortgage, indenture, promissory note, or any other agreement or instrument to which any of the Companies is a party.

5.6 AI Financial Statements. Exhibit 5.6 consists of the unaudited consolidated balance sheets of the Companies as of December 31, 1997, and as of March 31, 1998, and the related unaudited consolidated income statements for the periods then ended (collectively, the "AI Financial Statements"). The unaudited balance sheets included in the AI Financial Statements present fairly, subject to the usual disclaimers made in such unaudited balance sheets, the financial position of the Companies as of their dates. The unaudited income statements included in the AI Financial Statements present fairly, subject to the usual disclaimers made in such unaudited income

statements, including, without limitation, being subject to year end audit and other adjustments, the results of operations of the Companies for the periods indicated.

5.7 Absence of Undisclosed Liabilities. No Company has incurred any liabilities since March 31, 1998 other than in the ordinary course of business.

5.8 Taxes and Tax Returns. Each Company has duly filed with the appropriate governmental agencies all federal tax returns and reports, all state and local tax returns and reports with respect to income, payroll, sales and franchise taxes and all other tax returns and reports, the filing of which is necessary for the conduct of its business. All such tax returns properly reflect the taxes of the Company for the periods covered. All federal, state, and local taxes, assessments, interest, penalties, deficiencies, fees, or other governmental charges or impositions called for by such tax returns, or claimed to be due by any taxing authority, have been properly accrued or paid and all deposits required by law to be made with respect to employees' withholding taxes have been made. The reserves for taxes contained in the AI Financial Statements are adequate to cover the tax liabilities of each Company as of that date and nothing has occurred subsequent to that date to make any of such reserves inadequate and there are no material unresolved questions or claims concerning the Company's tax liability. No Company has received any notice of audit, deficiency, or assessment or proposed deficiency or assessment by the Internal Revenue Service or any other taxing authority, and no Company has waived any statute of limitations with respect to taxes or agreed to any extensions of time with respect to a tax assessment or deficiency.

5.9 Material Contracts. Except as listed in Exhibit 5.9, and except for the relocation of the activities of Northeastern Plastics, Inc. to the State of Georgia, there are no material agreements, contracts, and commitments written or oral, not in the ordinary course or not consistent with prior practice, to which any Company is a party or by which it or any of its properties are bound as of the date of the Effective Date. None of the customers or suppliers of any Company has refused, or communicated that it will or may refuse to purchase or supply goods or services, as the case may be, or has communicated that it will or intends to substantially reduce the amounts of goods or services that it is willing to purchase from or sell to the Company.

5.10 Private Charitable Foundations. To AI's knowledge, no Company contributes to or sponsors any private charitable foundation nor do any two or more of the officers or directors of any Company serve on the board of directors of any one private charitable foundation.

5.11 Insurance. Except as described in Exhibit 5.11 no Company maintains insurance of any sort whatsoever.

5.12 Equipment. Exhibit 5.12 is a schedule of all of the material machinery, equipment, motor vehicles, furniture, fixtures, and other capital assets of every kind and description of each Company as of the Effective Date (the "Equipment") except for the machinery, equipment, furniture, fixtures and other capital assets located at the Brooklyn, New York facility of Northeastern Plastics, Inc. which is in the process of being sold. All of the tangible properties and assets owned

by each Company, or in which it has an interest, currently being used by it are in good and normal operating condition and repair, normal wear and tear excepted, free from defects (except such minor defects as do not interfere with the continued use thereof in the conduct of normal operations), are sufficient to carry on each Company's business as conducted during the preceding three months, and conform with all applicable governmental regulations, including, without limitation, those governing the discharge of materials into the environment or the storage or disposition of hazardous or toxic wastes.

5.13 Litigation. There are no judicial or administrative actions, suits, proceedings, or, to the knowledge of AI, investigations pending or threatened against or affecting any Company or the business assets or goodwill of any Company, or the transactions contemplated by this Agreement at law or equity or before any court, governmental agency or arbitrator, and AI knows of no basis or grounds for any such investigation, action, suit, proceeding, or claims against any Company, nor is there any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator outstanding against any Company.

5.14 Compliance with Laws. Each Company is conducting its business and operations in compliance with all Legal Requirements applicable to its business and operations, and AI has no knowledge or reason to believe that any Company is in violation or default under any Legal Requirement applicable to it or any of its properties which violation or default resulted in or could result in a material adverse effect.

5.15 Government Authorizations. No material permit, concession, grant, franchise, license, or other governmental authorization or approval is necessary for the conduct of the business of any Company.

5.16 Brokers and Finders. Except as set forth on Exhibit 5.16 hereof, no person has acted on behalf of AI in connection with any negotiations relative to this Agreement and the transactions contemplated by this Agreement.

5.17 Intellectual Property Rights. Exhibit 5.17 identifies all of the material computer software programs, patents, patent applications, licenses, trade names, assumed names, trademarks, service marks, brandmarks, brandnames, copyrights, and registrations and applications therefor, franchises, technology, know-how or other assets of like kind (the "Rights"), used in the business of each Company, or which are presently owned by or registered in the name of each Company or under which each Company owns or holds any license or other interest. The expiration date, if any, of each of the Rights (other than processes, formulae and trade secrets) is set forth in Exhibit 5.17. The Rights are adequate for the conduct of each Company's business. All of the Rights are free of all liens and encumbrances, and no Company has granted any licenses or sublicenses under any of the Rights to others except as set forth in Exhibit 5.17. Each Company has the sole and exclusive right to use the Rights, and the consummation of the transactions contemplated by this Agreement will not alter or impair the Rights. No proceedings have been instituted, are pending or

threatened which challenge any Rights or their validity, and, to the knowledge of AI, none of the Rights or their use by any Company infringes or otherwise violates the rights of others or is being infringed by others. No Company has received notice of interference or infringement of any of the Rights. Except by virtue of the Sellers' ownership of the AI Shares, no shareholder, director, officer or employee of any Company owns, directly or indirectly, in whole or in part, any Rights which any Company has used, or the use of which is necessary for the business of each Company as now conducted.

5.18            Employees; Employee Benefit Plans.

5.18.1            Employees. Except for amounts accrued on the books of the Companies, at the Closing no present or former employee of the Companies will have any claim against any Company (whether under federal or state law, under any employee agreement or otherwise) on account of or for (a) overtime pay, other than overtime pay for the payroll period ending on or after the Closing Date, (b) wages or salaries, or (c) vacations, time off or pay in lieu of vacation or time off, other than vacation or time off (or pay in lieu thereof) earned with respect to the current fiscal year of the Company. To the knowledge of AI, at the Closing no present or former employee of the Companies will have any claim against any Company (whether under federal or state law, under any employee agreement or otherwise) on account of or for any violation of any law related to minimum wages or maximum hours of work.

5.18.2            Employee Benefit Plans. Except as described in Exhibit 5.18.2 no Company has any employee benefit plan or arrangement, whether formal or informal, and whether legally binding or not, under which or to which it contributes to or for the benefit of its employees (including, without limitation, life insurance, hospitalization medical, dental, bonus, incentive, deferred compensation and similar plans, severance or termination pay, club memberships, and similar benefits and perquisites) (the "Plans").

5.18.3            Qualified Plans. Except as described in Exhibit 5.18.3, no Company is and has never been a party to any Plan which is an "employee pension benefit plan", as such terms defined in section 3(2) of ERISA and the rules and regulations promulgated thereunder, and no Company is and never has been a party to a "multi-employer plan" as that term is defined in section 3(37) of ERISA.

5.19            Labor Matters.

5.19.1            Except as described in Exhibit 5.19.1, no employees of any Company are currently represented by any labor union, no Company is a party to any collective bargaining agreement, and, to the knowledge of AI, there is no organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of any Company;

5.19.2 Each Company has substantially complied with the Occupational Safety and Health Act, the regulations promulgated thereunder, and all other applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and is not engaged in any unfair labor practice;

5.19.3 There is no unfair labor practice complaint against any Company pending before the National Labor Relations Board or any comparable state agency;

5.19.4 There is no labor strike, dispute, slowdown, representation campaign or work stoppage actually pending or, to the knowledge of AI, threatened against or affecting any Company; and

5.19.5 No grievance or arbitration proceeding is pending and no claim therefor has been asserted against any Company.

5.20 Transactions with Related Parties. Except in the ordinary course of business or as described in Exhibit 5.20 or in AI's Confidential Private Placement Memorandum, dated June 28, 1996 (a copy of which has been delivered to EDII), no Company is a party to any material transaction or proposed transaction, including, without limitation, the leasing of property, the purchase or sale of raw materials or finished goods, or the furnishing of services, with any Seller, and no Company has, directly or indirectly, entered into any agreement or commitment which could result in it becoming obligated to provide funds in respect of or to guarantee or assume any debt or obligation of any Seller, or of any director, officer or employee of any Company.

5.21 Profit Payments. No Company is a party to any agreement involving payments to any person or entity based on its profits or gross revenues or sales.

5.22 Books and Records. The financial books and records of each Company accurately reflect the transactions to which it is or was a party or by which its properties are or were bound. All of the corporate records of each Company have been made available to representatives of EDII and are substantially complete, accurate, and current.

5.23 Warranties. No Company has given or made any warranties to third parties with respect to any products sold or services performed by it, except for the limited warranties stated in standard forms of warranty used by it, copies of which have been delivered to EDII. There is no claim against or liability of any Company on account of product warranties or with respect to the manufacture, sale, or rental of defective products and there is no basis for any such claim on account of defective products heretofore manufactured, sold, or rented which is not covered by insurance.

5.24 Title and Related Matters. Other than properties leased by the Companies or as noted on Exhibit 5.24, each Company has good, marketable, and insurable title to all of the properties and assets owned or used by it or in its possession free and clear of all mortgages, liens, pledges, charges or encumbrances of any kind or character, except (a) statutory liens for property

taxes not yet delinquent or payable subsequent to the Effective Date; (b) such imperfections or irregularities of title, liens, easements, charges or encumbrances as do not materially detract from or materially interfere with the use of the properties or assets subject thereto, or affected thereby, or otherwise materially impair business operations or such properties; (c) such imperfections or irregularities of title, liens, easements, charges or encumbrances as would not materially interfere with the sale, or materially detract from the aggregate value of, such properties and assets; or (d) as reflected in the AI Financial Statements. AI has no actual knowledge of any violations of zoning, building, health or safety laws, statutes, ordinances or regulations relating to such properties or assets.

5.25 Disclosure. Neither this Agreement nor any of the annexes, exhibits, schedules, attachments, statements, documents, certificates, or other items prepared or supplied to EDII by or on behalf of AI with respect to the transactions contemplated by this Agreement knowingly contain any untrue statement of a material fact or omit a material fact necessary to make each statement contained herein or therein not misleading. No responsible officer or director of any of the Companies has intentionally concealed any fact known by such person to have a material adverse effect upon the Companies' existing or expected financial condition, operating results, assets, customer relations, employee relations, or business prospects taken as a whole.

5.26 Power of Attorney. No material power of attorney or similar authorization given by any Company is in effect on the Effective Date.

5.27 Accounts Receivable. All accounts receivable of the Companies reflected in the AI Financial Statements represent bona fide sales actually made in the ordinary course of business.

5.28 Real Property. Exhibit 5.28 contains a list of all real property currently owned or leased by each Company and used or useful in the conduct of the business operations of the Company. AI has delivered to EDII copies of all leases listed in Exhibit 5.28 (including any and all amendments and other modifications of such leases), which leases are valid and binding. The Companies are not in material default under any such leases. All of the property listed in Exhibit 5.28 (including improvements thereon) is in satisfactory condition and repair consistent with its present use and is available for immediate use in the conduct of the business of the Companies. Except as set forth in Exhibit 5.28, none of the property listed in Exhibit 5.28 or subject to leases listed in Exhibit 5.28 violates in any material respect any applicable environmental, building or zoning code or regulation of any governmental authority having jurisdiction. The property and leases described in Exhibit 5.28 include all such property or property interests necessary to conduct the business and operations of the Companies as they are presently conducted.



**REPRESENTATIONS AND WARRANTIES OF THE SELLERS**

Each of the Sellers, individually, and for itself only, represents and warrants that:

6.1 Power and Authority of the Seller. The execution, delivery, and performance by him of this Agreement are within his requisite power.

6.2 Enforceability. This Agreement, when duly executed and delivered in accordance with its terms, will constitute his legal, valid, and binding obligations enforceable against him in accordance with its terms, except as may be limited by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally or by general equitable principles.

6.3 No Violation of Law. The execution, delivery, and performance of this Agreement by him do not materially conflict with, violate, or constitute a breach of or a default under, or result in the creation or imposition of any lien, claim, or encumbrance of any kind upon, any of his AI Shares being sold pursuant to this Agreement.

6.4 Brokers and Finders. Except as set forth on Schedule 6.4 hereof, no person has acted on his behalf in connection with any negotiations relative to this Agreement and the transactions contemplated by this Agreement.

6.5 Disclosure. Neither this Agreement nor any of the annexes, exhibits, schedules, attachments, statements, documents, certificates, or other items prepared or supplied to EDII by him with respect to the transactions contemplated by this Agreement knowingly contain any untrue statement of a material fact or omit a material fact necessary to make each statement contained herein or therein not misleading. He has not intentionally concealed any fact known by him to have a material adverse effect upon the Companies' existing or expected financial condition, operating results, assets, customer relations, employee relations, or business prospects taken as a whole.

6.6 Investment Representations.

6.6.1 He is an "accredited investor" as defined by the Rule 501(a) of Regulation D promulgated under the Securities Act, and he has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to EDII so that he is capable of evaluating the merits and risks of his investment in EDII and has the capacity to protect his own interests.

6.6.2 He is acquiring the Purchase Shares for investment for his own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. He understands that the Purchase Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state by reason of a specific exemption from the registration provisions of the Securities Act and the applicable state securities laws, the availability of which depends upon, among other things, the bona fide

nature of the investment intent and the accuracy of his representations as expressed in this Agreement. He is acquiring the Purchase Shares without expectation, desire, or need for resale and not with the view toward distribution, resale, subdivision, or fractionalization of the Purchase Shares.

6.6.3 During the course of the negotiation of this Agreement, he has had an opportunity to discuss EDII's business, management and financial affairs with EDII's management and the opportunity to review EDII's financial statements, books and records, facilities and business plan. He has also had an opportunity to ask questions of the officers of EDII, which questions were answered to his satisfaction.

