THE STATE OF TEXAS

HARRIS

Lessor Lessee

THIS LEASE AGREEMENT, made and entered into by and between MERCHANTS, INC., a Delaware corporation hereinafter referred to as "Lessor", and the Hackney Division of MERCHANTS METALS, INC., a Delaware corporation, hereinafter referred to as "Lessee",

## WITNESSETH:

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Subject to and upon the terms, provisions and conditions hereinafter set forth, and each in consideration of the duties, covenants and obligations of the other hereunder, Lessor has demised and leased and by these presents does demise and lease, exclusively unto Lessee, and Lessee hereby rents and leases from Lessor, the following described property:

Leased Premises That certain real property, together with all improvements thereon, situated in Shelby County, Alabama, being more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes;

hereinafter called the said "leased premises".

Use

The leased premises are to be used by Lessee solely for the manufacturing and storage of chain link fences and related fittings and accessories and for no other purnose without the prior written consent of Lessor.

Term

Subject to the further provisions of this Agreement, this lease shall continue in force for a term of five (5) years, beginning August 22, 1979, and ending August 21, 1984, unless sooner terminated as hereinafter provided.

III

Rental

As consideration for the use and occupancy of, and as rental for, the leased premises, Lessee promises and agrees to pay Lessor, while this lease remains in force and

> LIDDELL. SAPP. ZIVLEY & BROWN ATTORNEYS 500 GULF BUILDING

> > . . . .

HOUSTON TEXAS 7700

effect during the term hereof, and in the manner .... after provided, and subject to the terms, provisions and conditions hereinafter set forth, an annual lease rental in the sum of FIFTY TWO THOUSAND NINE HUNDRED EIGHTY AND NO/100 (\$52,980.00) DOLLARS which amount shall be paid in twelve (12) equal monthly installments in the sum of FOUR THOUSAND FOUR HUNDRED FIFTEEN AND NO/100 (\$4,415.00) DOL-LARS per each calendar month in advance, without demand; except that (i) the first monthly rental payment shall be reduced to and shall be the proportionate part of the monthly rental owed for the number of days between the date of delivery and acceptance by Lessee of the leased premises and the last day of the month in which such delivery is made and acceptance taken; and (ii) the last monthly rental payment shall be reduced to and shall be the difference between said monthly rental and the reduced or proportionate amount so paid with respect to the first calendar Such first rental payment shall be due on the date hereof and the succeeding payments of monthly rental shall be due and payable on the first day of each calendar month thereafter during the full term of this lease, save and except that the amount of the last monthly rental shall be

Place and Manner of Payment

Net Lease Lessee shall pay all rental and other sums, if any, payable by Lessee to Lessor pursuant to the terms hereof to Lessor at Lessor's address hereinafter set forth.

This Lease shall be deemed and construed to be a "net lease", and Lessee shall pay to Lessor, net throughout the term of this Lease, the annual rental and other payments hereunder, free of any taxes, assessments or similar charges and without abatement, deduction or set off.

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reduced as above provided.

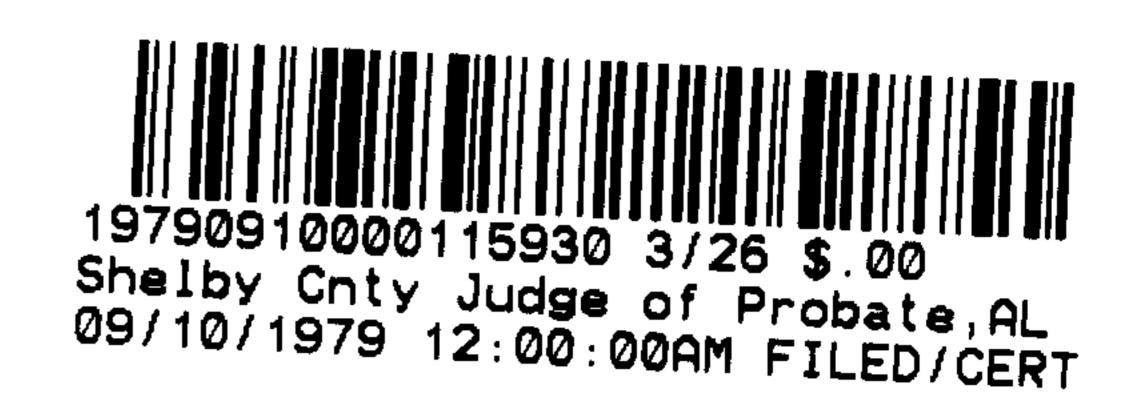
Lessor's Maintenance pairs to all building and other improvements on the leased premises which are not caused by the negligence of Lessee or its employees or agents. Such major repairs shall include, but not be limited to, repairs to the roof, structural walls, foundation and load bearing columns of any such building.

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Lessee's Maintenance

(b) Except as provided in paragraph (a) above, Lessee, at its sole cost, risk, expense and liability shall keep and maintain in good repair all of the leased premises including but not limited to, all plate glass and other glass whether such plate glass and other glass be interior or exterior, the interior and exterior of any improvements located on the leased premises, including the plumbing, closets, pipes and fixtures, in, on or around the leased premises, reasonable use and wear excepted, and shall take good care of the grounds, paving, property and fixtures and suffer no waste, and keep the water pipes and connections free from ice and other obstructions; to the satisfaction of the municipal or governmental authorities. When used herein, the term "repair" shall include all necessary replacements, renewals, alterations, additions, betterments and any work ordinarily required as a condition to the continued use of the leased premises, or any work required by any order of any governmental agency. All repairs made by Lessee shall be equal in quality and class to the original work.

Lessee's Negligence (c) Lessee shall repair any damage to the leased premises caused by the negligence or willful act or acts of Lessee or its agents, servants, employees, customers or invitees.

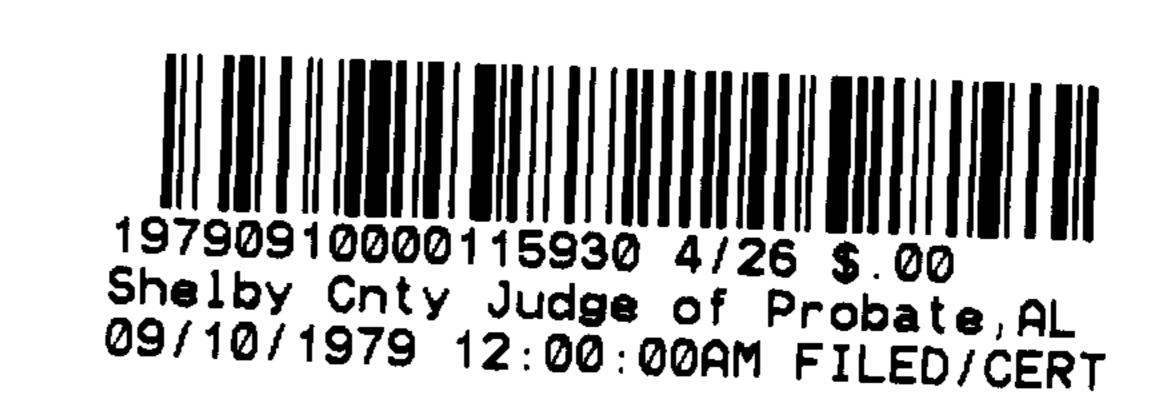
Hold Harmless (d) Lessee shall indemnify and save Lessor harmless of, from and against any and all claims, demands, actions, loss, cost or expense, including attorneys fees, (collectively referred to hereafter as "claims") of any nature whatever, arising out of or in any way connected with (i) any work or thing done in, on or about the leased premises; (ii) any use, non-use, possession, occupation, condition, operation, maintenance or management of the leased premises or any part thereof, or any street, alley, sidewalk, curb, passageway or space adjacent thereto; (iii) any act or forebearance on the part of Lessee or any of its agents, con-

