

**ETS Analytical Services, Inc.**



Proudly serving industry and government since 1973.

A USEPA Contract Laboratory

*A subsidiary of ETS International, Inc.*

DL-032495-20

March 24, 1995

Ms. Dianne Heim  
US Nuclear Regulatory Commission  
Region II, Suite 2900  
101 Marietta Street, N. W.  
Atlanta, Georgia 30323

Dear Ms. Heim:

RE: License No. 45 24989-01

Please excuse the delay in providing you with the data you requested relative to "Information Needed For Change of Ownership Application". Hopefully, the following will allow your office to accomplish the previously requested name change to the captioned License without further delay.

1. Effective January 20, 1995, Environmental Laboratories, Inc. was acquired by ETS Analytical Services, Inc. (ETSAS) through a merger transaction. Environmental Labs now operates, in Richmond, as a division of ETSAS.

2. Any and all communications should be facilitated through Mrs. Mindy Baldwin, Laboratory Manager, at 804/271-3440.

3. All personnel previously employed by Environmental Laboratories Inc. have been retained. No change in personnel having control over licensed activities has occurred. The personnel named in the license such as Radiation Safety Officer, authorized users, or any other persons identified in previous license applications as responsible for radiation safety or use of licensed materials remain unchanged.

4. Not applicable.

5. A complete copy of the official merger agreement is enclosed.

6. Environmental Laboratories continues to operate, as before, as an environmental testing laboratory with the same capabilities, at the same location, with exactly the same equipment and qualified personnel.

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7. There have been no changes in the use, possession, location or storage of the licensed materials.

8. There have been no changes in organization (other than the merger itself), location, facilities, equipment, procedures, or personnel that would require a license amendment even without the merger transaction.

9. All required surveillance items and records (e.g., calibrations, leak tests, surveys, inventories, and accountability requirements are current, up to date and available for inspection.

10. We understand and confirm that all records concerning the safe and effective decommissioning of the facility pursuant to the applicable CFR have been transferred to the new licensee since licensed activities will continue at the same location.

11. The facility is contamination-free. Universally accepted laboratory practices will assure that this facility remains safe and free from contamination.

12. The Decontamination Plan originally put in place remains unchanged and in force as specified in 10 CFR 30.35, 40.36, and 70.25.

13. The transferee agrees to abide by all commitments and representations previously made to NRC by the transferor.

14. Hopefully, the enclosed copy of the official merger agreement will serve as sufficient documentation and agreement to the ownership or control of the licensed material and activity.

15. The transferee is committed to abide by all constraints, conditions, requirements, representations, and commitments identified in the existing license.

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Upon receipt of the foregoing, should further information be required, please feel free to contact the undersigned at the letterhead address.

Very truly yours,

ETS ANALYTICAL SERVICES, INC.



Deborah L. Fink,  
Administrative Assistant

/dlf  
Enclosure as Stated

cc: Mrs. Mindy Baldwin, Laboratory Manager, w/e Encl.  
Environmental Labs, A Div. of ETSAS  
9211 Burge Avenue  
Richmond, VA 23237

**MERGER AGREEMENT  
AND PLAN OF REORGANIZATION  
AMONG  
ETS ANALYTICAL SERVICES, INC.  
ETS INTERNATIONAL, INC.  
ENVIRONMENTAL LABORATORIES, INCORPORATED  
STEVEN R. POND,  
WILLIAM R. ANDERSON,  
AND  
CHARLES W. ALBERTSON, JR.**

Dated: January 19, 1995

M#247980

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Exhibit C	Buy-Sell Termination
Exhibit D	Opinion of Counsel to ETS (securities matters)
Exhibit E	Opinion of Counsel to ETS and Analytical (non-security matters)
Exhibit F	Lease Agreement
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## MERGER AGREEMENT AND PLAN OF REORGANIZATION

THIS MERGER AGREEMENT and PLAN OF REORGANIZATION is made and entered into as of the 19<sup>th</sup> day of January, 1995, by and among ETS INTERNATIONAL, INC., a Virginia corporation ("ETS"), ETS ANALYTICAL SERVICES, INC., a Virginia corporation and a wholly owned subsidiary of ETS ("Analytical"), ENVIRONMENTAL LABORATORIES, INCORPORATED, a Virginia corporation (the "Company"), STEVEN R. POND, WILLIAM R. ANDERSON, by Wesley R. Anderson, Committee, CHARLES W. ALBERTSON, JR. (each of such individuals being hereinafter referred to collectively as the "Shareholders" and individually as a "Shareholder").

### PRELIMINARY STATEMENTS

A. The Company has authorized 5,000 shares of capital stock, par value \$10.00 per share, of which all shares are voting common stock. The Company has issued and outstanding 1020 shares of voting common stock. All of such issued and outstanding shares are owned beneficially and of record by the Shareholders (the "Company Shares"). Analytical has authorized 5,000 shares of common stock, no par value, of which five thousand (5,000) shares are issued and outstanding and owned of record by ETS (the "Analytical Shares"). ETS has authorized 20,000,000 shares of common stock, no par value (the "ETS Common Stock") of which

12,179,296 shares were issued and outstanding as of November 30, 1994.