6.6.4 He understands that the Purchase Shares cannot be resold in a transaction to which the Securities Act and state securities laws apply unless (i) subsequently registered under the Securities Act and applicable state securities laws or (ii) exemptions from such registrations are available. He is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited resale of shares purchased in a private transaction subject to the satisfaction of certain conditions.

6.6.5 He understands that the certificates for the Purchase Shares will bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES STATUTES. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF WITHOUT THE PRIOR WRITTEN CONSENT OF THE CORPORATION UNLESS THE SALE OR OTHER DISPOSITION (1) IS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND ALL RELEVANT STATE SECURITIES ACTS GOVERNING SUCH SALE OR OTHER DISPOSITION; OR (2) IS ONE WITH RESPECT TO WHICH THE CORPORATION SHALL HAVE BEEN ADVISED BY ITS COUNSEL THAT REGISTRATION UNDER THE 1933 ACT AND RELEVANT STATE SECURITIES ACTS IS NOT REQUIRED."

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**EDII'S REPRESENTATIONS AND WARRANTIES**

EDII represents and warrants to the Sellers that:

7.1 Organization and Corporate Status of EDII. EDII is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada, and is duly licensed, qualified to do business, and in good standing in each jurisdiction in which such

qualification is necessary, and has all corporate power and authority and has satisfied all Legal Requirements necessary to own and operate its properties and to carry on its business as presently conducted.

7.2 Power and Authority of EDII. The execution, delivery, and performance by EDII of this Agreement are within the requisite corporate power and authority of EDII and have been duly authorized and approved by all necessary parties, including, without limitation, the Board of Directors of EDII.

7.3 Enforceability. This Agreement, when duly executed and delivered in accordance with its terms, will constitute the legal, valid, and binding obligation of EDII in accordance with its terms, except as may be limited by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally and by general equitable principles.

7.4 Brokers and Finders. No person has acted on behalf of EDII in connection with any negotiations relative to this Agreement and the transactions contemplated by it, and such negotiations have been carried on by EDII without the intervention of any person acting on behalf of EDII in such a manner as to give rise to any valid claim for a brokerage commission, finder's fee, or other like payment.

7.5 Investment Representations. The Shares to be received by EDII will be acquired for investment, for EDII's own account, not as a nominee or agent, and not with a view to sale or distribution of any of them, and EDII has no present intention of selling, granting participation in, or otherwise distributing the Shares. EDII understands that the Shares have not been registered under the Securities Act or any state securities laws, that the sale of the Shares pursuant to this Agreement is exempt from registration under the Securities Act pursuant to section 4(2) of the Securities Act, and that the Seller is relying upon EDII's representations with respect to the availability of the exemption from registration. EDII further understands that the following paragraph may be stamped or typed on any certificate evidencing the Shares:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES STATUTES. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF WITHOUT THE PRIOR WRITTEN CONSENT OF THE CORPORATION UNLESS THE SALE OR OTHER DISPOSITION (1) IS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND ALL RELEVANT STATE SECURITIES ACTS GOVERNING SUCH SALE OR OTHER DISPOSITION; OR (2) IS ONE WITH RESPECT TO WHICH THE CORPORATION SHALL HAVE BEEN ADVISED BY ITS COUNSEL THAT REGISTRATION UNDER THE 1933 ACT AND RELEVANT STATE SECURITIES ACTS IS NOT REQUIRED."

7.6 No Violation of Law. The execution, delivery, and performance of this Agreement by EDII do not materially: (i) conflict with, violate, or constitute a breach of or a default under, (ii) result in the creation or imposition of any lien, claim, or encumbrance of any kind upon any of the Purchase Shares pursuant to the terms of, (iii) require any authorization, consent, approval, exemption, or other action by or notice to or filing with any governmental authority under any provision of, or (iv) accelerate or permit the acceleration of the performance required by: (x) the Articles of Incorporation or Bylaws of EDII, (y) any applicable Legal Requirement, or (z) any credit or loan agreement, mortgage, indenture, promissory note, or any other agreement or instrument to which EDII is a party or by which the Purchase Shares may be bound or affected.

7.7 Financial Statements. Exhibit 7.7 consists of EDII's audited consolidated balance sheet as of December 31, 1997 and the related consolidated income statement for the period then ended. The balance sheet included in the financial statements presents fairly the financial position of EDII as of its date. The income statement included in the financial statements presents fairly the results of operations of EDII for the period indicated.

7.8 Absence of Undisclosed Liabilities. EDII has not incurred any liabilities since December 31, 1997 other than in the ordinary course of business. Except as disclosed in a note to Exhibit 7.7, EDII is not subject to any liability or obligation (whether accrued, absolute, contingent, unliquidated, or otherwise), regardless of whether such liability or obligation is normally shown or reflected on a balance sheet prepared in a manner consistent with generally accepted accounting principles.

7.9 Litigation. There are no judicial or administrative actions, suits, proceedings, or investigations pending or threatened against or affecting EDII or its business assets or goodwill, or the transactions contemplated by this Agreement at law or equity or before any court, governmental agency or arbitrator, and EDII knows of no basis or grounds for any such investigation, action, suit, proceeding, or claims against EDII, nor is there any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator outstanding against EDII.

7.10 Compliance with Laws. EDII is conducting its business and operations in compliance with all Legal Requirements applicable to its business and operations, and has no knowledge or reason to believe that it is in violation or default under any Legal Requirement applicable to it or any of its properties which violation or default resulted in or could result in a material adverse effect.

7.11 Books and Records. The financial books and records of EDII accurately reflect the transactions to which it is or was a party or by which its properties are or were bound, and such books and records are and have been properly kept and maintained in accordance with generally accepted accounting principles applied on a consistent basis. All of the corporate records of EDII

have been made available to representatives of AI and the Sellers and are complete, accurate, and current.

7.12 The Purchase Shares. The Purchase Shares have been duly authorized and reserved for issuance and, when issued in accordance with this Agreement, will be validly issued, fully paid, non-assessable and free of preemptive rights. Upon the Closing, the Sellers shall acquire from EDII legal and beneficial ownership of, good and valid title to, and all right to vote the Purchase Shares, free from any charge, lien, encumbrance or adverse claim of any kind whatsoever. The issuance and delivery of the Purchase Shares will not violate the Securities Act, the Securities Exchange Act of 1934, as amended, or any rule or regulation promulgated by any state securities law or regulation.

7.13 Capitalization. The authorized capital stock of EDII consists of 100,000,000 shares of common stock of \$.001 par value. 56,187,060 shares of the common stock were issued and outstanding on June 16, 1998. At the Closing, except as noted in Exhibit 7.13, there will be no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments by which EDII is or may become obligated to issue or to transfer from treasury any additional shares of its capital stock of any class.

7.14 Taxes and Tax Returns. EDII has duly filed with the appropriate governmental agencies all federal tax returns and reports, all state and local tax returns and reports with respect to income, payroll, sales and franchise taxes and all other tax returns and reports, the filing of which is necessary for the conduct of its business. All such tax returns properly reflect the taxes of EDII for the periods covered. All federal, state, and local taxes, assessments, interest, penalties, deficiencies, fees, or other governmental charges or impositions called for by such tax returns, or claimed to be due by any taxing authority, have been properly accrued or paid and all deposits required by law to be made with respect to employees' withholding taxes have been made. The reserves for taxes contained in EDII's Financial Statements in Exhibit 7.7 are adequate to cover the tax liabilities of EDII as of that date, and nothing has occurred subsequent to that date to make any of such reserves inadequate, and there are no material unresolved questions or claims concerning EDII's tax liability. EDII has not received any notice of audit, deficiency, or assessment or proposed deficiency or assessment by the Internal Revenue Service or any other taxing authority, and EDII has not waived any statute of limitations with respect to taxes or agreed to any extensions of time with respect to a tax assessment or deficiency.

7.15 Material Contracts. Except as listed in Exhibit 7.15, there are no material agreements, contracts, and commitments written or oral, not in the ordinary course or not consistent with prior practice, to which EDII is a party or by which it or any of its properties are bound as of the date of the Effective Date. None of the customers or suppliers of EDII has refused, or communicated that it will or may refuse to purchase or supply goods or services, as the case may be, or has communicated that it will or intends to substantially reduce the amounts of goods or services that it is willing to purchase from or sell to EDII.

7.16 Disclosure. Neither this Agreement nor any of the annexes, exhibits, schedules, attachments, statements, documents, certificates, or other items prepared or supplied to the Sellers by or on behalf of EDII with respect to the transactions contemplated by this Agreement knowingly contain any untrue statement of a material fact or omit a material fact necessary to make each statement contained herein or therein not misleading. No responsible officer or director of EDII has intentionally concealed any fact known by such person to have a material adverse effect upon EDII's existing or expected financial condition, operating results, assets, customer relations, employee relations, or business prospects taken as a whole.

## 8

### CONDUCT OF THE COMPANIES' BUSINESS PENDING THE CLOSING

8.1 In General. Pending the Closing, each Company shall conduct its business in the ordinary course. Without limiting the generality of the foregoing, each Company shall comply with the subsequent sections of this Article 8.

8.2 Regular Course of Business. Each Company will operate its business diligently and in good faith, consistent with past management practices, keep available the services of its present officers and employees (other than planned retirements) and preserve its present relationships with persons having business dealings with it (in each case without incurring any additional obligations not disclosed in this Agreement).

8.3 Books of Account. Each Company shall keep its books of account and records in the usual, regular and ordinary manner, in accordance with generally accepted accounting principles, practices and standards applied on a consistent basis, and shall make no changes in accounting methods and policies.

8.4 Notice to EDII. Each Company shall give prompt notice to EDII of: (i) any notice of, or order or communication relating to, any default or event which, with notice or lapse of time or both would become a default, received by the Company subsequent to the Effective Date and on or before the Closing under any indenture, instrument, lease or agreement to which the Company is a party or to which any of its property is bound or subject; and (ii) any notice or other communication from any third party alleging that the consent of such third party may be required in connection with the transactions contemplated by this Agreement. Further, each Company will promptly advise EDII of (a) any event occurring subsequent to the Effective Date which would render any representation or warranty contained in this Agreement, if made on or as of the date of the event or the Effective Date, untrue in any material respect and (b) any material change in the business or operations of the Company.

8.5 Full Access. Each Company shall afford to EDII and to its counsel, accountants and other authorized representatives, full access to its plant, properties, books and records in order that EDII may have the full opportunity to make such investigations as EDII shall

desire to make of the affairs of the Company; and each Company will cause its officers and employees to furnish such additional financial and operating data and other information as EDII may from time to time reasonably request.

8.6 Consents. AI will obtain, before the Closing, all consents necessary for its consummation of the transactions contemplated by this Agreement. All such consents will be in writing and executed counterparts of the consents will be delivered to EDII no later than immediately before to the Closing.

8.7 Exclusivity. During the period beginning on the Effective Date and ending on the Closing or the termination of this Agreement, whichever first occurs, neither AI nor the Sellers will solicit or furnish information to any prospective buyer, commence, or conduct negotiations with any other party or enter into any agreement, contract or letter of intent with any other party concerning the sale of any or all of the Shares or any or all of the assets of any Company. AI or the Sellers, as the case may be, will immediately advise EDII of the receipt of any acquisition proposal.

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### CONDUCT OF EDII'S BUSINESS PENDING THE CLOSING

9.1 In General. Pending the Closing, EDII shall conduct its business in the ordinary course. Without limiting the generality of the foregoing, EDII shall comply with the subsequent sections of this Article 9.

9.2 Regular Course of Business. EDII will operate its business diligently and in good faith, consistent with past management practices, keep available the services of its present officers and employees (other than planned retirements) and preserve its present relationships with persons having business dealings with it (in each case without incurring any additional obligations not disclosed in this Agreement).

9.3 Books of Account. EDII shall keep its books of account and records in the usual, regular and ordinary manner, in accordance with generally accepted accounting principles, practices and standards applied on a consistent basis, and shall make no changes in accounting methods and policies.

9.4 Notice to AI and the Sellers. EDII shall give prompt notice to AI and the Sellers of: (i) any notice of, or order or communication relating to, any default or event which, with notice or lapse of time or both would become a default, received by EDII subsequent to the Effective Date and on or before the Closing under any indenture, instrument, lease or agreement to which EDII is a party or to which any of its property is bound or subject; and (ii) any notice or other communication from any third party alleging that the consent of such third party may be required in connection with the transactions contemplated by this Agreement. Further, EDII will promptly

advise AI and the Sellers of (a) any event occurring subsequent to the Effective Date which would render any representation or warranty contained in this Agreement, if made on or as of the date of the event or the Effective Date, untrue in any material respect and (b) any material change in the business or operations of EDII.

9.5 Full Access. EDII shall afford to AI and the Sellers and to their respective counsel, accountants and other authorized representatives, full access to its plant, properties, books and records in order that they may have the full opportunity to make such investigations as they shall desire to make of the affairs of EDII; and EDII will cause its officers and employees to furnish such additional financial and operating data and other information as AI or the Sellers may from time to time reasonably request.

9.6 Consents. EDII will obtain, before the Closing, all consents necessary for its consummation of the transactions contemplated by this Agreement. All such consents will be in writing and executed counterparts of the consents will be delivered to AI and the Sellers no later than immediately before to the Closing.

9.7 Notice to AI Shareholders. EDII shall advise all shareholders of AI which are accredited investors and which have not executed this Agreement as of the date that it is executed by AI, EDII and the Initial Sellers that they have the right to become Additional Sellers by becoming parties hereto.

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#### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF EDII**

10.1 Each and every obligation of EDII under this Agreement to be performed on or before the Closing shall be subject to the satisfaction, on or before the Closing, of each of the conditions contained in this Article 10.

10.2 No Governmental or Other Proceedings. No action, suit, proceeding or investigation by or before any court or governmental, administrative or regulatory authority shall have been commenced or threatened against any Company, EDII or the Sellers seeking to restrain, prevent or change the transactions contemplated by this Agreement or questioning the validity or legality of the transactions or seeking damages in connection with the transactions.

10.3 Representations and Warranties; Performance Each of the representations and warranties of the Sellers and AI contained in this Agreement and the Exhibits shall be true and correct in all material respects on the Closing with the same effect as though made on that date. The Sellers and the Companies shall each have duly performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with before or at the Closing.



10.4 No Material Adverse Change. There shall have been no material adverse change since the Effective Date in the business, condition (financial or otherwise), assets, liabilities (absolute, accrued, contingent or otherwise), prospects or operations of any Company.