BOOK

tractors, servants, employees, subtenants, licensees or invitees or any other person acting with the consent of Lessee; (iv) any failure by Lessee to perform or comply with any of the covenants, agreements, terms or conditions contained in this lease; (v) any action or proceeding brought against Lessor in any way related to or connected with the use of the leased premises, and any activity being conducted thereon; and (vi) any accident, injury or damage to any person or property occurring in, on or about or adjacent to the leased premises, or arising out of any act or forebearance occurring thereon.

Changes and and and alterations

(e) Lessee shall make no major change or alteration in, or improvements to, the leased premises or the improvements which are a part thereof, without the prior written consent of Lessor. Lessee may make such non-major or nonstructural alterations, changes and improvements in or upon the interior of said improvements during the term hereof as it may desire, all at its sole cost, risk, expense and liability. Notwithstanding the foregoing, upon the expiration or termination of this lease, Lessee shall, if required by Lessor, remove all (or any part required by Lessor) alterations, changes and improvements (whether structural or non-structural), and restore the leased premises to the condition in which same existed prior to the construction or installation of such alterations, changes and improvements. All trade fixtures, appliances, and other equipment and property placed or installed in or on the leased premises by Lessee which may be removed without damage to any improvements located thereon shall remain the property of Lessee and may be removed by Lessee upon the termination of this lease provided that Lessee is not then in default hereunder. All other additions or improvements which might be placed on or installed in the premises by Lessee and which



cannot be removed without damage to any improvements \_\_\_\_ cated thereon or which are not removed within five (5) days after the termination hereof shall become a part of the realty belonging to Lessor and remain thereon unless Lessor shall require the removal thereof as aforesaid.

Lessor's Right of Entry (f) Lessor or Lessor's representative shall have the right at all reasonable times during the term of this lease to enter upon any part of the leased premises for the purpose of determining whether the conditions and covenants contained in this Agreement are being kept and performed.

Utilities, Supplies

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tricity, air-conditioning, telephone and other utilities used or consumed on the leased premises, and shall further pay all maintenance costs in connection therewith. Lessee shall also furnish all janitorial services and supplies required or used on the leased premises.

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Compliance With Law V

Lessee shall promptly execute, fulfill and comply with all valid laws, rules and regulations made by any competent governmental authority which are applicable to the occupancy of the leased premises, and all orders and requirements imposed by the Health, Sanitation and Police Departments for the correction, prevention and abatement of nuisances in or upon or connected with said premises because of Lessee's use thereof during the full term hereof, all at Lessee's sole eost, risk and expense.

VI

Assignment or Sublease

Lessee shall not assign this Agreement or sublet the leased premises, or any part thereof (including but not limited to any assignment by operation of law), without the prior written consent of Lessor; provided, however, that without such consent, Lessee may assign the Agreement and all its rights hereunder to Texas Commerce Bank National Association, Houston, Texas, as security for obligations of Lessee to such bank, and Lessor, upon being notified in writing of such assignment, shall recognize such assignment and accept all lawful demands of such assignment and notwith-

Lessor, in no event shall any such assignment or sublease ever release Lessee from any obligation or liability hereunder.

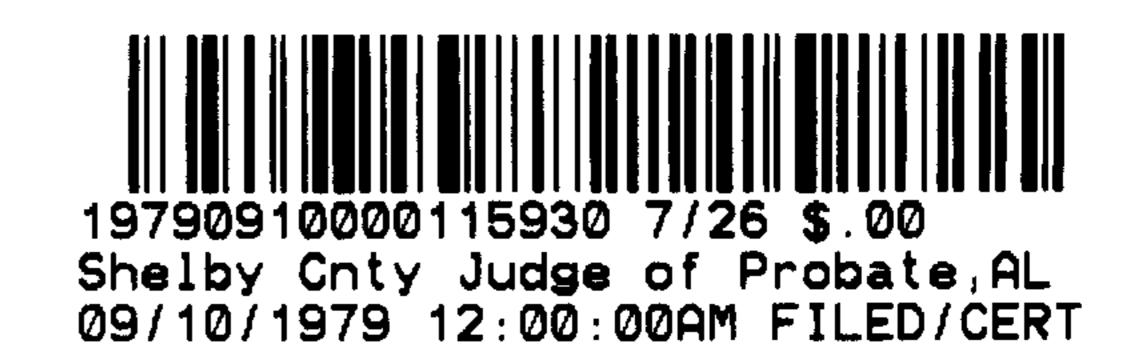
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VII

Fire and Casualty Damage

In the event the leased premises are wholly or partially damaged or destroyed by fire, storm, tornado, or other casualty covered by the Alabama Standard Form of fire and extended coverage insurance, Lessee shall give immediate notice to Lessor and to any mortgagee of whom Lessee has notice, and to any insurance carrier providing insurance coverage against such contingencies. Within a reasonable time after receipt of such notice, but in no event more than ninety (90) days thereafter, Lessor shall, at its expense, but limited as hereinafter provided, promptly commence to rebuild or repair the improvements to substantially the condition in which they were immediately prior to the happening of the casualty. The Lessor's responsibility with respect to such rebuilding or repairing shall be expressly limited to the amount of insurance proceeds actually made available to Lessor for such rebuilding, which availability shall be subject to any claim by any mortgagee of Lessor which shall have a lien against the leased premises. Notwithstanding the foregoing, in no event shall Lessor have any obligation to replace or repair any alterations changes, improvements, fixtures or other property installed, constructed or brought on the leased premises by Lessee or otherwise belonging to Lessee. If Lessor fails to commence such rebuilding or repairing within ninety (90) days after notice of the occurrence of the damage or destruction or thereafter fails to complete the same within nine (9) months after commencing such work, then at the option of Lessee this lease shall forthwith terminate, but Lessor shall not be responsible for any delay which may result from Force Majeure, and the time for completion shall be extended by the period of interruption. The rent shall abate in proportion to the extent to which such damage renders the leased premises untenantable or