B. Pursuant to the laws of Virginia and the terms and conditions herein, the Company will merge into Analytical which shall be the surviving corporation (the "Merger"). The Shareholders, the Company, ETS and Analytical intend that the Merger shall constitute a tax-free "reorganization" within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code").

#### AGREEMENT

NOW, THEREFORE, in consideration of these premises and the mutual and dependent promises hereinafter set forth, the parties hereto agree as follows:

#### ARTICLE I

#### DEFINITIONS

As used in this Agreement, the following words and phrases have the following meanings, respectively:

"Accounts Receivable" shall mean all accounts receivable of Company, including guarantees thereof, which are outstanding on the Closing Date.

"Acquisition Shares" shall have the meaning set forth in Section 2.3(b).

"Agreement" shall mean this Merger Agreement and Plan of Reorganization.

"Balance Sheet" and "Balance Sheet Date" shall have the meanings set forth in Section 7.7.

"Closing" or "Closing Date" shall have the meanings set forth in Section 2.2.

"Commission" shall mean the Federal Securities and Exchange Commission.

"Company Shares" shall have the meaning set forth in paragraph A of the Preliminary Statements of this Agreement.

"Consideration Shares" shall have the meaning set forth in Section 3.1.

"Effective Date" shall have the meaning set forth in Section 2.2.

"Escrow Agreement" shall mean the agreement to be executed and delivered pursuant to Article IX.

"Escrow Fund" shall mean the escrow established pursuant to Article IX.

"ETS Balance Sheet" and "ETS Balance Sheet Date" shall have the meanings set forth in Section 8.8.

"Holding" of Company Shares shall have the meaning set forth in Section 2.3(b).

"IRS Tax Matter" shall mean the tax matter set forth on Schedule 7.15.

"Lease" shall mean the lease to be entered into between Analytical and Steven Pond in the form attached hereto as Exhibit F.

"Merger" shall have the meaning set forth in paragraph B of the Preliminary Statements of this Agreement.

"1933 Act" shall have the meaning set forth in Section 4.3(b).

"1934 Act" shall have the meaning set forth in Section 4.8(b).

"Plan" or "Plans" shall have the meaning set forth in Section 7.14.

"Purchase Orders" shall mean those purchase orders and contracts for materials and services entered into by Company as Seller, including work undertaken by Company in the ordinary course of business but uncompleted as of Closing.

"Registrable Stock" shall have the meaning set forth in Section 4.1.

"Registration Statement" shall have the meaning set forth in Section 4.2.

"Shareholders' Representative" shall have the meaning set forth in Section 10.8.

"Surviving Corporation" shall have the meaning set forth in Section 2.1.

"Analytical Shares" shall have the meaning set forth in paragraph A of the Preliminary Statements of this Agreement.

## ARTICLE II

### MERGER

2.1 Merger. In accordance with the terms of this Agreement and the laws of the Commonwealth of Virginia, Company shall be merged with and into Analytical, which as of the Effective Date (as hereinafter defined in Section 2.2 below) shall be the surviving corporation (the "Surviving Corporation"). References herein to the Company or Analytical with respect to transactions or acts occurring after the Effective Date shall mean the Surviving Corporation.

2.2 Closing and Effective Date of the Merger. Unless this Agreement is terminated and the Merger is abandoned as provided in Article X of this Agreement, the closing of the Merger and the other transactions contemplated by this Agreement (the "Closing") shall be held at the offices of Woods, Rogers & Hazlegrove, P.L.C., First Union Tower, Suite 1400, 10 South Jefferson Street, Roanoke, Virginia 24011, or at such other location as the parties hereto may agree, at 10:00 a.m. local time on January \_\_, 1995, or such other date as the parties may mutually agree (the

"Closing Date"). On or before the Closing Date, Articles of Merger setting forth the terms of the Merger as required by the laws of Virginia shall be delivered for filing in accordance with the laws of Virginia. The Merger shall become effective as of the date specified in the Articles of Merger or at such other date as may be required by the State Corporation Commission of Virginia (the "Effective Date").

2.3 Conversion and Exchange of Shares; Merger

Consideration. The manner of converting or exchanging the shares of ETS Common Stock, the Company Shares and Analytical Shares shall be as follows:

(a) The Merger shall effect no change in any of the shares of ETS Common Stock and no ETS Common Stock shall be converted as a result of the Merger.

(b) For the purposes hereof, a "Holding" of Company Shares means the total number of issued and outstanding Company Shares as to which an individual Shareholder is the registered owner at the Closing. On the Closing Date each Holding of Company Shares shall, by virtue of the Merger without any action on the part of the holder thereof, be converted into and become that number of whole shares of fully paid and nonassessable ETS Common Stock which is most nearly equal to the product of (i) the fraction of the issued and outstanding Company Shares immediately prior to the Closing held in such Holding multiplied by (ii) the

Consideration Shares. All such computations shall be made to the nearest whole share of ETS Common Stock. The shares of ETS Common Stock into which Company Shares are converted are hereinafter sometimes referred to collectively as the "Acquisition Shares."