10.5 Absence of Certain Changes or Events. In the period from the Effective Date to the Closing, none of the Companies shall have:

10.5.1 undergone or otherwise experienced any change in its condition (financial or otherwise), properties, assets, liabilities, business, or operations, other than changes in the ordinary course of business which in the aggregate would not have a material adverse effect;

10.5.2 declared, set aside, made, or paid any dividend or other distribution in respect of its capital stock or purchased or redeemed, directly or indirectly, any shares of its capital stock;

10.5.3 granted, issued, or sold any shares of its capital stock or any option, warrant, conversion, or other right to purchase any such shares or any securities convertible into or exchangeable for such shares;

10.5.4 incurred, except in the normal course of business or pursuant to credit arrangements in effect or being negotiated on or before the Effective Date, any indebtedness for borrowed money or issued or sold any note or any debt securities;

10.5.5 subjected, except in the normal course of business or pursuant to credit arrangements in effect or being negotiated on or before the Effective Date, any of its properties or assets, tangible or intangible, to any mortgage, pledge, lien, charge, or encumbrance of any kind except Permitted Liens;

10.5.6 acquired or disposed of any Equipment of material value other than in the ordinary course of business;

10.5.7 suffered any extraordinary loss or forgiven or canceled any material debt or claim, or waived any right of material value, whether or not in the ordinary course of business;

10.5.8 entered into any other transaction other than in the ordinary course of business, or entered into any material transaction, whether or not in the ordinary course of business;

10.5.9 granted to any officer or salaried employee or any class of other employee any increase in compensation in any form in excess of the amount thereof in effect as of the Effective Date (other than ordinary merit increases consistent with past practice)

or any severance or termination pay (other than in minor amounts consistent with past practice), prepaid principal on any note to any such person, consummated or obligated itself to consummate any transaction with any such person, or entered into any employment agreement or arrangement with any person;

10.5.10 entered into, adopted or amended in any respect any collective bargaining agreement or adopted or amended any bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, insurance, or other similar plan, agreement, trust, or fund for the benefit of employees;

10.5.11 suffered any material damage, destruction, or casualty loss (whether or not covered by insurance);

10.5.12 suffered any strike or other labor trouble;

10.5.13 suffered any change in its relationship with, or loss of, employees or customers which resulted in or could result in a material adverse effect;

10.5.14 incurred any material liability or obligation (whether absolute, accrued, contingent or otherwise), except in the ordinary course of business;

10.5.15 discharged or satisfied any lien or encumbrance or paid any obligation or liability (absolute or contingent) other than current liabilities paid in the ordinary course of business which were reflected in or shown on the AI Financial Statements or which were incurred in the ordinary course of business since the Effective Date;

10.5.16 other than in the ordinary course of business, made or permitted any amendment or termination of any contract, agreement, or license to which it is a party or by which either it or any of its assets or properties are subject;

10.5.17 sold, assigned, or transferred any patents, trademarks, trade names, copyrights, trade secrets, licenses or other intangible assets, or disclosed any proprietary confidential information;

10.5.18 made any capital expenditure or commitment which aggregates in excess of \$10,000;

10.5.19 made any loan or advance (other than reasonable travel advances) to, guaranties for the benefit of, or investments in, any person;

10.5.20 been cited for any violation of any Legal Requirement;

10.5.21 conducted its business in other than the usual and ordinary manner;

or

10.5.22 agreed to do any of the foregoing.

10.6 Legal Matters. All legal matters in connection with this Agreement and the transactions it contemplates and the form and substance of all papers, instruments and documents used or delivered under this Agreement or incidental to this Agreement shall be reasonably satisfactory to EDII.

10.7 AI Net Worth; Cash Resources. Simultaneously with the Closing, the Companies will have a consolidated net worth, based upon historical cost (i.e., not adjusted upward as a result of any purchase accounting) of at least \$2,000,000, and AI will have cash resources of at least \$1,700,000 (subject to section 11.10). EDII shall have received at the Closing a certificate executed by AI's president to such effect.

10.8 Number of AI Shares. The aggregate number of AI Shares which EDII shall purchase under this Agreement at the Closing shall represent not less than 67% of the total AI Shares outstanding at the time of the Closing.

10.9 Termination of Warrants. Each Seller shall at the Closing have surrendered for termination to AI each warrant or other right to purchase shares of AI's common stock held by him and AI shall have terminated each such warrant or right.

## 11

### CONDITIONS PRECEDENT TO THE OBLIGATIONS OF AI AND THE SELLERS

11.1 Each and every obligation of AI and the Sellers under this Agreement to be performed on or before the Closing shall be subject to the satisfaction, on or before the Closing, of each of the conditions contained in sections 11.2 through 11.9 of this Article 11.

11.2 Representations and Warranties. Each of the representations and warranties of EDII set forth in this Agreement shall be true and correct, both on the Effective Date and on the Closing as if made at that time.

11.3 Agreements and Obligations. EDII shall have performed and complied with all agreements, undertakings, and obligations which are required to be performed or complied with by it at or before the Closing.

11.4 Legal Matters. All legal matters in connection with this Agreement and the transactions it contemplates, and the form and substance of all papers, instruments, and documents used or delivered under this Agreement or incidental to this Agreement, shall be reasonably satisfactory to AI and the Sellers.

11.5 EDII Net Worth. As of the Closing, EDII and its subsidiaries will have a consolidated net worth, as reflected on an audited consolidated balance sheet as of that date of not

less than \$2,300,000. The Sellers shall have received a certificate executed by EDII's president and treasurer to the effect that EDII and its subsidiaries have, as of the Closing, such a net worth.

11.6 No Governmental or Other Proceedings. No action, suit, proceeding or investigation by or before any court or governmental, administrative or regulatory authority shall have been commenced or threatened against any Company, EDII or the Sellers seeking to restrain, prevent or change the transactions contemplated by this Agreement or questioning the validity or legality of the transactions or seeking damages in connection with the transactions.

11.7 No Material Adverse Change. There shall have been no material adverse change since the Effective Date in the business, condition (financial or otherwise), assets, liabilities (absolute, accrued, contingent or otherwise), prospects or operations of EDII.

11.8 Absence of Certain Changes or Events. In the period from the Effective Date to the Closing, EDII shall not have:

11.8.1 undergone or otherwise experienced any change in its condition (financial or otherwise), properties, assets, liabilities, business, or operations, other than changes in the ordinary course of business which in the aggregate would not have a material adverse effect;

11.8.2 declared, set aside, made, or paid any dividend or other distribution in respect of its capital stock or purchased or redeemed, directly or indirectly, any shares of its capital stock;

11.8.3 granted, issued, or sold any shares of its capital stock or any option, warrant, conversion, or other right to purchase any such shares or any securities convertible into or exchangeable for such shares;

11.8.4 incurred any indebtedness for borrowed money or issued or sold any note or any debt securities;

11.8.5 subjected any of its properties or assets, tangible or intangible, to any mortgage, pledge, lien, charge, or encumbrance of any kind except Permitted Liens;

11.8.6 acquired or disposed of any assets or properties of material value, whether or not in the ordinary course of business (except inventory acquired or disposed of in the ordinary course of business);

11.8.7 suffered any extraordinary loss or forgiven or canceled any material debt or claim, or waived any right of material value, whether or not in the ordinary course of business;

11.8.8 entered into any other transaction other than in the ordinary course of business, or entered into any material transaction, whether or not in the ordinary course of business;

11.8.9 granted to any officer or salaried employee or any class of other employee any increase in compensation in any form in excess of the amount thereof in effect as of the Effective Date (other than ordinary merit increases consistent with past practice) or any severance or termination pay (other than in minor amounts consistent with past practice), prepaid principal on any note to any such person, consummated or obligated itself to consummate any transaction with any such person, or entered into any employment agreement or arrangement with any person;

11.8.10 entered into, adopted or amended in any respect any collective bargaining agreement or adopted or amended any bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, insurance, or other similar plan, agreement, trust, or fund for the benefit of employees;

11.8.11 suffered any material damage, destruction, or casualty loss (whether or not covered by insurance);

11.8.12 suffered any strike or other labor trouble;

11.8.13 suffered any change in its relationship with, or loss of, employees or customers which resulted in or could result in a material adverse effect;

11.8.14 incurred any material liability or obligation (whether absolute, accrued, contingent or otherwise), except in the ordinary course of business;

11.8.15 discharged or satisfied any lien or encumbrance or paid any obligation or liability (absolute or contingent) other than current liabilities paid in the ordinary course of business which were reflected in or shown on Exhibit 7.7 or which were incurred in the ordinary course of business since the Effective Date;

11.8.16 other than in the ordinary course of business, made or permitted any amendment or termination of any contract, agreement, or license to which it is a party or by which either it or any of its assets or properties are subject;

11.8.17 sold, assigned, or transferred any patents, trademarks, trade names, copyrights, trade secrets, license or other intangible assets, or disclosed any proprietary confidential information;

11.8.18 made any capital expenditure or commitment which aggregates in excess of \$10,000;

11.8.19 made any loan or advance (other than reasonable travel advances) to guaranties for the benefit of, or investments in, any person;

11.8.20 been cited for any violation of any Legal Requirement;

11.8.21 conducted its business in other than the usual and ordinary manner;

or

11.8.22 agreed to do any of the foregoing.

11.9 Number of AI Shares. The aggregate number of AI Shares which EDII shall purchase under this Agreement at the Closing shall represent not less than 67% of the total AI Shares outstanding at the time of the Closing.

11.10 August 9, 1996 Note. TDA shall not be obligated to consummate any of the transactions contemplated in this Agreement unless simultaneously with the Closing that certain promissory note, dated August 9, 1996, in the original principal amount of \$1,000,000 made by AI in favor of TDA is satisfied in full by AI by a cash payment to TDA equal to the amount of the outstanding principal balance plus all interest accrued but unpaid to the Closing.

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## NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES

12.1 Nature of Statements. All statements contained in this Agreement, in any annex, exhibit, or any certificate or other instrument delivered by or on behalf of the Sellers, the Companies or EDII pursuant to this Agreement, or in connection with the transactions it contemplates, shall be considered the representations and warranties of the Sellers, the Companies or EDII, as the case may be. No investigation by any party nor failure by any party, to make any investigation, shall constitute a waiver of any representation, warranty, covenant, or agreement of any party, nor relieve the other party of any obligation with respect to the accuracy or fulfillment thereof.

12.2 Survival of Representations and Warranties. Regardless of any investigation at any time made by or on behalf of any party or of any information any party may have in respect of this Agreement, all covenants, agreements, representations, and warranties made in this Agreement or pursuant to this Agreement or in connection with the transactions it contemplates shall survive the Closing and shall continue in effect until September 30, 1999.

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## INDEMNIFICATION

13.1 Indemnification by the Sellers. Each Seller individually hereby indemnifies and holds harmless EDII and its respective successors and assigns from and against any taxes,

claims, liabilities, damages, losses, costs, and expenses, including, without limitation, reasonable legal fees, accountants' fees, costs of investigation, and other expenses of defending any action or claim, amounts of judgment and amounts paid in settlement, together with interest thereon at the rate of ten percent per year, compounded annually from the date incurred until paid, caused by or arising out of: (i) any breach or default in the performance by him or any Company of any covenant or agreement of such Seller or any Company contained in this Agreement, or (ii) any breach of warranty or inaccurate or erroneous representation made by him or any Company in this Agreement, in any annex, exhibit, or any other document delivered by or on behalf of the Seller or any Company pursuant to this Agreement. The amount of indemnification required of any Seller under this section shall be equal to the result of multiplying the finally determined amount of the Claim by the result of dividing the number of AI Shares held by the Seller immediately before the Closing by the total number of AI Shares outstanding immediately before the Closing. Any indemnification required of any Seller under this section shall be satisfied solely by the delivery to EDII of certificates, duly endorsed for transfer to EDII, for Purchase Shares held by the Seller, and in no event will any Seller be required to satisfy any indemnification obligation under this section in cash. The number of Purchase Shares to be delivered shall be equal to the lesser of (1) one half of the Purchase Shares received by the Seller under this Agreement or (2) the result, rounded to the nearest whole number, of dividing the amount of the required indemnification by the greater of the following two values: (a) the average closing bid price of a publicly traded share of EDII's common stock for the ten day period ending on the Closing or (b) the average closing bid price of a publicly traded share of EDII's common stock for the ten day period ending on the date the amount of the Claim is finally determined.

13.2 Indemnification by EDII. EDII hereby indemnifies and holds harmless each of the Sellers and his respective successors and assigns from and against any taxes, claims, liabilities, damages, losses, costs, and expenses, including, without limitation, reasonable legal fees, accountants' fees, costs of investigation, and other expenses of defending any action or claim, amounts of judgment and amounts paid in settlement, together with interest thereon at the rate of ten percent per year, compounded annually from the date incurred until paid, caused by or arising out of: (i) any breach or default in the performance by EDII of any covenant or agreement of EDII contained in this Agreement, or (ii) any breach of warranty or inaccurate or erroneous representation made by EDII in this Agreement, in any annex, exhibit, or any other document delivered by or on behalf of EDII or pursuant to this Agreement.

13.3 Conditions of Indemnification. With respect to any actual or potential claim, any demand, the commencement of any action, or the occurrence of any other event which involves any matter or related series of matters (a "Claim") against which a party (the "Indemnified Party") is indemnified by another party (the "Indemnifying Party") under section 13.1 or 13.2:

13.3.1 Notice. Promptly after the Indemnified Party first receives documents pertaining to the Claim, or if such Claim does not involve a third party Claim, promptly after the Indemnified Party first has actual knowledge of the Claim, the Indemnified Party shall

give notice to the Indemnifying Party of the Claim in reasonable detail and stating the amount involved, if known, together with copies of any such documents.

13.3.2 Failure to Give Notice. The Indemnifying Party shall have no obligation to indemnify the Indemnified Party with respect to any Claim if (i) the Indemnified Party fails to give the notice of the Claim in accordance with section 13.3.1 or (ii) the notice of the Claim is not given on or before the first anniversary of the Closing; however, such limitation shall not apply to any Claim based upon or arising out of willful concealment or willful misconduct.