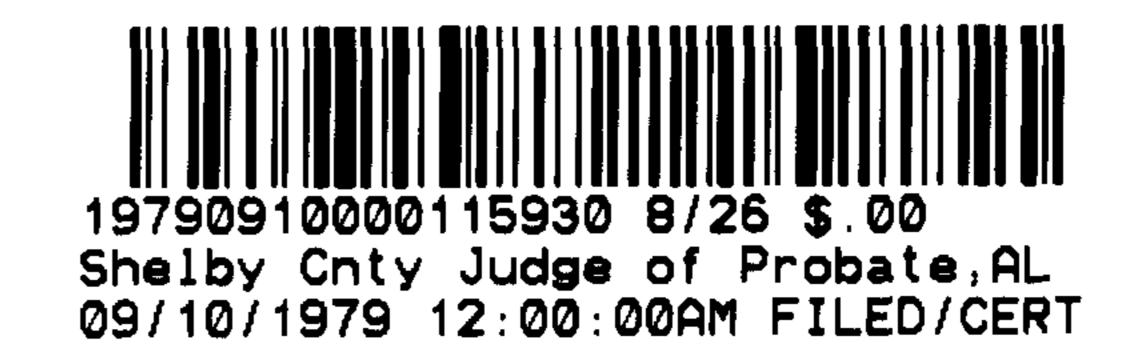


unsuitable for the purposes for which the premises are hereby leased; and if such damage is so extensive as to render the leased premises completely untenantable or unsuitable for such purposes, the rent shall completely cease and abate until Lessor has restored the premises to the condition in which they were prior to such casualty.

## VIII

Default by Lessee

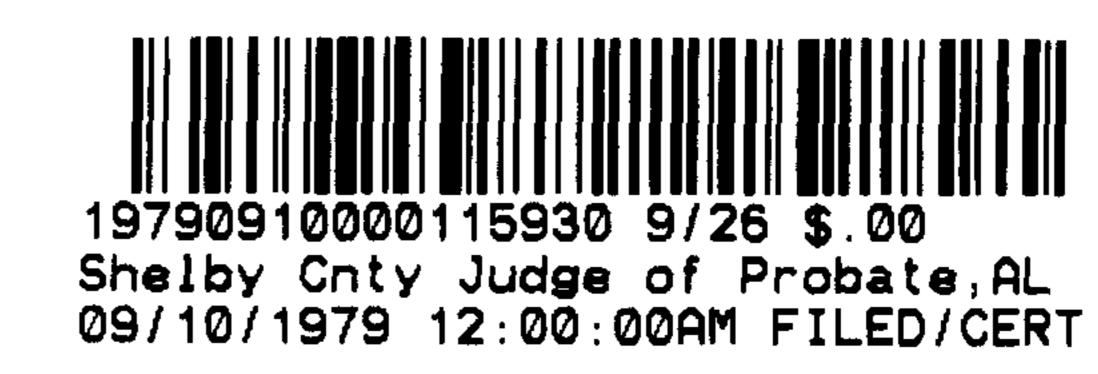
If Lessee should default in the payment of any installment of rent or other sum of money herein stipulated to be paid by Lessee and if such default shall continue for a period of five (5) days or if Lessee should fail to perform any covenant imposed on Lessee hereunder, which does not involve the payment of liquidated sums of money and if such default shall continue for a period of thirty (30) days after notice of said default has been given to Lessee (or if such non-money default is of a nature that it cannot be cured within thirty (30) days, then if Lessee fails to commence to cure same within thirty (30) days and/or fails thereafter to pursue same with reasonable diligence to completion), or if Lessee abandons the leased premises, in which event no notice shall be required, then Lessor may enforce Lessee's performance hereunder by any method provided by law and this lease may then be forfeited at Lessor's discretion and unless Lessee shall remove or cure such default within the specified period, this lease shall cease and come to an end as if it were the day originally fixed herein for the expiration of the term hereof and Lessor, its agent or attorney, shall have the right, without further notice or demand, to re-enter and take possession of the leased premises and remove all persons and Lessee's property therefrom (using such force as may be reasonably necessary) without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of



rent or breach of covenants; or Lessor, its agent or attorney, may at its option, resume possession of the premises and relet the same for the remainder of the term at the best rent Lessor, its agent or attorney, may obtain, for the account of the Lessee, who shall make good any deficiency. Lessee shall also be obligated to pay to Lessor in the event of such default all costs of repair or renovation necessary to place the leased premises in condition to lease to any subsequent Lessee. Nothing herein contained shall prevent Lessor from treating any such default as an entire breach of this lease and to accelerate the entire rental to become due hereunder and in such event Lessee shall become liable to Lessor for the rental for the entire term discounted to present value at the rate of four (4%) percent.

Possession by Lessor

In the event Lessor shall have taken possession of the leased premises under the provisions hereof, Lessor shall have the right to remove from the leased premises (without the necessity of obtaining a distress warrant, writ of sequestration or other legal process) all or any portion of the property which is on the leased premises and place same in storage at any location in the county in which the leased premises are located and in such event, Lessee shall be liable to Lessor for costs incurred by Lessor in connection with such removal and storage and shall hold Lessor harmless from all loss, damage, cost, expense and liability in connection with such removal and storage. Lessor shall also have the right to relinquish posession of all or any portion of such property to any person or entity claiming to be entitled to possession thereof who presents to Lessor a copy of any instrument represented to Lessor by such person or entity to have been executed by Lessee (or any predecessor or successor to Lessee) granting such person or entity the right to take



possession of such property, without the necessity on the part of Lessor to inquire into the authenticity of the copy of said instrument or the signature of Lessee (or Lessee's predecessor or successor) thereon and Lessor shall not be required to make any type of investigation or inquiry as to the validity of the factual or legal basis upon which such person or entity purports to act and Lessee agrees to indemnify and hold Lessor harmless from all cost, expense, loss, damage and liability incident to Lessor's relinquishment of possession of all or any portion of such property to such person or entity.

Landlord's Lien

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Attorneys' Fees

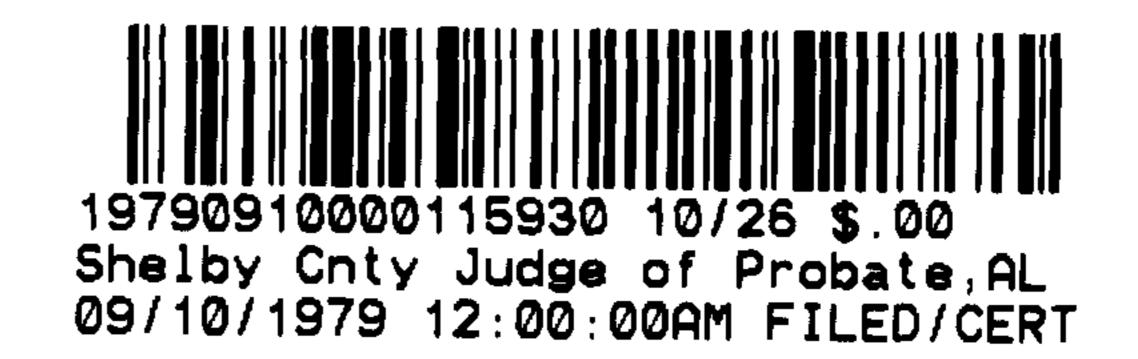
Bankruptcy

by Lessee

Lessor shall have a lien as security for the rent aforesaid upon all goods, wares, chattels, implements, fixtures, furniture, tools, equipment, inventory and other personal property which are or may be put on the leased premises. All lawful exemptions of such property or any part of it are hereby waived, and such lien shall be in addition to Lessor's statutory lien.