13.3.3 Litigation, Settlement, Resolution of Claim. If the Claim involves a third party, then the Indemnifying Party may, at its sole cost, expense and ultimate liability regardless of the outcome, and through counsel of its choice, litigate, defend, settle or otherwise attempt to resolve the Claim, except that the Indemnified Party may elect, at any time and at the Indemnified Party's sole cost, expense and ultimate liability, regardless of the outcome, and through counsel of its choice, litigate, defend, settle or otherwise attempt to resolve the Claim. If the Indemnified Party so elects (for reasons other than the Indemnifying Party's failure or refusal to provide a defense to the Claim), then the Indemnifying Party shall have no obligation to indemnify the Indemnified Party with respect to the Claim, but such disposition will be without prejudice to any other right the Indemnified Party may have to indemnification, regardless of the outcome of the Claim. In any event, EDII and the Sellers shall fully cooperate with each other and their respective counsel at their own expense in connection with any such litigation, defense, settlement or other attempted resolution.

## 14

### POST CLOSING MATTERS

14.1 Sellers' Representatives. For the 24 month period beginning on the consummation of the Closing, one seat on EDII's board of directors shall be made available to a representative of the Seller. The initial representative shall be John E. Smircina, subject to his acceptance of such position. EDII will use its best efforts to cause the election of the representative to its Board of Directors during such period. The Sellers shall designate their representative by delivery to EDII of a certificate of such designation executed by such number of Sellers which together held immediately before the Closing at least 51% of the AI Shares to be sold pursuant to this Agreement; such designation may be changed at any time by the delivery of a new certificate so executed. All of the representatives of the Sellers serving as directors of EDII shall be covered by a policy of officers and directors insurance having coverage not less extensive than the policy in force for AI's directors and officers immediately before the Closing.

14.2 Employment Contracts. From and after the Closing, EDII will cause the Companies to honor, according to their terms, each of the employment contracts and arrangements described on Exhibit 14.2. Any person who is a party to such an employment contract or arrangement who is



covered by AI's policy of officer's and directors insurance in force immediately before the Closing shall be covered in the future by a policy of officers and directors insurance having coverage not less extensive than the policy in force for AI's directors and officers immediately before the Closing.

14.3 Use of AI Cash Resources. After the Closing, the cash resources of AI shall be used, with appropriate board of directors approval, only to make acquisitions (whether by purchase or merger) of assets and businesses and until such use shall be invested in liquid securities. However, at such time as the closing price of a publicly traded share of EDII's common stock has equaled or exceeded \$0.32 per share, the restrictions of this section 14.3 on the use of the cash resources shall terminate.

14.4 Subsequent Purchase of AI Shares. In the event the transactions contemplated in this Agreement are consummated, any holder of AI Shares who has not become a Seller under this Agreement may, at any time before the first anniversary of the Closing, tender his AI Shares and warrants to EDII, and EDII shall purchase such AI Shares and warrants. The purchase price for such AI Shares and warrants shall be paid by the delivery to the holder of a certificate in his name for such number of fully paid and nonassessable Purchase Shares as is equal to the product of multiplying the number of AI Shares being tendered by 25.018835; the total number of Purchase Shares such a holder shall receive shall be rounded up to the nearest whole number. However, in no event shall EDII be required to effect a purchase under this section 14.4 if the purchase would violate any federal or state applicable securities law. EDII shall as soon as possible after the Closing advise each person entitled to tender his AI Shares under this section 14.4 of his rights under this section 14.4.

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### MISCELLANEOUS

15.1 Construction. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever required by the context, any gender shall include any other gender, the singular shall include the plural, and the plural shall include the singular.

15.2 Costs, Expenses, and Legal Fees. Each party shall bear its own costs and expenses pertaining to the negotiation, preparation and execution of this Agreement and the consummation of the transactions it contemplates.

15.3 Announcements, Press Releases, and Disclosure. Any press release or other public announcement concerning this Agreement or the transactions it contemplates shall be approved by both AI and EDII. In addition, no party shall disclose the existence of this Agreement or the transactions it contemplates before the Closing, except as may be necessary to comply with any Legal Requirement.

15.4 Notice. Any notice required or permitted under this Agreement shall be in writing and shall be considered to be delivered three business days after deposit in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed as follows:

15.4.1 If to EDII, to it at 601 Hanson Road, Kemah, Houston, Texas 77565-2701, Attention: Mr. Daniel Dror, Sr.; or

15.4.2 If to the Sellers, to their addresses set forth on *Annex A*; or

15.4.3 If to the Companies, to them % TDA Industries, Inc. at 122 East 42d Street, Suite 1116, New York, NY 10168.

Notice given in any other manner shall be effective when received by the addressee. The address for notice may be changed by notice given in accordance with this section 13.4.

15.5 Entire Agreement, Amendment. This Agreement and its annexes and exhibits constitute the entire agreement between the parties and may not be amended, supplemented, waived, or terminated except by an instrument executed by all of the parties. Any previous agreements or understandings among the parties regarding the subject matter of this Agreement are merged into and superseded by this Agreement.

15.6 Waiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a waiver of any subsequent breach of the provision.

15.7 Assignment. This Agreement shall not be assignable. Any attempted assignment shall be null and void.

15.8 Choice of Law. The validity, construction and enforcement of this Agreement shall be governed by the laws of the State of Texas.

15.9 Arbitration. If any dispute, difference, or disagreement shall arise upon or in respect of the Agreement, and its meaning and construction, every such dispute, difference, and disagreement shall be referred to a single arbiter agreed upon by the parties, or if no single arbiter can be agreed upon, an arbiter or arbiters shall be selected in accordance with the rules of the American Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing commercial rules of the American Arbitration Association, and judgment upon the award rendered by the arbiter may be entered in any court having jurisdiction. In the event of such arbitration, the prevailing party shall be entitled to reasonable legal fees to be fixed by the arbitrator.

15.10 Severability. If any provision of this Agreement is declared unenforceable by a court of competent jurisdiction, such provision shall be enforced to the greatest extent permitted by law, and such declaration shall not affect the validity of any other provision of this Agreement.

15.11 Time for Performance. If the time for performance of any obligation set forth in this Agreement falls on a Saturday, Sunday or legal holiday, compliance with the obligation on the next business day following such Saturday, Sunday, or legal holiday shall be considered acceptable.

15.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall be considered one instrument.

15.13 Confidentiality. Each party to this Agreement shall keep all information obtained from the other parties as a result of its due diligence investigation confidential. No party shall release such confidential information without the consent of the other.

16  
REGISTRATION RIGHTS

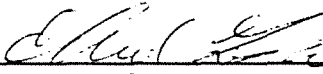
Each Seller shall be afforded the registration rights as provided in *Annex C*.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

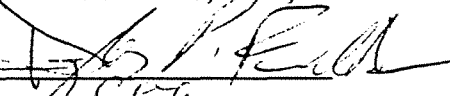
ENERGY DRILLING INDUSTRIES, INC.

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

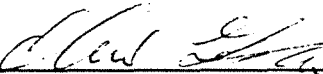
ACQUEREN, INC.

By:   
Its: president

TDA INDUSTRIES, INC., Initial Seller

By:   
Its: CEO

INTERBANK CAPITAL GROUP, INC., Initial Seller

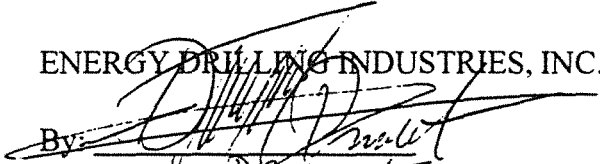
By:   
Its: president

16  
REGISTRATION RIGHTS

Each Seller shall be afforded the registration rights as provided in *Annex C*.

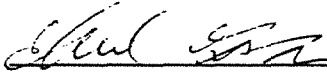
IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

ENERGY DRILLING INDUSTRIES, INC.

By: 

Its: PRESIDENT

ACQUEREN, INC.

By: 

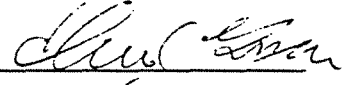
Its: PRESIDENT

TDA INDUSTRIES, INC., Initial Seller

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

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

INTERBANK CAPITAL GROUP, INC., Initial Seller

By: 

Its: PRESIDENT

ACQUEREN, INC.Chart of AI Stockholders w/Address, Tel. No., No. of AI Shares, Number of AI Warrants  
and Number of Purchase Shares

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
1	Steven M. Alford, M.D.  315 East 65 <sup>th</sup> Street, Apt. 3-H New York, New York 10021 Tel: (212) 744-8478	20,000	20,000	500,377
2	Joseph F. Angelo - IRA  c/o Mr. Joseph F. Angello 31 Hennessy Drive Huntington, New York 11743 Tel: (516) 673-6150	2,500	2,500	62,547
3	Barry, Ferrigno & Allen Profit Sharing Plan DTD 7/1/73 FBO Bruce D. Allen; Michael Ferrigno as Co-Trustee & Bruce D. Allen as Co-Trustee  c/o Bruce D. Allen, M.D. Co-Trustee 96 Northside Road Wading River, New York 11792 Tel: (516) 929-6190	5,500	5,500	137,604
4	Barry, Ferrigno & Allen Profit Sharing Plan DTD 7/1/73 FBO Bruce D. Allen; Michael Ferrigno as Co-Trustee & Bruce D. Allen as Co-Trustee  c/o Mr. Michael Ferrigno Co-Trustee 1 Overlook Drive Brookhaven, New York 11719 Tel: (516) 286-1246	5,500	5,500	137,604
5	Barry, Ferrigno & Allen Profit Sharing Plan DTD 7/1/73 FBO Bruce D. Allen; Michael Ferrigno as Co-Trustee & Bruce D. Allen as Co-Trustee  c/o Bruce D. Allen, M.D. Co-Trustee 1 Overlook Drive Brookhaven, New York 11719 Tel: (516) 286-1246	5,500	5,500	137,604

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
6	Dov Berkowitz, M.D., and Ada Berkowitz, M.D.  82-28 189 <sup>th</sup> Street Jamaica Estates, New York 11423-1007 Tel.: (718) 479-4734	41,095	41,095	1,028,149
7	Miroslaw J. Bialecki (resides in Poland)  c/o Pawl Lodzinski <u>Home:</u> 782 Salisbury Park Drive Westbury, New York 11590 Tel.: (516) 333-6317 Fax: (516) 333-6317 <u>Office:</u> Tel.: (212) 852-0247	10,000	10,000	250,188
8	Anne Brennan - IRA  c/o Ms. Anne Brennan 240 East 76 <sup>th</sup> Street, Apt. 5-C New York, New York 10021 Tel.: (212) _____	10,000	10,000	250,188
9	Patrick Calabria - IRA  c/o Mr. Patrick Calabria 1141 Douglas Place Seaford, New York 11783 Tel.: (516) _____	2,500	2,500	62,547
10	John A. Catsimatidis  <u>Home:</u> 817 Fifth Avenue New York, New York 10021 Tel.: (212) 826-9865 <u>Office:</u> Sloan's 823 11 <sup>th</sup> Avenue New York, New York 10019-3535 Tel.: (212) 956-5803 or-5770 Fax.: (212) 247-4509	3,300	3,300	82,562

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
11	Diana Cecil  2575 Palisade Avenue Riverdale, New York 10463 Tel.: (718) 549-1880	2,500	2,500	62,547
12	Marilyn Cohen  770 Anderson Avenue, Apt. 9-M Cliffside Park, New Jersey 07010 Tel.: (201) 224-2470 Fax.: (201) 224-6386	5,500	5,500	137,604
13	Eileen S. Debbi, M.D., and Shaul Debbi, M.D., JTWROS  70 Candy Lane Great Neck, New York 11023 Tel.: (516) 466-8369 Fax.: (516) 466-3749	54,794	54,794	1,370,882
14	Abraham Debbi  70 Candy Lane Great Neck, New York 11023 Tel.: (516) 466-8369 Fax.: (516) 466-3749	20,600	20,600	515,388
15	Ronald R. DiMartino  <u>Home:</u> Tel.: (561) 848-5434 <u>Office:</u> 57-25 Corporate Way, Suite 106 West Palm Beach, Florida 33407 Tel.: (561) 478-2466	5,500	5,500	137,604
16	John A. Elliott Living Trust UTD 1/5/89; by John A. Elliott and Ruth Marie Elliott as Co-Trustees  c/o John A. or Ruth M. Elliott 555 Turnberry Circle Wichita, Kansas 67230 Tel.: (316) 733-2217	5,000	5,000	125,094



	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
17	Patricia A. Fochi  <u>Home:</u> 67 Tall Timbers Lane Glastonbury, Connecticut 06033 Tel.: (860) 633-2502 Fax: (860) 657-2037 <u>Office:</u> Tel.: (860) 633-3541	20,000	20,000	500,377
18	Dalia Fried  184-43 Midland Parkway Jamaica, New York 11432 Tel.: (718) 591-5951	2,750	2,750	68,802
19	Erwin Fried and Jenny Fried, JTWROS  184-43 Midland Parkway Jamaica, New York 11432 Tel.: (718) 969-7622	3,000	3,000	75,056
20	Harold Geliebter, M.D. and Diane M. Geliebter, JTWROS  186-35 Midland Parkway Jamaica, New York 11432 Tel.: (718) 264-3221 Fax.: (718) 264-3221 (call first)	13,700	13,700	342,758
21	Myron W. Goldstein - IRA  c/o Mr. Myron W. Goldstein 2 Hope Drive Plainview, New York 11803 Tel. (516) _____ - _____	10,000	10,000	250,188
22	Marcy Goldstine  710 Park Avenue, No. 19-B New York, New York 10021 Tel.: (212) 472-2913 Fax.: (212) 472-7492	2,750	2,750	68,802

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
23	<p>Joseph G. Gorelick</p> <p><u>Home:</u> 195-17 Keno Avenue Holliswood, New York 11423 Tel.: (718) 468-1686</p> <p><u>Office:</u> Comptek Federal Systems Inc. 96-10 23<sup>rd</sup> Avenue East Elmhurst, New York 11369-1230 Tel.: (718) 565-2300</p>	6,850	6,850	171,379
24	<p>Marianne Houtenbos</p> <p>853 7<sup>th</sup> Avenue, Apt. 5-A New York, New York 10019 Tel.: (212) 246-1919</p>	7,500	7,500	187,641
25	<p>Byron E. Hummon, Jr., and Carolyn S. Hummon, JTWROS</p> <p><u>Home:</u> 12320 W. Huntersview Wichita, Kansas 67235</p> <p><u>Office:</u> Hummon Corp. 950 N. Tyler Wichita, Kansas 67212-3240 Tel.: (316) 773-2300 Fax.: (316) 773-2543</p>	4,900	4,900	122,592
26	<p>Judith A. Jedrlinic</p> <p>2727 29<sup>th</sup> St. N.W., Apt. 502 Washington, D.C. 20008 Tel.: (202) _____ Fax.: (202) _____</p>	2,500	2,500	62,547
27	<p>J&amp;E Retirement Plan (Egon Pfeifer, Trustee)</p> <p>c/o Mr. Egon Pfeifer Trustee 60-41 Flushing Avenue Maspeth, New York 11378 Tel.: (718) 435-3415 (?) or (718) 633-7893 (?) <u>Note:</u> confirm address</p>	20,000	20,000	500,377