If, on account of breach or default by Lessee in the performance of any of Lessee's obligations hereunder, it shall become necessary for Lessor to employ an attorney to enforce or defend any of Lessor's rights or remedies hereunder, then and in the event Lessor shall prevail in any such action, any reasonable amounts incurred by Lessor as attorneys' fees shall be paid by Lessee. Lessee shall also pay to Lessor all legal fees, charges and other costs incurred by Lessor in obtaining possession of the leased premises under any provision hereof.

In the event Lessee shall file a petition in bankruptcy or reorganization or be declared a bankrupt, or Lessee shall make a voluntary assignment for the benefit of its creditors, or any petition filed against Lessee in bankruptcy or reorganization shall be approved, or in the event that a receiver of Lessee and its property shall



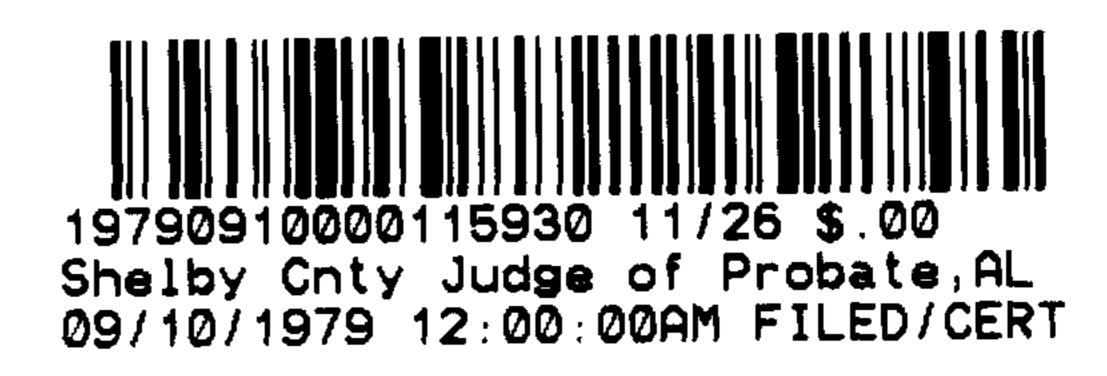
be lawfully appointed, with or without the consent of Lessee, then if such condition continues without being cured or remedied for and after five (5) days written notice by Lessor to Lessee at the address provided for herein, this lease shall cease and come to an end.

IX

If Lessee shall at any time fail to make any payment or perform any other act on its part to be made or performed under this lease, Lessor may, but shall not be obligated to, and without notice or demand and without waiving or releasing Lessee from any obligation of Lessee under this lease, make such payment or perform such other act to the extent Lessor may deem desirable, and in connection therewith to pay expenses and employ counsel. All sums so paid by Lessor and all expenses in connection therewith, together with interest thereon at the rate of ten (10%) per cent per annum from the date of such payment, shall be deemed additional rent hereunder and be payable to Lessor on demand and at the time of any installment of rent thereafter becoming due, and Lessor shall have the same rights and remedies for the nonpayment thereof as in the case of default in the payment of rent.

X

Ad Valorem Taxes Lessee shall pay, before same become delinquent, all ad valorem taxes and general or special assessments which accrue against the leased premises during the term of this lease, except that (i) the taxes and assessments to be paid by Lessee during the first year of the term hereof shall be reduced to and be the proportionate part of the annual taxes and assessments accruing for the number of days from the date of delivery and acceptance by Lessee of the leased premises and the last day of the tax year in which such delivery is made and acceptance taken; and (ii)

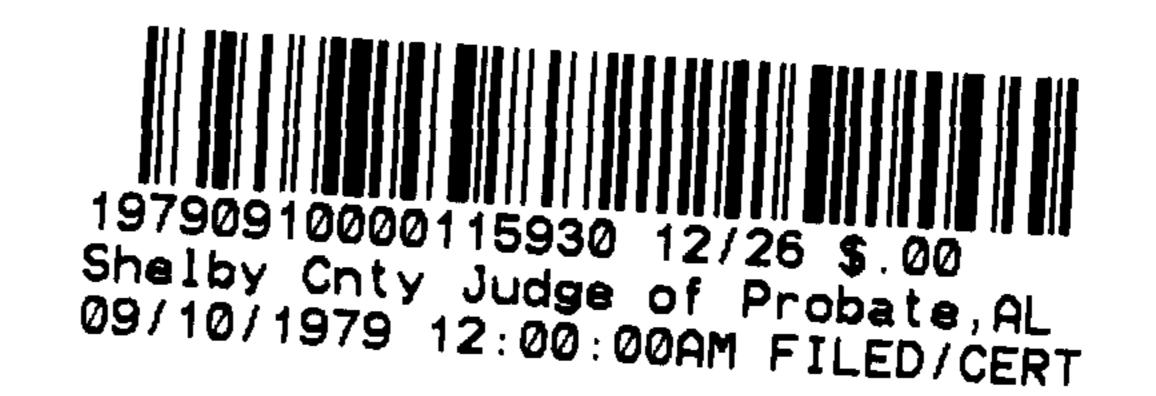


the last such tax payment shall be reduced to and shall be the proportionate part of said annual taxes and assessments accruing for the number of days between the first day of the last tax year commencing during the term hereof and the expiration of the term hereof.

Lessee also agrees to pay all taxes and assessments of every kind or character levied, assessed or imposed upon or against any and all personal property of Lessee now or hereafter placed by Lessee, the successors, legal representatives and assigns of Lessee, in or upon the leased premises, and which are or may hereafter be placed in or upon the leased premises or any buildings or improvements now or hereafter situated hereon.

If any time during the term of this lease, the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereon shall be discontinued and as a substitute therefor, taxes, assessments, levies, impositions, or charges shall be levied, assessed and/or imposed wholly or partially as a capital levy or otherwise on the rents received from the leased premises or on the rents payable hereunder, then such substitute taxes, assessments, levies, impositions or charges, to the extent so levied, assessed or imposed, shall be deemed to be included within the term "taxes and assessments" to the extent that such substitute tax would be payable if the leased premises were the only property of the Lessor subject to such tax, subject however to the provisions of the immediately succeeding paragraph hereof.