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
28	John L. Kiser, M.D., and Sharon L. Kiser, JTWROS  7765 Killarney Pl. Wichita, Kansas 67206 Tel.: (316) 634-0363 Fax.: (316) 685-1273	3,000	3,000	75,056
29	Willard J. Kiser Living Trust, DTD 11/1/91 by Willard J. Kiser, M.D., as Trustee  c/o Mr. Willard J. Kiser 7373 E. 29 <sup>th</sup> St. N. No. E-115 Wichita, Kansas 67226 Tel.: (316) 636-2165	12,000	12,000	300,226
30	Arik Kislin - SERP  <u>Home:</u> c/o Mr. Arik Kislin 150 West 56 <sup>th</sup> Street, Apt. 4508 New York, New York 10019 <u>office:</u> Tel.: (212) 229-1002	5,500	5,500	137,604
31	Matthew K. Kwiatek, M.D.  117 Firestone Circle Roslyn, New York 11576-3047 Tel.: (516) 869-8654 Fax.: (516) 869-8654	41,095	41,095	1,028,149
32	Dan Levy, M.D. - SERP  One Bayport Lane North Great Neck, New York 11023 Tel.: (516) 466-4789	21,917	21,917	548,338
33	Moshe Levy, by Dan Levy, M.D., attorney-in-fact  c/o Dan Levy, M.D. One Bayport Lane North Great Neck, New York 11023 Tel.: (516) 466-4789	82,192	82,192	2,056,348

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
34	<p>Susan Mandelstam</p> <p><u>Home:</u> 80-44 190<sup>th</sup> Street Jamaica, New York 11423 Tel.: (718) 479-6699</p> <p><u>Office:</u> Fax.: (718) 776-3359</p>	34,246	34,246	856,795
35	<p>Paul Melis</p> <p>36-27 209<sup>th</sup> Street Bayside, New York 11361 Tel.: (718) 428-8281</p>	13,698	13,698	342,708
36	<p>Gregory Michelis</p> <p>42-01 235<sup>th</sup> Street Douglaston, New York 11363 Tel.: (718) 229-4488 Fax.: (718) 229-8785</p>	27,397	27,397	685,441
37	<p>Matthew Miller, M.D.</p> <p><u>Home:</u> 156 Woodbine Road Roslyn, New York 11577 Tel.: (516) 621-5304</p> <p><u>Office:</u> Tel.: (718) 767-1200</p>	10,000	10,000	250,188
38	<p>Steven Niamonitakis and Alane Niamonitakis</p> <p>1121 82<sup>nd</sup> Street Brooklyn, New York 11228 Tel.: (718) 238-7809</p>	6,849	6,849	171,354
39	<p>James Pantelidis</p> <p><u>Home:</u> 330 E. 38<sup>th</sup> St., Apt. 33-Q New York, New York 10016</p> <p><u>Office:</u> Pan-Bros Associates, Inc. 8806 4<sup>th</sup> Avenue Brooklyn, New York 11209 Tel.: (718) 680-7800 Fax.: (718) 680-7607</p>	20,547	20,547	514,062

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
40	William Parker KEOGH Plan  c/o Mr. William Parker 62 North Hill Road Ringoes, New Jersey 08551 Tel.: (609) 466-8978	2,500	2,500	62,547
41	Eugene Price  c/o Brooks Price & Stirrup CPA's 133 Route 304 Bardonia, New York 10954 Tel.: (914) 623-0300	3,000	3,000	75,056
42	Richard Richter - IRA  c/o Mr. Richard Richter 2805 Battery Place NW Washington, D.C. 20016 Tel.: (202) 362-4772	4,400	4,400	110,083
43	Bodhan Ryszkowski, by Matthew K. Kwiatek, Attorney-in-fact  c/o Matthew K. Kwiatek, M.D. 117 Firestone Circle Roslyn, New York 11576-3047 Tel.: (516) 869-8654 Fax.: (516) 869-8654	27,397	27,397	685,441
44	Karen L. Sands - SERP  <u>Home:</u> 225 W. 106 <sup>th</sup> Street, Apt. 18 New York, New York 10025 Tel.: (212) 662-5416 <u>Office:</u> 125 West 72 <sup>nd</sup> Street, 6 <sup>th</sup> Floor New York, New York 10023 Tel.: (212) 362-6044	2,500	2,500	62,547
45	Dr. H. Alan Schnall  196-26 McLaughlin Avenue Holliswood, New York 11423 Tel.: (718) 464-2892 Fax.: (718) 261-6852	35,000	35,000	875,660

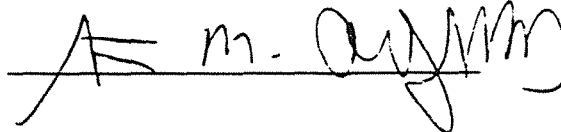
	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
46	<p>Marianne Schwyn</p> <p><u>Home:</u> 68-20 Clyde Street Forest Hills, New York 11375 Tel.: (718) 544-2326 Fax.: (178) 261-1288</p> <p><u>Office:</u> c/o Citibank 95-12 63<sup>rd</sup> Road Rego Park, New York 11374 Tel.: (718) 268-8919</p>	2,750	2,750	68,802
47	<p>Richard Silvergleid, M.D.</p> <p><u>Home:</u> 4 Cedar Lane Sands Point, New York 11050 Tel.: (516) 883-7388</p> <p><u>Office:</u> Manhasset Diagnostic Imaging 1380 Northern Boulevard Manhasset, New York 11030 Tel.: (516) 365-2600</p>	34,246	34,246	856,795
48	<p>Josh Vescur</p> <p>572 Leonard Street Brooklyn, New York 11222 Tel.: (718) 383-2684</p>	10,000	10,000	250,188
49	<p>Martin Weinstein - IRA</p> <p><u>Home:</u> c/o Mr. Martin Weinstein 134-05 Dahlia Avenue, Apt. 2-A Flushing, New York 11355-4713</p> <p><u>Office:</u> Physical Therapy Home &amp; Office Services 42-60 Main Street Flushing, New York 11355 Tel.: (718) 461-8426 (914) 638-2510 (?)</p>	5,500	5,500	137,604
	Subtotals	699,473	699,473	17,500,000

	<u>Stockholder Name, Address &amp; Tel. No.</u>	<u>Number of AI Shares</u>	<u>Number of AI Warrants</u>	<u>Number of Purchase Shares</u>
50	TDA Industries, Inc. 122 E. 42 <sup>nd</sup> Street New York, New York	700,000	175,000	5,000,000
51	InterBank Capital Group, LLC 630 Fifth Avenue New York, New York 10111	19,482	9,741	227,250
52	Marks Holdings, LLC 267 Coopers Drive Kirkwood, Pennsylvania	83,076	41,538	969,250
53	PAL International, Inc. 465 Bedford Road Chappaqua, New York 10514 Phone: (914) 238-5694 Fax: (914) 238-1716	47,442	23,721	553,500
54	Shares to be issued pursuant to Stipulation of Settlement (See Exhibit 5.16) Eftimios Zisimopoulos George G. Coffinas	- -	- -	1,400,000 100,000
55	Reserved for distribution in accordance with instructions from the Board of Directors of Acqueren, Inc.	-	-	1,000,000
	Totals:	1,549,473	949,473	26,750,000

ANNEX B

**SELLER SIGNATURE PAGE**  
**ACQUISITION AGREEMENT**

The undersigned hereby accepts all of the terms and conditions applicable to an Additional Seller of, and agrees to be bound as an Additional Seller under, the Acquisition Agreement among, *inter alia*, Energy Drilling Industries, Inc. and Acqueren, Inc., dated June 30, 1998.

A handwritten signature in black ink, appearing to read "S. M. Alfond", is written over a horizontal line.

Printed Name of Seller: Steven M. Alfond, M.D.

Social Security Number or Federal Employer Identification Number: 077-42-9636

Address:

315 East 65<sup>th</sup> Street

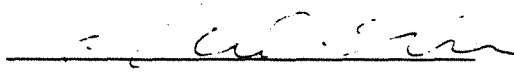
Apt. 3-H

New York, New York 10021



**ANNEX B**  
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\_\_\_\_\_

Printed Name of Seller: Leavis Holdings, LLC

Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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\_\_\_\_\_

Printed Name of Seller: DAN LEVY SERP

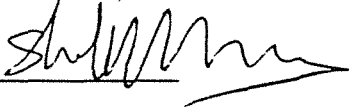
Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:

ONE BAYPORT LN NORTH.  
GREAT NECK NY. 11023  
\_\_\_\_\_

**ANNEX B**  
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Eileen S. Debbi 

Printed Name of Seller: DR Eileen S. Debbi & Shaul Debbi

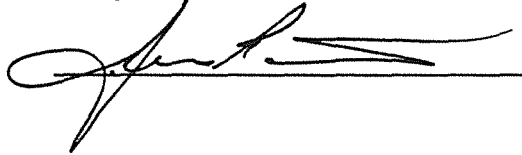
Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:

70 Candy Lane  
Great Neck NY 11023  
\_\_\_\_\_

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Printed Name of Seller: JAMES PANTELIDIS

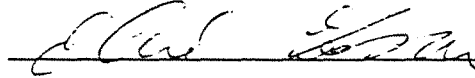
Social Security Number or Federal Employer Identification Number: 080-42-1110

Address:

330 E 38<sup>th</sup> St  
NY NY 10016

**ANNEX B**  
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Printed Name of Seller: DAI International, Inc

Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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\_\_\_\_\_  
10-23

Printed Name of Seller: ABRAHAM DEBI


Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:

70 Candy Lane  
Great Neck NY 11023  
\_\_\_\_\_

**ANNEX B  
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\_\_\_\_\_

Printed Name of Seller: Moshe Levy / POA Dan Levy

Social Security Number or Federal Employer Identification Number: \_\_\_\_\_

Address:

One Bayport Ln. North.  
Great Neck NY 11023  
\_\_\_\_\_

**ANNEX C**  
**REGISTRATION RIGHTS**

1 If, at any time after the Closing, EDII proposes to register any of its equity securities under the Securities Act (except pursuant to a registration statement filed on Form S-8 or Form S-4, or such other form as shall be prescribed under the Securities Act for the same purposes, or for any exchange offer), it will at such time give written notice to all of the holders of Purchase Shares of its intention to do so and, upon the written request of any holder of Purchase Shares given within 20 days after EDII's giving of such notice (which request shall state the intended method of disposition of the Purchase Shares by the prospective sellers), EDII will use its best efforts to effect the registration of the Purchase Shares which it shall have been so requested to register by including such Purchase Shares in such registration statement, all to the extent requisite to permit the sale or other disposition of the Purchase Shares in accordance with the intended method of sale or other disposition given in each such request. In the event that any registration pursuant to this section 1 shall be, in whole or in part, in connection with an underwritten offering of securities of EDII, any such request to register Purchase Shares may, but need not, specify that the Purchase Shares are to be included in the underwriting on (a) the same terms and conditions as the shares of common stock, if any, otherwise being sold through underwriters under such registration statement or (b) on terms and conditions comparable to those normally applicable to offerings of common stock in reasonably similar circumstances as if no shares of common stock, other than the Purchase Shares, were being sold through underwriters under such registration statement; however, if the managing underwriter determines and advises in writing that the inclusion in the registration statement of all of the Purchase Shares proposed to be included and any other shares (the "Other Common Stock") of common stock sought to be registered by any other shareholder of EDII would interfere with the successful marketing of the securities proposed to be registered by EDII, then the number of Purchase Shares and shares of Other Common Stock to be included in the underwriting shall be reduced pro rata among all of the Purchase Shares and the Other Common Stock requesting such registration. Notwithstanding anything to the contrary contained in this section 1, in the event that EDII has an underwritten offering of its securities and any sellers of Purchase Shares do not sell their Purchase Shares to the underwriter of EDII's securities in connection with such offering, such sellers shall refrain from selling their Purchase Shares registered pursuant to this section 1 during the period of distribution of EDII's securities by such underwriter in the offering and the period in which the underwriter participates in the after-market; however, such sellers shall, in any event, be entitled to sell their Purchase Shares in connection with such registration statement commencing on the 90th calendar day after the effective date of such registration statement.