The provisions of this lease shall never be construed as imposing any liability upon Lessee for the payment of any taxes, assessments or other charges imposed by City, County, State or Federal laws or ordinances or any



other laws or ordinances, upon the income of Lessor, or upon the transfer or passing of any interest owned by Lessor in the leased premises, generally known as income, succession or transfer taxes, nor shall Lessee be obligated to pay any withholding, profit, or revenue tax or charge levied upon the rents payable to Lessor under the terms of this lease. The payment of all such taxes, assessments and other charges referred to in this paragraph shall be the sole liability of Lessor.

All taxes and special assessments herein agreed to be paid by Lessee shall be paid before the same become delinquent, and Lessee, upon request by Lessor, shall furnish to Lessor the original or photostatic copy of receipt or receipts evidencing such payment within thirty (30) days after any such payment is made.

If Lessee shall fail to pay any of such taxes or assessments before the same become delinquent, Lessor may, at Lessor's election, pay such taxes or assessments with any interest and penalties due thereon, and the amount so paid by Lessor shall constitute additional rent due from Lessee on demand, together with interest thereon at the rate of ten (10%) per cent per annum from the date of such payment by Lessor until repaid by Lessee.

Casualty
Insurance

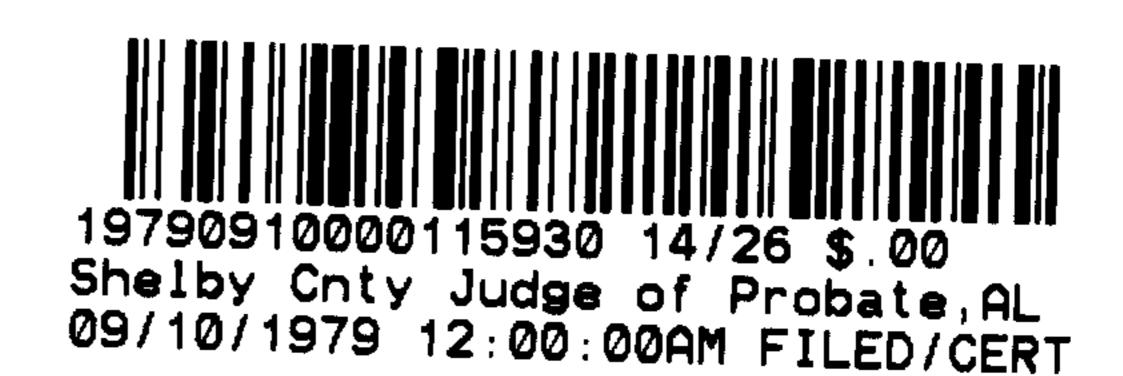
Lessee shall, at all times during the term of this lease, at its expense, maintain a policy or policies of insurance with the premiums thereon fully paid in advance, issued by and binding upon some solvent and reputable insurance company authorized to do business in Alabama insuring the building and other improvements, including all additions or improvements constructed by the Lessee on the leased premises, against loss or damage by fire, explosion or other hazards and contingencies required by Lessor for the full insurable replacement value thereof (so that Lessor or or Lessee shall not become co-insurers) and Lessee shall



deliver such policy or policies which shall name Lessor and any designated mortgagee of Lessor as insureds, to Lessor upon demand. Lessor shall have the right to evaluate the replacement cost of the improvements annually and to require insurance in such amount as in its sole discretion might thereby be indicated. Such insurance shall also provide, if obtainable, that no action or omission of Lessee shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained and further that same may not be cancelled or amended without at least ten (10) days prior written notice to Lessor and to any designated mortgagee of Lessor. All proceeds payable in respect of such insurance shall be paid to Lessor, or at Lessor's option, to any mortgagee of Lessor.

Liability
Insurance

Lessee agrees to obtain and maintain, at Lessee's sole cost and expense, public liability and property damage insurance to protect both Lessor and Lessee against all loss or damage by the claims of all persons who may be in or upon the leased premises or appurtenances thereto by the invitation, consent or sufference of Lessee. Such public liability insurance shall have minimum bodily injuries limit of THREE HUNDRED THOUSAND AND NO/100 (\$300,000.00) DOLLARS to each person and FIVE HUNDRED THOUSAND AND NO/100 (\$500,000.00) DOLLARS for each accident and property damage limits of FIFTY THOUSAND AND NO/100 (\$50,000.00) DOLLARS for each accident with respect to any accident occurring on the leased premises or appurtenances thereto and such public liability insurance shall also have combined single limit coverage of at least FIVE HUNDRED THOUSAND AND NO/100 (\$500,000.00) DOLLARS. Lessee shall furnish Lessor certificates of all such insurance issued by a reputable insurance company or companies acceptable to Lessor which shall be licensed to do business in the State of Alabama.



insurance shall name both Lessor and Lessee as insureds and shall provide that same cannot be cancelled without first giving ten (10) days written notice thereof to Lessor.

Waiver of Subrogation

Lessor and Lessee hereby expressly waive any cause of action or right of recovery which either may have hereafter against the other for any loss or damage to the leased premises, or the contents thereof belonging to either, caused by fire, explosion or other risk covered by the hazard insurance policy required to be carried by Lessee and each party hereto shall obtain a waiver from any insurance carrier with which it carries fire insurance and/or extended coverage insurance covering the leased premises, or the contents thereof belonging to either, releasing its subrogation rights as against the other party.

XI

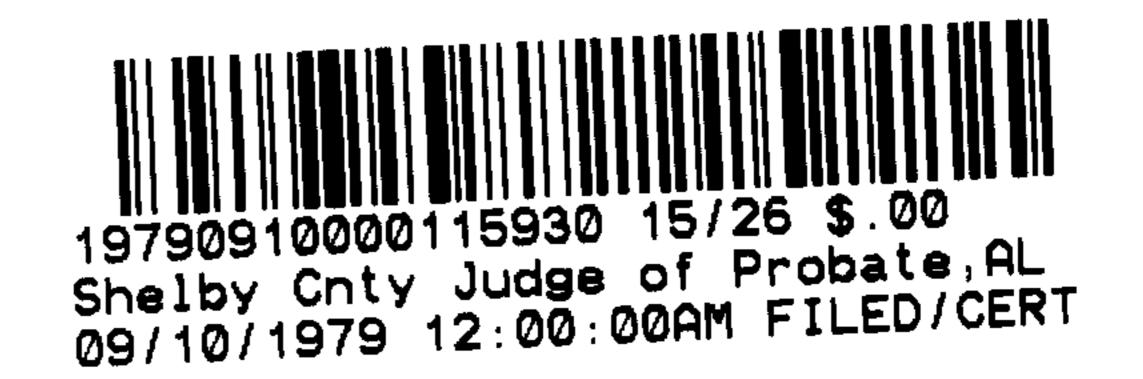
Holding Over by Lessee

It is agreed that any holding over by the Lessee of the hereby leased premises after the expiration of this lease by lapse of time or otherwise shall operate and be construed as a tenancy from month to month at the monthly rental provided for herein for the first month of such holding over, and thereafter at two hundred (200%) per cent of the monthly rental provided for herein.

XII

Condemnation

If during the term hereof, all or substantially all of the leased premises shall be taken in any condemnation or eminent domain proceedings, this lease shall thereupon terminate. In such event the obligation to pay rent and the Lessee's right of possession hereunder shall terminate on the date of such taking. Any rent paid in advance shall be apportioned as of the date of such taking, and Lessee's portion thereof shall be refunded to Lessee.



If so much of the building and other improvements and/or land be taken so as to materially affect the operation of Lessee's business from the leased premises, either party hereto shall have the option to terminate this lease as the date of ouster by giving written notice of termination within fifteen (15) days after Lessee has been ousted from possession of such part, whereupon this lease shall be of no further force or effect, and Lessor and Lessee shall be relieved of any obligations or liabilities hereunder as of said date of ouster. If this lease is not terminated pursuant to the foregoing provisions, Lessor, at its own cost, risk, expense and liability, but limited to the extent of the amount of condemnation proceeds actually received by Lessor, shall promptly make such repairs and alterations as may be necessary to restore that part of the improvements not taken to complete improvements suitable for the uses and purposes set forth in Article I hereof. Notwithstanding the foregoing, in no event shall Lessor be required to repair, restore or replace any alterations, changes, improvements, fixtures or any other property constructed, installed or brought on the leased premises by Lessee or otherwise belonging to Lessee. In such event the Lessee's right of possession as to the portion so taken shall terminate on the date of such taking, and the rental payable hereunder shall be reduced by a just and proportionate amount to be agreed to by Lessor and Lessee, taking into consideration the amount of land and the usable space in the building and other improvements, remaining after any such taking; but if so much of the leased premises are taken as to render the leased premises untenantable or unsuitable for the purposes for which they are hereby leased, and Lessee does not exercise its option to terminate this lease as herein provided, all rental payments

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shall be suspended until the date of completion by Lessor of such repairs and alterations.

Lessor shall be entitled to the entire award in condemnation and Lessee hereby waives any right to any portion of such award. Lessee agrees upon request of Lessor to execute and deliver any releases or other instruments necessary to evidence the foregoing.

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XIII

Warranty of Peaceful Possession

Lessor covenants and warrants that Lessee, on paying the rents herein provided for and performing all of its covenants and agreements herein contained, shall and may peaceably and quietly have, hold, occupy, use and enjoy and shall have the full, exclusive and unrestricted use and enjoyment of, all of the leased premises during the entire term hereof, for any and all lawful business purposes; and Lessor agrees to warrant and forever defend the title to the leased premises against the claims of any and all persons whomsoever lawfully claiming or to claim the same or any part thereof, subject only to the provisions of this lease, by, through or under Lessor and not otherwise.

VIX

Surrender of Possession

Upon termination of this Agreement, Lessee shall surrender the leased premises in substantially as good condition as the same were when Lessee accepted possession thereof from Lessor, excepting only (1) actual wear and tear from the reasonable or anticipated use thereof, (2) deterioration or depreciation to or attributable to the elements or to lapse of time or (3) the destruction of or damage to the leased premises, in whole or in part, or to any extent by fire, flood, storm, explosion, acts of God, acts of public enemy or any other event not within Lessee's reasonable control.

VX

Transfer by Lessor

Lessor shall have the right to transfer and assign, in whole or in part, all of its rights and obligations hereunder in the leased premises, including this lease agreement and thereupon Lessor shall be automatically freed and relieved of any and all liability of any type for the performance of any acts or any damages accruing subsequent to the date of such assignment, it being intended that the covenants and liability of Lessor hereunder, if any, shall be binding upon Lessor, its successors and assigns, only during and in respect of their respective periods of ownership.

XVI

Expenses and Performance

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Irrespective of whether or not expressly so stated or not so stated, all of the duties, covenants, obligations and agreements of each party hereto, respectively, and all acts and things done or provided to be done by each party hereto, respectively, shall be fully and punctually kept, performed and complied with by such party at such party's sole risk, cost, expense and liability and without cost, risk, expense or liability to or on the part of the other party.

IIVX

No Relief by Termination No termination of this Agreement, regardless of how such termination may be brought about or occur, by or insofar as it relates to or affects any party hereto, shall relieve any party hereto of any duties, obligations or liabilities which shall theretofore have accrued or become payable or performable by such party.

XVIII

Notice

Any notice, communication, request, reply or advice (hereinafter severally and collectively, for convenience,

called "notice") in this instrument provided or permitted to be given, made or accepted by either party to the other must be in writing and may, unless otherwise in this instrument expressly provided, be given or be served by depositing the same in the United States Mail, postpaid and in registered, or certified form and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party, or if the party or parties to be notified is incorporated, to an officer of such party, or by prepaid telegram, when appropriate, addressed to the party to be notified. Notice given in such a manner shall be deemed to be given when deposited in the United States Mail. Notice given in any other manner shall be effective only if and when received by the party to be notified. For purposes of notice the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to Lessor, to:

Merchants, Inc.

P.O. Box 13688

Houston, Texas 77019

If to Lessee, to:

Merchants Metals, Inc.

(Hackney Division)

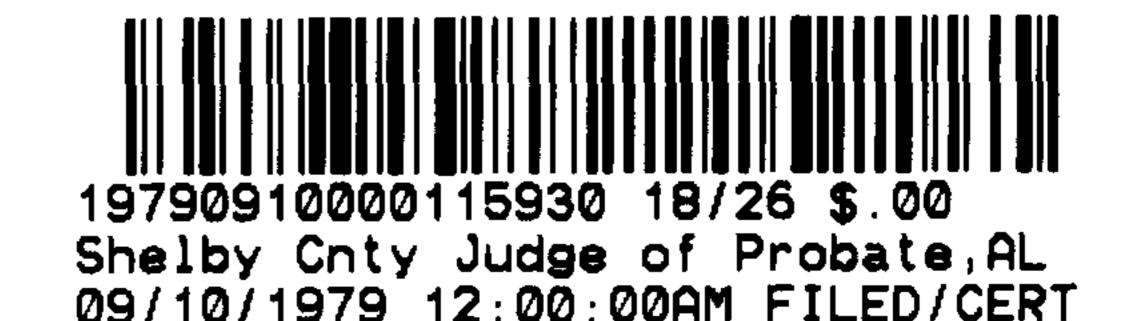
P.O. Box 7887

Birmingham, Alabama 35228

However, the parties hereto and their respective heirs, the successors, legal representatives and assigns shall have the right from time to time and at any time to change their respective addresses, and each shall have the right to specify as its address any other address, by at least fifteen (15) days written notice to the other party; provided, however, if at any one time more than one person or party owns an interest in the leased premises, nevertheless, such persons or parties may not designate more than one place and address to receive notices pursuant to the terms hereof.