2 If and whenever EDII is required by the provisions of this Annex C to use its best efforts to effect the registration of any Purchase Shares under the Securities Act, EDII shall:

- 2.1 as expeditiously as practicable, prepare and file with the Commission a registration statement on the appropriate form with respect to the Purchase Shares and use its best efforts to cause such registration statement to become effective;



- 2.2 as expeditiously as practicable, furnish to each shareholder selling Purchase Shares registered or to be registered under the Securities Act on such registration statement, and to each underwriter, if any, of such Purchase Shares, such number of copies of a prospectus and preliminary prospectus in conformity with the requirements of the Securities Act, and such other documents as such seller or underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Purchase Shares;
- 2.3 furnish, at the request of any holder requesting registration of Purchase Shares pursuant to this Annex C, on the date that the Purchase Shares are delivered to the underwriters for sale pursuant to such registration or, if the shares are not being sold through underwriters, on the date the registration statement with respect to the Purchase Shares becomes effective (A) an opinion, dated such date, of the independent counsel representing EDII for the purposes of such registration, addressed to the underwriters, if any, and to each holder making the request, to the effect that (1) the registration statement, the related prospectus and each amendment or supplement thereto, comply as to form in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder (except that such counsel need express no opinion as to the financial statements or other financial or statistical data contained therein), (2) while such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the registration statement and the prospectus (except for the matters referred to in clause (3) below), such counsel has no reason to believe that the registration statement and the prospectus (and any amendment or supplement thereto), at the time such registration statement became effective (or in the case of an amendment or supplement, at the time it was filed), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the prospectus, on the date of such opinion, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading (except that such counsel need express no opinion as to the financial statements or the other financial or statistical data contained therein), and (3) all of the shares of common stock then outstanding have been duly authorized, validly issued and fully paid and are nonassessable and free of preemptive rights and (B) a letter, dated such date, from the independent accountants of EDII, addressed to the underwriters, if any, and to each holder making such request, stating that they are independent accountants within the meaning of the Securities Act and that in the opinion of such accountants, the financial statements and other financial data of EDII included in the registration statement or the prospectus or any amendment or supplement thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act; such opinion of counsel shall additionally cover such other legal matters with respect to the registration statement and EDII as the underwriters, if any, or any holder of Purchase Shares requesting such opinion may reasonably request; and such letter from the independent accountants shall additionally cover such other financial matters (including information as to the period

ending not more than five business days before the date of such letter) with respect to the registration statement and EDII as the underwriters, if any, or any holder of Purchase Shares requesting such letter may reasonably request;

- 2.4 as expeditiously as practicable, use its best efforts to register or qualify the Purchase Shares covered by such registration statement under such other securities or blue sky laws of such jurisdictions as such seller shall reasonably request considering the nature and size of the offering and do any and all other acts and things which may be necessary or desirable to enable such seller to consummate the public sale or other disposition in each such jurisdiction of the Purchase Shares owned by such seller; however, EDII shall not be required to submit to the general jurisdiction or to the general service of process in any such jurisdiction;
- 2.5 pay all expenses incurred by EDII in complying with this Annex C, including without limitation (i) all registration and filing fees; (ii) all printing expenses; (iii) all fees and disbursements of counsel for EDII, one separate law firm selected by the holders of the Purchase Shares making the request for registration to act as counsel for such holders and the independent accountants for EDII; (iv) all blue sky fees and expenses (including fees and expenses of counsel in connection with blue sky surveys); and (v) the entire expense of any special audits incident to or required by any such registration; however, all underwriting discounts and selling commissions applicable to the sales of Purchase Shares in connection with any such registration and all fees and disbursements of separate accountants and any other separate counsel for the sellers shall be borne by the sellers retaining such accountants or counsel pro rata in proportion to the number of Purchase Shares covered thereby and being sold or in such other proportions as they may agree; and
- 2.6 keep each registration statement pursuant to section 2.1 effective and in compliance with the Securities Act until the distribution of Purchase Shares so registered shall have been completed or until the expiration of nine months after the effective date, whichever is earlier.

3 EDII shall not file any registration statement under the Securities Act covering any debt or equity securities unless it shall first have given each holder of Purchase Shares written notice thereof and, if any such holder is or might be considered to be a controlling Person of EDII, EDII shall not file any such registration statement unless it shall first have obtained the consent of the holder, which consent shall not be unreasonably withheld, to the appointment of underwriters, counsel and independent public accountants for EDII. Each holder of Purchase Shares shall also have the right, at any time when in its sole and exclusive judgment it is or might be considered to be a controlling Person of EDII, to participate in the preparation of such registration statement and to require the insertion therein of material which in its judgment should be included, and at the expense of EDII, to retain counsel or independent public accountants or both to assist it in such participation.

4 In each case of a registration of Purchase Shares under the Securities Act pursuant to this Annex C, EDII shall indemnify and hold harmless each seller of Purchase Shares, each underwriter (as defined in the Securities Act) and each other Person, if any, who controls such seller or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934 from and against any and all losses, claims, damages, liabilities and legal and other expenses (including costs of investigation) caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which the Purchase Shares were registered under the Securities Act, any prospectus or preliminary prospectus contained therein or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any untrue statement or omission or alleged untrue statement or omission based upon information relating to such seller or underwriter and furnished to EDII by such seller or underwriter expressly for use therein.

5 In each case of a registration of Purchase Shares under the Securities Act pursuant to this Annex C, each seller of such Purchase Shares, severally and not jointly, shall indemnify and hold harmless EDII, its directors, its officers who sign the registration statement and each Person, if any, who controls EDII within the meaning of the Securities Act or the Securities Exchange Act of 1934 to the same extent as the indemnity from EDII in section 4, but (i) only with reference to information relating to such seller furnished to EDII in writing by such seller expressly for use in the registration statement, any prospectus or preliminary prospectus contained therein or in any amendment or supplement thereto, (ii) only to the extent of the proceeds of sale received by such seller as a result of the sale of the Purchase Shares if the sale was made or to the extent of the expected proceeds of sale to such seller based upon the price used for the most recent calculation of the registration fee payable to the Commission if no sale was made by such seller and (iii) only to the extent recovery under any insurance shall not be available or adequate for any reason.

6 In case any proceeding (including any governmental investigation) shall be instituted involving any indemnified Person in respect of which indemnity may be sought pursuant to section 4 or 5, such indemnified Person shall promptly notify the indemnifying Person in writing and the indemnifying Person, upon request of the indemnified Person, shall retain counsel reasonable satisfactory to the indemnified Person to represent the indemnified Person and any others the indemnified Person may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding any indemnified Person may retain its own counsel, but the fees and disbursements of such counsel shall be at the expense of such indemnified Person unless (A) the indemnifying Person shall have failed to retain counsel for the indemnified Person as aforesaid, (B) the indemnifying Person and such indemnified Person shall have mutually agreed to the retention of such counsel, or (C) representation of such indemnified Person by the counsel retained by the indemnifying Person would be inappropriate due to actual or potential differing interests between such indemnified Person and any other Person represented by such counsel in the proceeding. The indemnifying Person shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and disbursements of more than one separate firm qualified in such jurisdiction to act as counsel for all of the indemnified Persons. The indemnifying Person shall not be liable for any settlement of any proceeding effected without its written

consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying Person shall indemnify the indemnified Person by reason of such settlement or judgment.

7 The indemnification of underwriters provided in sections 4 and 5 shall be on such other terms and conditions as are at the time customary and reasonably required by such underwriters, in which event the indemnification of the sellers of Purchase Shares in such underwriting shall at the sellers' request be modified to conform to such terms and conditions.

8 EDII's obligation to register Purchase Shares pursuant to this Annex C shall terminate on the fifth anniversary of the Closing. However, in the event Rule 144 promulgated under the Securities Act is available to any holder of less than 100,000 Purchase Shares, EDII shall have no obligation to register his Purchase Shares.

9 EDII will file an application for (and will use its best efforts to effect) the listing on each national securities exchange on which any of its common stock may at any time be listed, and will maintain such listing of, all Purchase Shares registered under this Annex C.

10 Registration of the Purchase Shares. During the period beginning on the Closing and ending on the expiration of the 60th day following the Closing, EDII will use its best efforts to effect a registration of the Purchase Shares.

11 Lock Up Period. During the period beginning on the Closing and ending on the first anniversary of the Closing, neither TDA nor Interbank shall sell any Purchase Shares in a transaction in a public market. In the event EDII does not effect a registration of any of its equity securities under the Securities Act (other than pursuant to a registration statement filed on Form S-8 or Form S-4, or such other form as shall be prescribed under the Securities Act for such purposes, or for any exchange offer) during such period, the lock up period shall be extended for an additional 90 day period. Nothing in this section 11 shall prevent either TDA or Interbank from effecting a sale of Purchase Shares during the lock up period in a transaction not in a public market.

12 When used in this Annex C:

12.1 "Commission" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

12.2 "Outstanding", when used with reference to shares of stock, means issued shares, excluding shares held by EDII or a subsidiary.

**EXHIBIT 5.1**

**Subsidiaries**

Northeastern Plastics, Inc., a New York corporation

**EXHIBIT 5.5**

**Consents**

None.

**EXHIBIT 5.6**

**AI Financial Statements**

See attached:

1. Acqueren, Inc, and Subsidiary

Unaudited Consolidated Balance Sheet – December 31, 1997

Unaudited Consolidated Statement of Operations and Deficit –  
Six Months Ended December 31, 1997

2. Acqueren, Inc, and Subsidiary

Unaudited Consolidated Balance Sheet – March 31, 1998

Unaudited Consolidated Statement of Operations and Deficit –  
Nine Months Ended March 31, 1998

**ACQUEREN, INC. AND SUBSIDIARY**

**UNAUDITED CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 1997**

---

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,954,040
Accounts receivable - trade (net of allowance for doubtful accounts)	2,303,180
Inventories	2,023,743
Other current assets	<u>45,178</u>

Total current assets 6,326,141

IMPROVEMENTS AND EQUIPMENT (net of accumulated  
depreciation and amortization)

76,926

\$ 6,403,067

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES:**

Note payable - bank	\$ 500,000
Current portion of long-term debt	701,970
Accounts payable	2,060,324
Accrued expenses and other current liabilities	<u>241,566</u>

Total current liabilities 3,503,860

NOTES PAYABLE - TDA INDUSTRIES, INC.

701,969

Total liabilities 4,205,829

**SHAREHOLDERS' EQUITY:**

Common shares	1,549
Additional paid-in capital	3,005,574
Deficit	<u>(809,885)</u>

Total shareholders' equity 2,197,238

\$ 6,403,067

SUBJECT TO AUDIT AND YEAR END ADJUSTMENTS



ACQUEREN, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT  
SIX MONTHS ENDED DECEMBER 31, 1997

---

REVENUES	\$ 5,201,155
COST OF SALES	<u>4,258,200</u>
	942,955
OPERATING EXPENSES	<u>830,681</u>
INCOME FROM OPERATIONS	<u>112,274</u>
OTHER (EXPENSE) INCOME:	
Interest expense	(71,592)
Interest income	43,173
Relocation expenses	<u>(173,819)</u>
	<u>(202,238)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	(89,964)
PROVISION FOR INCOME TAXES	<u>3,000</u>
NET LOSS	(92,964)
DEFICIT, BEGINNING OF YEAR	<u>(716,921)</u>
DEFICIT, END OF YEAR	<u>\$ (809,885)</u>

SUBJECT TO AUDIT AND YEAR END ADJUSTMENTS

# ACQUEREN, INC. AND SUBSIDIARY

## UNAUDITED CONSOLIDATED BALANCE SHEET MARCH, 1998

---

### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 1,898,808
Accounts receivable - trade (net of allowance for doubtful accounts)	639,425
Inventories	1,682,910
Other current assets	<u>40,720</u>

Total current assets 4,261,863

#### IMPROVEMENTS AND EQUIPMENT (net of accumulated depreciation and amortization)

70,326

\$ 4,332,189

### LIABILITIES AND SHAREHOLDERS' EQUITY

#### CURRENT LIABILITIES:

Current portion of long-term debt	\$ 701,970
Accounts payable	678,394
Accrued expenses and other current liabilities	<u>205,166</u>

Total current liabilities 1,585,530

#### NOTES PAYABLE - TDA INDUSTRIES, INC.

701,969

Total liabilities 2,287,499

#### SHAREHOLDERS' EQUITY:

Common shares	1,549
Additional paid-in capital	3,005,574
Deficit	<u>(962,433)</u>

Total shareholders' equity 2,044,690

\$ 4,332,189

SUBJECT TO AUDIT AND YEAR END ADJUSTMENTS

ACQUEREN, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT  
NINE MONTHS ENDED MARCH 31, 1998

---

REVENUES	\$ 6,258,260
COST OF SALES	<u>5,330,284</u>
	927,976
OPERATING EXPENSES	<u>888,147</u>
INCOME FROM OPERATIONS	<u>39,829</u>
OTHER (EXPENSE) INCOME:	
Interest expense	(100,384)
Interest income	62,591
Relocation expenses	<u>(243,048)</u>
	<u>(280,841)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	(241,012)
PROVISION FOR INCOME TAXES	<u>4,500</u>
NET LOSS	(245,512)
DEFICIT, BEGINNING OF YEAR	<u>(716,921)</u>
DEFICIT, END OF YEAR	<u>\$ (962,433)</u>

SUBJECT TO AUDIT AND YEAR END ADJUSTMENTS

**EXHIBIT 5.9**

**Material Contracts**

None, other than those entered into in the ordinary course of business.

**EXHIBIT 5.11**

**Insurance**

See attached Summary of Insurance for  
Acqueren, Inc, and Northeastern Plastics, Inc.

**Insurance Broker:**

Mr. Tyler Dann  
Wesfair Agency, Inc.  
9 Hunts Lane - P. O. Box 215  
Chappaqua, NY 10514

Tel: (914) 238-3734  
Fax: (914) 238-8402

ACQUEREN, INC.

NORTHEASTERN PLASTICS, INC.

Package Policy

Company: Atlantic Mutual Insurance Company  
Policy No: 486400764  
Policy Term: January 1, 1998 thru January 1, 1999  
Premium: \$30,640 (10 Installments)

Coverage: Loc. #1 - 420 Carroll Street, Brooklyn, New York  
Building - \$2,835,000  
(Agreed Amount Endorsement for Building)  
Contents - \$300,000  
Deductible - \$5000  
Loss of Income - \$200,000  
Extra Expense - \$10,000

Loc. #2 - 11601 Highway 32, Nicholls, GA  
Contents - \$2,000,000  
Loss of Earnings - \$1,400,000  
Data Processing - \$50,000  
Date Processing Extra Expense - \$10,000  
Deductible - \$5,000

Comprehensive General Liability -  
\$1,000,000 per occurrence, \$2,000,000 aggregate  
Includes Premises, Products Liability & Broad  
Form Vendors Liability.  
Sales Basis - \$7,000,000

Umbrella Liability -  
\$3,000,000

Premium Breakdown:

Brooklyn:	Building	\$ 3,919	Georgia:	Property	\$ 7,781
	Liability	1,000		Liability	<u>10,364</u>
	Boiler	<u>1,683</u>			\$ 18,145
		\$ 6,602			
Umbrella Liability:		\$ 5,983			

Worker's Compensation

Company: Atlantic Mutual Insurance Company  
Policy No: 400710190  
Policy Term: January 1, 1998 thru January 1, 1999  
Premium: \$6,744

Coverage: Statutory  
Basis - Payroll  
Clerical - \$240,000  
Warehouse - \$60,000  
Discount - 10%

Directors & Officers Liability

Company: National Union Fire Insurance Company  
Policy No: 486 18 09  
Policy Term: August 21, 1997 thru August 21, 1998  
Premium: \$17,000

Coverage: \$1,000,000 (\$75,000 Retention)

## EXHIBIT 5.12

### Equipment

#### As of the Effective Date

Desks	5
Chairs	2
File cabinets	15
Computer monitors	6
Personal computers	6
System SCSI hard drive	1
Telephone system	1
Facsimile machine	1
Printers	2
Forklift	1
Scale	1
Warehouse racking	1
Other miscellaneous office equipment, small appliances, etc.	