XIX

Entire Contract This Agreement embodies the entire contract between the parties hereto relative to the subject matter



hereof. No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless executed by him or by it or by a duly authorized officer or a duly authorized agent of the particular party. No waiver or waivers of any breach or default or breaches or defaults by either party of any term, condition or liability or of performance by the other party of any duty or obligation hereunder, including without limitation, the acceptance by Lessor of payment by Lessee of any rentals at any time or in any manner other than as herein provided, shall be deemed a waiver thereof or of any thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances.

XX

Personal Pronouns

All personal prounouns used in this Agreement shall include the other genders whether used in the masculine or feminine or neuter gender and the singular shall include the plural whenever and as often as may be appropriate.

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Captions or Or Headings

The marginal captions or notes appearing in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement, or any provision, or provisions hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent should arise.

XXI

Binding
Effect

This lease and all of its terms and provisions shall be binding upon the successors, assigns and legal representatives of Lessee; and whenever in this lease a

reference to either of the parties hereto is made, such reference shall be deemed to include, wherever applicable, a reference to the heirs, executors, administrators, successors and assigns of said parties, subject however to the provisions of Article VI hereof.

## XXII

No Agency

It is not the intention of the parties hereto to create under any circumstances, a partnership, a relation—ship of master—servant or principal—agent. The rights, duties, obligations and liabilities of Lessor and Lessee are separate and not joint or collective, and nothing herein shall ever be construed to create a partnership or relationship of master—servant or principal—agent under the laws of the State of Alabama. Lessor does not consent to the imposition of any mechanic's or materialmen's lien against the leased premises.

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XXIII

- Option to Renew

In the event Lessee shall have kept, observed and performed each and all of the terms, covenants and conditions in this lease contained, it shall have the option to cenew this lease for an additional period of five (5) years beginning at midnight on the expiration of the initial five (5) year term, provided that at least one (1) year prior to such expiration date Lessee notifies Lessor in writing of its election to exercise such option to renew and extend. In the event Lessee exercises such renewal option, this lease as so renewed and extended shall be subject to and upon all of the terms, provisions, covenants and conditions contained herein, except this paragraph hereof and except further that the first and last month's rental shall be proportionately reduced as herein provided with respect to rental during the first and last months of the original five (5) year term of this lease.

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XXIV

Option to Buy

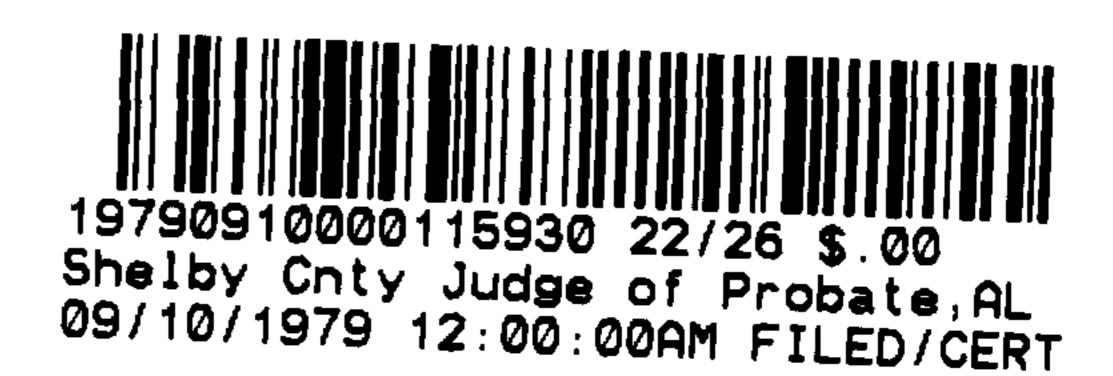
In consideration of the mutual covenants herein contained and provided that Lessee is not then in default hereunder, Lessor hereby grants to Lessee and Lessee shall have the right and option ("Option") to purchase the leased premises upon the expiration of the initial five (5) year term hereof, or at any time during the five (5) year renewal term hereof (if such renewal term is validly exercised by Lessee). The Option may be validly exercised by Lessee no earlier than the date prescribed herein for the expiration of the primary five (5) year term hereof or at any time during the five (5) year renewal term by giving Lessor written notice of the exercise thereof in the manner hereinbefore provided for the giving of notices. The Option shall terminate if upon the occurrence of any default hereunder which is not cured in accordance with the terms hereof or if this lease terminates without Lessee having validly exercised the Option.

The purchase price of the leased premises shall be the fair market value of the leased premises determined as hereinafter provided. The purchase price is payable in cash at the date of closing.

upon exercise of the Option Lessee shall appoint an appraiser familiar with real property values in the area where the leased premises are located. Lessor shall also appoint an appraiser who is familiar with such values and the two (2) appraisers thus appointed shall appoint a third appraiser who is familiar with such values. Appointment of an appraiser shall be evidenced by written notice to lessor and/or Lessee, as the case may be, in the manner herein provided for the giving of notices. In the event either Lessor or Lessee shall fail to appoint an appraiser within fifteen (15) days after the date of exercise of the Option,

then the appraiser appointed by the other party, or the appraiser first appointed, shall be the sole appraiser who shall determine the fair market value of the leased premises. The appraisers (or appraiser) thus appointed shall determine the fair market value of the leased premises within thirty (30) days after the date of appointment of last appraiser (or the date of appointment of the only appraiser, if only one). If the appraisers are unable to unanimously agree upon the fair market value of the leased premises then the average of the values of the appraisers shall be the fair market value of the leased premises and the purchase price thereof.

The closing of the sale of the leased premises to Lessee shall occur on or before the expiration of sixty (60) days after the date of exercise of the Option by Lessee at a location mutually agreeable to Lessor and Lessee. Upon payment of the purchase price in cash at closing, Lessor shall convey title to the leased premises by General Warranty Deed subject to all exceptions, restrictions, reservations, easements, covenants and other encumbrances affecting the leased premises at the date of closing, except that the leased premises shall be conveyed to Lessee free and clear of liens. Lessor, at Lessor's expense, shall provide Lessee with an Owner's Policy of Title Insurance issued by a mutually acceptable title company covering the leased premises in the amount of the purchase price, or in the event title insurance is not available in the state in which the leased premises are situated, any other evidence of title which is generally acceptable in such state in transactions similar to the transaction contemplated hereby. Such policy of title insurance (or other evidence of title) may contain any standard printed exceptions, an exception for the rights of





parties in possession, any other exceptions generally acceptable in the state where the leased premises are located and the above mentioned exceptions to which the General Warranty Deed is to be subject.

Lessor and Lessee each covenant that there are no contracts or agreements, written or verbal, for the payment of a commission for the sale or lease of the leased premises and each party hereto hereby agrees to indemnify and hold harmless the other from and against all costs and expenses, including attorneys' fees, arising out of or related to any claim, demand or cause of action made or asserted by any real estate agent, broker or salesman claiming by, through or under such party.

In the event Lessee exercises the Option and thereafter either party hereto shall fail or refuse to consummate the transaction contemplated hereby in the time and manner prescribed herein without a right to do so, then the other party shall have the right to specifically enforce the agreements set forth herein. Additionally, in the event Lessee shall fail or refuse to consummate the transaction contemplated hereby, such failure or refusal shall constitute an event of default hereunder. If the transaction does not close and the nondefaulting party does not elect to specifically enforce this agreement within thirty (30) days after the failure to close Lessee shall have no further Option hereunder.

Each party hereto shall pay its respective pro rata share of closing costs (except that Lessor shall pay for the title policy or other evidence of title) and shall pay its own attorney's fees. Taxes and insurance shall be paid by Lessee.

Lessor makes no warranty, express or implied, with respect to the condition or merchantability of the leased premises and in the event Lessee exercises the option hereby granted, the leased premises shall be conveyed to and accepted by Lessee in an "AS IS" condition.

Lessor and Lessee have of even date herewith entered into the following leases:

- Lease (the "Birmingham Real Property Lease") covering a tract of land and improvements thereon situated in Jefferson County, Alabama;
- 2. Lease (the "Westfield Real Property Lease") covering a tract of land and improvements thereon situated in Hampden County, Massachusetts; and
- 3. Lease (the "Houston Real Property Lease") covering a tract of land and improvements thereon situated in Harris County, Texas.

Lessee and Menmet, Inc. have of even date herewith entered into the following personal property leases:

- Equipment Lease Agreement covering certain personal property located on the premises covered by this Lease and the Birmingham Real Property Lease;
- 2. Equipment Lease Agreement covering certain personal property located on the premises covered by the Westfield Real Property Lease; and
- 3. Equipment Lease Agreement covering certain personal property located on the premises covered by the Houston Real Property Lease.

Any default in any of the above described leases, whether a real property or a personal property lease, shall constitute a default hereunder which may be cured, if at all, only in the manner provided in the lease pursuant to which the default occurs. Notice of default under any one of such leases shall constitute notice of default hereunder. If any of the above described leases shall terminate this lease shall terminate automatically and contemporaneously with the termination of such lease without the necessity of any act by Lessor or Lessee hereunder, unless Lessor and Lessee expressly agree otherwise in writing.

EXECUTED AND DELIVERED on the 22nd day of August,

LESSOR:

19790910000115930 24/26 \$.00 Shelby Cnty Judge of Probate, AL 09/10/1979 12:00:00AM FILED/CERT

MERCHANTS, INC.

3y: Manux - Manager Vice Presiden

LESSEE:

MERCHANTS METALS, INC. (for its Hackney Division)

By: Kindel J. Decon Its Vice President 800K

THE STATE OF TEXAS

COUNTY OF HARRIS X

I, SHelly Sountes, a Notary Public in and for said county in said state, hereby certify that DANIEL R. FEEHAN, whose name as a Vice President of MERCHANTS, INC., a Delaware corporation, is signed to the foregoing Lease Agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of said Lease Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office the \_\_\_\_ day of August, A.D. 1979.

Notary Public in and for Harris County, Texas

(Notary Seal)

Notary Public in and for Harris County, Texas.

My Commission Expires January 18, 19

THE STATE OF TEXAS

COUNTY OF HARRIS X

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I, SH2/19, Te, , a Notary Public in and for said county in said state, hereby certify that RICHARD F. BACON, whose name as a Vice President of MERCHANTS METALS, INC., a Delaware corporation, is signed to the foregoing Lease Agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of said Lease Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office the \_\_\_\_ day of August, A.D. 1979.

Notary Public in and for Harris County, Texas

(Notary Seal)

SHELLY GUNTER

Notary Public in and for Harris County, Texas.

My Commission Expires January 18, 19

Johnsence at the normalast corner of Sec. 27, T 21 3, R 1 W (axie in place); thence 3 19 44'E along the east boundary of the said Sec 27, a distance 1137.39 feet to a goint on the northwest right of way line of the Southern Railway System; thence turn an anale of 55° 51' to the right and run along the said northwest right of way line of the Southern Railway System a distance of 447.02 feet to a point on the north right of way line of Alabama Highway 70; thence turn an angle of 33000' to the right and run along the said north right of way line on Alabama Highway 70 a distance of 198.53 feet to the point of beginning of the parcel of land herein described; thence turn an angle of 91° 06' to the right and run along the east property line of the Shelby County property a distance of 993.59 feet to a point; thence turn an angle of 91° 35' to the left and run thence parallel to the north right of way line of the said Alabama Highway 70, a distance of 535.78 feet to a point; thence turn an angle of 90°30 'to the left and run a distance of 576.00 feet to a point (being the northwest corner of the Leon F. Kelly Company property); thence turn an angle of 90 00' to the left and run along the north property line of the said Leon F. Kelly Company property a distance of 208.71 feet to a point (being the northeast corner of the said Leon F. Kelly Company property); thence turn an angle of 90 00' to the right and run along the east boundary of the said Leon F. Kelly Company property a distance of 417.41 feet to a point on the north right of way line of the said Alabama Highway 70; thence turn an angle of 90°00 'to the left and run along the said north right of way line of Alabama Highway 70 a distance of 308.00 feet to the point of beginning.

Said parcel of land is lying the NE's of NE's and SE's of NE's, Sec. 27, T 21 S, R 1 W and contains 10.00 acres.

## Parcel 2.

Commerce at the northeest corner of Sec. 27, T 21 S, R 1 W (exle in place); thence S 1044" E along the east boundary of the said Sec. 27, a distance of 1187.69 feet to a point on the northwest right of way line of the Southern Railway System; thence turn ar angle of 55051' to the right and run along the said northwest right of way line of the Southern Railway System a distance of 447.62 feet to a point on the north right of way line of Alabama Highway 70; thence turn an angle of 33000' to the right and run along the north right of way line of the said Alabama Highway 70, a distance of 298.58 feet to a point; thence turn an angle of 91006' to the right and run along the east property line of the Shelby County property a distance of 993.59 feet to the point of beginning of the parcel of land herein described; thence turn an angle of 91006' to the left and run parallel to the said north right of way line of Alabama highway 70, e distance of 973.28 feet to a point; thence turn an angle of 90°27' to the right and run a distance of 446.33 feet to a point; thence turn an angle of 89033' to the right and run parallel to the said north right of way line of Alabama Highway 70, a distance of 978.35 feet to a point; thence turn an angle of 91006' to the right and run 446.40 feet to the point of beginning. Said percel of land is lying in the Swi of SEk and SEX of SEX of Sec. 22, T 21 S, R 1 W and in the NWX of NEX and NEX of NEX, Sec. 27, T 21 S, R 1 W and contains 10.00 acres.

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Exhibit "A"

JULIE DE MA SUELEY CH. 222 Jay 22350 July 39,00 July 326350

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