**EXHIBIT 5.16**

**Brokers and Finders**

See attached Stipulation of Settlement with Prejudice.

20

HON. EDWARD K. PINCUS  
FOR

*PRESENT:* HON. RANDOLPH JACKSON  
~~SUPREME COURT OF THE STATE OF NEW YORK~~  
~~COUNTY OF KINGS~~

AT THE PART <sup>23</sup> of the Supreme Court 360 Adams  
of the City of New York, Kings County, Borough  
of Brooklyn City of New York, on the 11 day of Aug  
1998

-----X  
TIM ZISS a/k/a/ EFTHIMIOS ZISIMOPOULOS. :  
Plaintiff. :  
- against - :  
ACQUEREN, INC. :  
Defendant. :  
-----X

Index No. 22484/98 *NU*

STIPULATION OF  
SETTLEMENT WITH  
PREJUDICE

RECEIVED  
KINGS COUNTY  
CLERK'S OFFICE  
98 AUG 14 AM 11:03

Plaintiff TIM ZISS, a/k/a EFTHIMIOS ZISIMOPOULOS,  
ACQUEREN, INC., hereby stipulate and agree as follows:

1. The above entitled action be and the same hereby is discontinued with prejudice and without cost to either party as against the other.
2. The temporary restraining order ("TRO") issued by the Court on June 30, 1998 be and the same hereby is vacated and set aside.
3. Defendant acknowledges that it is a party to an executory acquisition agreement, a true unsigned draft copy of which is annexed hereto as Exhibit A (the "Acquisition Agreement"), pursuant to which a controlling interest of not less than 67 percent in Defendant's shares is to be acquired by AMERICAN INTERNATIONAL INDUSTRIES, INC., formerly known as ENERGY DRILLING INDUSTRIES, INC., a Nevada corporation (hereinafter "AII");

*EDC*

in exchange for certain shares of the common stock of All, which are referred to in the Acquisition Agreement as "Purchase Shares" (hereinafter the "Purchase Shares").

4. Defendant stipulates that it has been advised that shareholders representing not less than 67 percent of its shares are prepared to tender such shares for the purpose of effecting the Acquisition Agreement promptly upon removal of the TRO and that Defendant will use its best efforts to bring about the closing of the Acquisition Agreement and the consummation of the acquisition contemplated thereby (the "Closing") as soon as possible following the execution of this Stipulation.

5. Defendant has offered, and Plaintiff has agreed to accept, ONE MILLION FIVE HUNDRED THOUSAND (1,500,000) of the Purchase Shares (the "Settlement Shares"), to be delivered, in accordance with Plaintiff's request and instructions, as follows: ONE MILLION FOUR HUNDRED THOUSAND (1,400,000) to Plaintiff and ONE HUNDRED THOUSAND (100,000) to MR. GEORGE G. COFFINAS. In the event that the terms of the Acquisition Agreement are substantially changed, Defendant hereby agrees that shares of stock of All proportionately equivalent in number to the Settlement Shares and the Additional Shares, as defined below, shall be paid to Plaintiff and the recipient of the Additional Shares, respectively, as agreed pursuant to this Stipulation upon the closing of any acquisition agreement between Defendant and All, whenever such closing may occur, within two years after the date of this Stipulation.

6. Defendant agrees to pay to the firm of Coffinas & Coffinas, in their capacity as attorneys for Plaintiff in this matter, the sum of TEN THOUSAND DOLLARS (\$10,000.00).

as and for the legal fees and expenses incurred by Plaintiff in connection with this matter, due and payable upon the Closing.

7. Plaintiff agrees and stipulates that he has no objection to the payment by Defendant of up to ONE MILLION (1,000,000) of the Purchase Shares (the "Additional Shares"), separate and apart from the Settlement Shares, to such other person or persons as Defendant may designate, in consideration of services rendered by such person or persons in connection with the acquisition which is the subject of the Acquisition Agreement.

8. The Settlement Shares and the Additional Shares shall be subject to only such restrictions, conditions and legends as are or may be imposed on the Purchase Shares, and the holders of the Settlement Shares and the Additional Shares shall have all of the rights with respect thereto as are held by holders of the Purchase Shares, including but not limited to the registration rights provided for in "Article 16" and "Annex C" of the Acquisition Agreement, notwithstanding that holders of the Settlement Shares and the Additional Shares may not be parties to the Acquisition Agreement. Defendant hereby agrees that it will deliver to Plaintiff or his attorney any documents or instruments that may be reasonably necessary for this purpose and otherwise will cooperate with Plaintiff to assure that this result is achieved; and Defendant further agrees that this provision shall survive the Closing.

9. Plaintiff and Defendant hereby agree that each will provide to the other a general release with respect to all claims of any nature whatsoever that the Plaintiff and Defendant might have or assert against each other, now or in the future.


10. Plaintiff and Defendant hereby mutually appoint David L. Glass, Esq. as escrow agent (the "Escrow Agent") to hold any documents or instruments in relation to this matter, including without limitation any documents or instruments prepared in compliance with paragraphs 8 and 9 hereof, pending the Closing; and they hereby release him and hold him harmless for any actions he may take in good faith while acting in such capacity.

11. Upon execution by Plaintiff and Defendant, this Stipulation may be submitted to the Court by either party without further notice to the other party, with a request that the same be "So Ordered," and thereafter entered in the Office of the Clerk of Kings County.




EDC

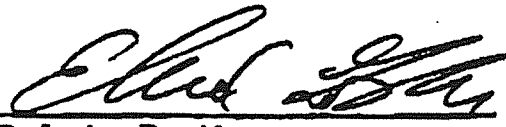
Plaintiff's Attorney  
Coffinas & Coffinas

By:   
George G. Coffinas, Esq.  
275 Madison Ave.  
New York, NY 10016  
212-949-0717

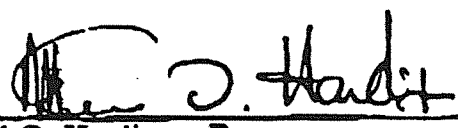
Plaintiff

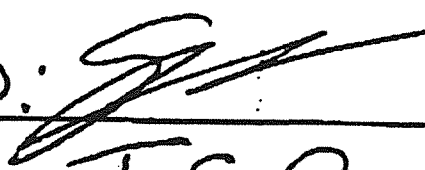
By:   
Efthimios Zisimopoulos

Defendant / Cross Claimant  
Acqueren, Inc.

By:   
Ehud D. Laska, President

Defendant's Attorney  
Snow, Becker & Krauss P.C.

By:   
Michael O. Hardison, Esq.  
605 Third Avenue  
New York, NY 10158-0125  
212-687-3860

SO ORDERED:   
J.S.C.

**EXHIBIT 5.17**

**Intellectual Property Rights**

**Trademarks - granted or applied for**

Jumpower

NortheasterN

The Bitty Booster Cable

Mechanix Choice

Connections With Quality

“Small enough to fit  
into your glovebox

Powerful enough to  
start your car”

## **EXHIBIT 5.18.2**

### **Employee Benefit Plans**

1. Company paid group term life insurance in the amount of \$10,000 per employee.
2. Group medical, pharmaceutical and dental plan.  
Company pays for family coverage for Marc Fields and Edward Jackson; all other employees have company paid single coverage, but for which the employees reimburse the Company at the rate of \$3.00 per week.
3. Company paid term life insurance coverage for Marc Fields with the United States Life Insurance Company, with a death benefit of \$330,000 for which the annual premium is \$395.10.
4. Normal vacation policy.



### EXHIBIT 5.18.3

#### Qualified Plans

The Company currently has no employees covered under any Qualified Plan.

Prior to its relocation from Brooklyn, NY, to Nicholls, GA, the Company's employees were covered under a collective bargaining agreement which provided, among other things, for contributions by the Company to the Production Services and Sales District Council Pension Fund. Those union employees were terminated as a result of the relocation. The Pension Fund is presently claiming that the Company is obligated for a withdrawal liability for unfunded benefits which would be payable at the rate of \$2,678 per quarter over a period of twenty 20 years (80 quarters).

Since the Company has retained special counsel and an actuary to audit this claim and determine its validity, with the possibility of negotiating a reduction in the amount of the claim, the claim has not been reserved nor recorded as a liability in the Financial Statements of the Company.

**EXHIBIT S.19.1**

**Labor Matters**

**The Company currently has no employees subject to collective bargaining agreements with any unions.**

## EXHIBIT 5.20

### Transactions With Related Parties

TDA Data Services, Inc./Pemberton Services Corp. – fees for auditing and accounting services, \$3333.33 per month, paid through June 30, 1998.

TDA Industries, Inc.:

6% Promissory Note, dated August 9, 1996. Principal amount of note, \$1,000,000, issued by Acqueren, Inc., payable in four equal installments due on the 9<sup>th</sup> day of August 1997, 1998, 1999 and 2000; principal only to be paid at Closing.

6% Promissory Note dated August 9, 1996. Principal amount of note, \$403,938.82, issued by Northeastern Plastics, Inc., payable in four equal installments due on the 9<sup>th</sup> day of August 1997, 1998, 1999 and 2000; interest paid through August 9, 1998; a principal payment in the amount of \$100,985 was made on July 7, 1998, and a principal payment in the amount of \$2,953.82 was made on August 13, 1998.

(See Exhibit 5.24)

## EXHIBIT 5.24

### Title And Related Matters

All receivables and inventories, and all proceeds and products thereof, of the Company's subsidiary, Northeastern Plastics, Inc., are subject to a lien by TDA Industries, Inc. as collateral security for the payment of the principal and interest due on the 6% Promissory Note, dated August 9, 1996, payable to TDA Industries, Inc. by Northeastern Plastics, Inc. This lien is evidenced by a UCC-1 Financing Statement, naming Northeastern Plastics, Inc. as Debtor and TDA Industries, Inc. as Secured Party and filed in the State of Georgia, and a Security Agreement, copies of which are attached.  
(See Exhibit 5.20)

1A. Debtor Name and Mailing Address:

Individual (Last, First, Middle Name)

Business (Legal Business Name)

Northeastern Plastics, Inc.  
11601 Highway 32  
Nichols, GA 31554

18. Enter Social Security /Tax ID # 13-3335612

1C.  Check if exempt under Item 6

2A. Debtor Name and Mailing Address:

Individual (Last, First, Middle Name)

Business (Legal Business Name)

2B. Enter Social Security /Tax ID #

2C.  Check if exempt under Item 6

3A. Debtor Name and Mailing Address:

Individual (Last, First, Middle Name)

Business (Legal Business Name)

3B. Enter Social Security /Tax ID #

3C.  Check if exempt under Item 6

4. Secured Party Name and Mailing Address:

Individual (Last, First, Middle Name)

Business (Legal Business Name)

TDA Industries, Inc.  
122 East 42nd Street  
New York, NY 10168

FILE NUMBER: 034-1998-78

TIME: 11:30 AM

DATE: 3/31/98

CLERK OF SUPERIOR COURT

COFFEE COUNTY, GEORGIA

*[Signature]*  
Clerk of Superior Court

ABOVE SPACE FOR RECORDING INFORMATION ONLY

5. Assignee Name and Mailing Address

Individual (Last, First, Middle Name)

Business (Legal Business Name)

6. Exceptions for Social Security/Tax IDs — O.C.G.A. 11-9-402(8): Financing Statement file perfect a security interest in collateral already subject to a security interest in another jurisdiction when it is brought into this state or when the debtor's location is changed to this state, or the debt is not required have such a number.

7.  Check Only if BOTH: (I) Collateral is consumer goods as defined in O.C.G.A. 11-9-109 (II) the secured obligation is originally \$5,000 or less, and give maturity date (MONTH/YEAR) or state "None"

8. Check ONLY if applicable.

A.  Collateral on Consignment.

B.  Collateral on Lease.

9A. This financing statement covers the following types or items of collateral:

All inventory including raw materials, goods in process and finished goods and all accounts of the debtor, whether now or hereafter existing, or now owned or hereafter acquired and wherever located and all additions and accessions thereto, and all proceeds thereof, and all products thereof.

9C. Enter collateral code(s) from back form that best describes collateral covered by this filing:

1000  
0100

1300

9D. Number of additional sheets presented: 0

9B.  Products of collateral are also covered.

10. Check if applicable and include reasonable description of the real estate in item 9A:

A.  Crops growing or to be grown. B.  Minerals or the like (including oil and gas) or accounts subject to O.C.G.A. 11-9-103(5). C.  Fixture filing pursuant to O.C.G.A. 11-9-313.

11. Name of the Record Owner(s) or Record Lessee(s) (if debtor does not have an interest of record in the real estate):

12. County or Counties in which the affected real estate is located (Must be identified if filing covers crops, mineral or fixtures):

13. This statement is filed without the debtor's signature to perfect a security interest in collateral (check only if applicable):

- A.  already subject to a security interest in another jurisdiction when it was brought into this state or debtor's location changed to this state;
- B.  which is proceeds of the original collateral described above in which a security interest was perfected;
- C.  as to which the filing has lapsed;
- D.  acquired after a change of debtor's name, identity or corporate structure; or
- E.  described in a security agreement / real estate mortgage attached hereto in accordance with O.C.G.A. 11-9-402(1).

14. Signature(s) of Debtor(s)

Northeastern Plastics, Inc.

15. Signature(s) of Secured Party(ies)

TDA Industries, Inc.

16. Return Copy To: Name and Address

STATE OF GEORGIA - FINANCING STATEMENT

UCC-1 (REVISED 1/1/1995)

FORM MUST BE TYPED.  
READ INSTRUCTIONS ON BACK  
BEFORE FILLING OUT FORM.

## REAFFIRMATION OF SECURITY AGREEMENT

This Reaffirmation of Security Agreement ("Reaffirmation") is made as of the 31st day of March, 1998, by and between TDA INDUSTRIES, INC., a New York corporation ("Secured Party") and NORTHEASTERN PLASTICS, INC., a New York corporation ("Debtor").

### RECITALS

A. Debtor is indebted to Secured Party pursuant to that certain Promissory Note dated August 9, 1996, in the original principal amount of Four Hundred Thirty-Seven Thousand Three Hundred Sixteen and 31/100 Dollars (\$437,316.31), made by Debtor payable to the order of Secured Party, which original principal amount was subsequently adjusted downward to the principal amount of Four Hundred Three Thousand Nine Hundred Thirty-Eight and 82/100 Dollars (\$403,938.82) (the "Note").

B. Debtor did not make the principal payment due under the Note on August 9, 1997, and Secured Party agreed to defer such principal payment until April 1, 1998.

C. In consideration of Secured Party's forbearance in the exercise of its remedies against Debtor, on January 25, 1998, the board of directors of Debtor approved, and Debtor granted to Secured Party, a security interest in all of Debtor's accounts and inventory to secure all amounts due under the Note, which security interest was duly perfected by the filing of a financing statement on March 31, 1998, in the office of the Clerk of Superior Court, Coffee County, Georgia (file number 034-1998-760).

D. Secured Party has required that Debtor, and Debtor has agreed to, reaffirm and re-grant Debtor's prior grant of a security interest in Debtor's inventory (including raw materials, goods in process and finished goods) and all accounts receivable of the Debtor, whether now or hereafter existing or now owned or hereafter acquired and wherever located and in all additions and accessions thereto, and all proceeds thereof, and all products thereof ("Collateral").

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party agree as follows:

### AGREEMENT

1. Security. For the purposes of securing payment of all amounts due under the Note, and the prompt and complete performance by Debtor of all of Debtor's obligations under the Note, this Reaffirmation and any other documents heretofore, now or hereafter executed in connection with the Note or this Reaffirmation (collectively, "Other Loan Documents"), Debtor has granted to Secured Party a security interest in the Collateral as stated in the Recitals hereto, and Debtor hereby reaffirms such Security Agreement, and Debtor hereby re-grants, re-assigns, transfers and gives again to Secured Party a security

interest in the Collateral. Such grant, transfer, assignment and security interest reaffirmed hereby shall continue Secured Party's continuing lien in, on and to all such Collateral. to remain in force so long as Debtor is, in any manner, obligated to Secured Party under the Note, this Reaffirmation or any of the Other Loan Documents.

2. Representations and Warranties. Debtor hereby represents and warrants to Secured Party that Debtor has good and marketable title to the Collateral, free and clear of all liens, mortgages, pledges, encumbrances or charges of any kind, and the Collateral will be owned solely by Debtor free and clear of all liens, mortgages, pledges, encumbrances or charges of any kind so long as any unpaid portion of the indebtedness and obligations secured hereby or any part thereof remains unpaid. Debtor will defend the Collateral in any proceedings or against the claims or demands of any person which may affect the title to, ownership of, or the interest of the Secured Party therein pursuant to this Reaffirmation, and Debtor will indemnify Secured Party for all costs and expenses, including attorneys' and paralegals' fees and costs (including, without limitation, attorneys' and paralegals' fees and costs incurred in any litigation, bankruptcy, mediation or arbitration proceedings, and any appeals therefrom or settlements thereof) incurred by Secured Party in the defense or protection of its interest in any of the Collateral.

3. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) failure of Debtor to promptly pay any and all sums due pursuant to the Note or other Loan Documents when the same shall become due and payable;

(b) loss, theft, damage or destruction not fully covered by insurance, or sale (not in the ordinary course of Debtor's business), lease or encumbrance of any of the Collateral or the making of any levy, seizure or attachment thereof or thereon; or

(c) the commencement of any proceeding under any bankruptcy act, by or against Debtor which remains undismissed for a period of thirty (30) days or more.

4. Remedies. Upon the occurrence of any Event of Default, Secured Party shall have the following rights and remedies:

(a) to declare immediately due and payable, at its option and without demand or notice of any kind, the Note and any and all other indebtedness and obligations secured hereby, and reduce the same to judgment; and

(b) to exercise any one or more of the rights and remedies given a secured party under the Uniform Commercial Code of the State of New York and, to the extent required, the State of Georgia, and all other laws governing this Reaffirmation.

5. Miscellaneous.

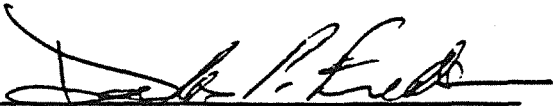
(a) This Reaffirmation shall not obligate Secured Party to perform or discharge any of Debtor's obligations, duties or liabilities under or with respect to the Collateral assigned hereby, and Debtor shall and does hereby agree to indemnify Secured Party for and to hold Secured Party harmless from any and all liability, loss or damage which may or might be incurred under or with respect to the Collateral assigned hereby and from all and any claims and demands whatsoever which may be asserted against Secured Party by reason of any alleged obligations or undertakings on its part to perform or discharge any of the obligations of Debtor in connection with the Collateral assigned hereby. Should Secured Party incur any such liability, loss or damage, the amounts thereof, including costs, expenses and attorneys' and paralegals' fees and costs (including, but not limited to, any attorneys' and paralegals' fees and costs incurred in any litigation, bankruptcy, mediation or arbitration proceedings, and any appeals therefrom or settlements thereof) shall be secured hereby, and Debtor shall reimburse Secured Party for such amounts.

(b) This Reaffirmation shall be governed by the laws of the State of New York except to the extent the laws of the State of Georgia must govern the procedural aspects of enforcement of this Reaffirmation.

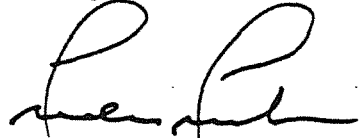
(c) This Reaffirmation shall be binding upon Debtor and its successors and assigns and shall inure to the benefit of Secured Party and its successors and assigns.

IN WITNESS WHEREOF, Secured Party and Debtor have duly executed this Reaffirmation as of the date set forth above.

TDA INDUSTRIES, INC., a New York corporation

By:   
Name: Douglas P. Fields  
Its: President

NORTHEASTERN PLASTICS, INC., a New York corporation

By:   
Name: FREDERICK M. FRIEDMAN  
Its: VP - TRNG.



**EXHIBIT 5.28**

**Real Property**

See attached Lease and Agreement dated October 10, 1997 for the Northeastern  
Plastics, Inc. facility in Nicholls, GA.

LEASE AND AGREEMENT

STATE OF GEORGIA  
COUNTY OF COFFEE

THIS LEASE AND AGREEMENT made and entered into this 10<sup>TH</sup> day of OCTOBER, 1997, by and between THE STREAT CORP. and NORTHEASTERN PLASTICS, INC.

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

In consideration of the representations and agreements herein contained, the parties hereto agree as follows:

**ARTICLE I**

"Lessor" means The Streat Corp., its representatives, successors and assigns.

"Lessee" means Northeastern Plastics, Inc., its representatives, successors and assigns.

"Premises" means 30,000 square feet in the southern section of a building owned by Lessor and more commonly referred to as "Streat's Garments". Said building is located on real property owned by Lessor lying and being on Ga. Highway #32 West in Coffee County, Georgia Nicholls, Georgia. Said premises shall include one (1) front loading dock, one (1) 10' x 10' side door and Lessee shall have the right to use one (1) 12' x 12' unloading dock located in the northern end of the building. Also, said premises shall include an office area with a minimum of 1000 square feet which shall adequate heating and air conditioning shall include two (2) bathrooms. Said office area shall have finished walls and

**LEASE AND AGREEMENT BETWEEN THE  
STREAT CORP. AND NORTHEASTERN  
PLASTICS, INC.  
PAGE 1 OF 7 PAGES**

Floors and shall include two windows, with one window at the south side of the building looking out toward Ga. Highway #32 and the other window shall give an unobstructed view of the interior of the warehouse area. Said area shall be completed, at Lessor's expense, prior to Lessee occupying said building. Lessor shall, at its sole expense, have a 8 foot high chain link fence erected so as to separate the areas of the building used by Lessor and the area used by Lessee.

#### ARTICLE II

This Lease shall become effective on the 10 day of OCTOBER, 1997 and the leasehold estate created in this Lease shall then begin and subject to the provisions of this Agreement, shall expire on the 9<sup>TH</sup> day of OCTOBER, 1999. Lessor agrees to deliver to Lessee sole and exclusive possession of the Premises above-described. Commencing on the effective date of this Lease and continuing on the 1st day of each month thereafter, Lessee shall pay to Lessor the sum of Two Thousand Eight Hundred Seventy Five Dollars (\$2,875.00) per month during the initial term of this Lease for rental on the 30,000 sq. ft. building space (\$1.15 x 30,000 sq. ft. per year = \$34,500.00 per year). Also, commencing on the effective date of this Lease and continuing on the 1st day of each month thereafter, Lessee shall pay to Lessor the sum of Four Hundred Dollars (\$400.00) per month during the initial term of this Lease for rental on the 1,000 square foot office area (\$4.80

x 1,000 sq. ft. per year = \$4800.00 per year). Said 1,000 square foot office area will be built by Lessor for the benefit and use of Lessee during the initial term of this Lease and any renewal thereof. Said rental amount includes all water and sewerage charges incurred by Lessee on Premises during the term of this Lease.

### ARTICLE III

The initial term of this Lease shall be for a period of two (2) years from the effective date and Lessee shall have the option to renew said Lease for an additional two (2) year period after the initial term with the monthly rental to be increased based on the CPI. Lessee shall notify Lessor at least sixty (60) days in advance, in writing, prior to the expiration of the initial term of the exercise of this option to renew.

### ARTICLE IV

Lessor agrees that during the term of this Lease it will, at its own expense, keep the premises in as reasonably safe condition as is possible and to keep said premises in good repair, making from time to time all necessary repairs thereto.

Lessee may, at its own expense, make from time to time any additions, modifications or improvements to the premises as it may deem desirable upon giving Lessor thirty (30) days written notice. Lessee shall not permit any mechanic's liens, materialman's liens, security interest or other encumbrance to remain against the

premises for labor or materials furnished in connection with any additions, modifications, improvements, repairs or replacements so made by them.

#### ARTICLE V

Lessor shall be responsible for maintaining fire and casualty insurance on the Premises. It is further understood that all ad valorem (property) taxes assessed against the Premises shall be promptly paid by Lessor. However, Lessee may, if it so desires, maintain insurance coverage on the contents of said building which are the sole and exclusive property of Lessee.

#### ARTICLE VI

If the premises are destroyed (in whole or in part) or is damaged by fire or other casualty, Lessor may, at Lessor's expense, promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction. Lessor shall repair, rebuild or restore said property no later than forty five (45) days from the date of fire or other casualty.

In the event any governmental agency initiates condemnation proceedings under the provisions of eminent domain, Lessor shall give Lessee at least six months' notice to vacate said premises and this Lease shall be null and void.

#### ARTICLE VII

This Lease may not be assigned in whole or in part, nor may

the premises be subleased as a whole or in part, by the Lessee without the prior written consent of the Lessor.

#### ARTICLE VIII

The following shall be "events of default" under this Lease and the terms "event of default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Failure of the Lessee to pay the rents required to be paid under Article II and continuance of such failure for a period of ten (10) days after written notice by the Lessor to the Lessee.

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as required in subsection (a) of this section, for a period of ten (10) days after written notice, specifying such failure and requesting that it be remedied, given to Lessee by Lessor.

(c) Lessee shall apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee or liquidator of the Lessee of all or substantial part of their property or commence a voluntary case under the Federal Bankruptcy Code.

#### ARTICLE IX

Whenever any event of default referred to in Article VIII above shall have happened or be subsisting, Lessor may take any one

or more of the following remedial steps:

(a) Lessor may re-enter and take possession of the premises and declare this agreement and any provisions thereof to be null and void.

(b) Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by Lessee hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement.

In the event any agreement contained in this Lease shall be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

#### ARTICLE I

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage pre-paid addressed as follows:

To Lessor: The Streat Corp.  
Mr. Wilbur Streat  
11600 Highway 32  
Nicholls, GA 31554

To Lessee: Northeastern Plastics, Inc.  
Mr. Marc Fields  
420 Carroll Street  
Brooklyn, N.Y. 11215

LEASE AND AGREEMENT BETWEEN THE  
STREAT CORP. AND NORTHEASTERN  
PLASTICS, INC.  
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ARTICLE XI

This Lease shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and its respective successors and assigns. In the event any of the provisions of this Lease shall be held invalid or unenforceable by any Court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof. It is understood and agreed that this Lease & Agreement shall be governed by the laws of the State of Georgia.

TIME IS OF THE ESSENCE OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Lease and Agreement the day and year first above written.

THE STREAT CORP., Lessor

By: Wilbur Street  
Wilbur Street, President

Signed, sealed and delivered in the presence of:

Carla Porter  
Witness  
Doreen J. Street  
Notary Public

2-2-99

NORTHEASTERN PLASTICS, INC., Lessee

By: Marc H. Fields  
Marc H. Fields, President

Signed, sealed and delivered in the presence of:

Frank Cole Smith  
Witness  
[Signature]  
Notary Public

MARISA C. PALMA  
Notary Public, State of New York  
No. 4879674  
Qualifying in Rockland County  
Commission Expires December 15, 1998

LEASE AND AGREEMENT BETWEEN THE STREAT CORP. AND NORTHEASTERN PLASTICS, INC.



**EXHIBIT 7.13**  
**OPTIONS & OTHER OBLIGATIONS**

Options

EDII has granted the following persons options to acquire shares of its Common Stock:

C-SAW Investment Corp., 4,000,000 shares at \$0.25 per share;  
John Christensen, 500,000 shares at \$0.02 per share;  
Lance W. Dreyer, 100,000 shares at \$0.02 per share;  
Daniel Dror, Sr., 2,000,000 shares at \$0.12 per share;  
R.C. Hartis, Jr., 500,000 shares at \$0.02 per share;  
W.Arthur Lindsay, 500,000 shares at \$0.02 per share; and  
D. W. Whitworth, 500,000 shares at \$0.02 per share.

The terms of the options, including the number of shares which may be purchased, the purchase price and the period during which the option may be exercised, vary. If all of the options were exercised in full on June 30, 1998, 8,100,000 shares of EDII's Common Stock would be issued to satisfy the exercise of the options.

Other Obligations

EDII is obligated to issue an aggregate of 190,000 shares of its Common Stock to the following key employees of EDII and its subsidiaries Daniel Dror, Sr., Rebekah Laird-Ruthstrom, Robin J. Hart, Ben D. Massey, Lamont Ruyle and Kendell Whitworth.

**EXHIBIT 7.15**  
**MATERIAL CONTRACTS**

None. However, certain of the assets and securities of EDII's subsidiaries are encumbered by liens to secure the performance of the obligations of the subsidiaries under various loan documents between the subsidiaries and SouthWest Bank of Texas. Additionally EDII has entered into letters of intent whereby it will attempt to conclude definitive agreements to acquire various properties and businesses.