(c) On the Closing Date, each holder of an outstanding certificate or certificates which prior thereto represented Company Shares shall surrender for cancellation the same to ETS (or to an exchange agent appointed by ETS and present at the Closing), and shall receive in exchange therefor, a certificate, dated the Closing Date, representing the number of whole shares of ETS Common Stock into which the Company Shares theretofore represented by the certificate or certificates so surrendered by him shall have been converted as provided in paragraph (b) of this Section 2.3.

(d) No certificates or scrip for fractional shares of ETS Common Stock will be issued and no payment will be made in respect thereof. If more than one certificate representing Company Shares shall be surrendered for the account of the same Shareholder, the number of full shares of ETS Common Stock for which certificates shall be delivered to a Shareholder shall be computed on the basis of the aggregate number of shares represented by the certificates surrendered by that Shareholder.

2.4 Restated Charter and Bylaws. On the Effective Date, the Articles of Incorporation of Analytical, as in effect immediately prior to the Effective Date, shall be the Articles of Incorporation of the Surviving Corporation, and such Articles of Incorporation shall not be amended by virtue of the Merger. The Bylaws of Analytical as in effect immediately prior to the Effective Date shall be the Bylaws of the Surviving Corporation until duly amended, altered or repealed in accordance with law.

2.5 Directors and Officers. On the Effective Date, the following persons shall serve as directors of the Surviving Corporation until the next annual meeting of the Surviving Corporation or until their successors are elected:

John D. McKenna

David F. Tompkins

Gary P. Greiner

John C. Mycock

In addition, the following individuals shall be elected to the office of the Surviving Corporation set forth below opposite his name:

John D. McKenna - CEO

David F. Tompkins - President

Gary P. Greiner - Treasurer

John C. Mycock - Secretary

The directors and officers of the Surviving Corporation shall hold office at the pleasure of the sole shareholder and board of directors of the Surviving Corporation subject to the laws of the Commonwealth of Virginia and to the Articles of Incorporation and Bylaws of the Surviving Corporation.

2.6 Transactions Simultaneous. All transactions consummated at the Closing shall be deemed to have been made simultaneously and shall be effective at and as of the commencement of business on the Closing Date.

### ARTICLE III

#### CONSIDERATION

3.1 Consideration Shares. The total merger consideration shall be 204,000 shares of ETS Common Stock (the "Consideration").

### ARTICLE IV

#### REGISTRATION RIGHTS

4.1 Registrable Stock. As used in this Article, the term "Registrable Stock" means all Acquisition Shares, and all other shares of ETS Common Stock that may hereafter be issued by ETS in respect of the Acquisition Shares. References in this Article to rules, regulations and forms promulgated by the Securities and Exchange Commission (the "Commission") shall include rules,

regulations and forms succeeding to the functions thereof, whether or not bearing the same designation.

4.2 Notice of Registration. Within 30 days after the Closing Date, ETS will give each holder of Registrable Stock notice in writing that ETS intends to file a registration statement (the "Registration Statement") on Form S-3 or other appropriate form for a registered offering of shares of the Registrable Stock to be sold from time to time by holders of Registrable Stock. Upon the written request of each such holder, given within 30 days after the mailing of such notice by ETS, ETS shall cause to be included in the Registration Statement all of the Registrable Stock that each such holder has requested be registered. ETS shall be obligated to effect only one registration pursuant to this Article.

4.3 Obligations of ETS. Upon the expiration of the 30-day period referenced in the next-to-last sentence of Section 4.2, ETS shall, as expeditiously as reasonably practicable, but in no event more than 90 days from such date:

(a) Prepare and file with the Commission a Registration Statement with respect to such Registrable Stock and use its best efforts and make all filings necessary to cause such Registration Statement to become and remain effective until the earlier of (i) the completion of all sales contemplated thereby or (ii) the second anniversary of the Closing Date, and at the reasonable written request of any Shareholder delivered prior to

such second anniversary, until the fifth anniversary of the Closing Date;

(b) Prepare and file with the Commission under the Securities Act of 1933, as amended (the "1933 Act") such amendments and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by the Registration Statement;

(c) Furnish to the holders of Registrable Stock such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the 1933 Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Stock owned by them; and

(d) Use its best efforts to register and qualify the securities covered by the Registration Statement under such Blue Sky or other securities laws of such jurisdictions as shall be reasonably appropriate for the distribution of the securities covered by the Registration Statement, provided that ETS shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such jurisdiction, and further provided that (anything in this Article to the contrary notwithstanding with respect to the bearing of expenses) if any jurisdiction in which the securities shall be qualified shall require that expenses

incurred in connection with the qualification of the securities in that jurisdiction be borne by selling Shareholders, then such expenses shall be payable by selling Shareholders pro rata, to the extent required by such jurisdiction.

4.4 Furnishing of Information. It shall be a condition precedent to the obligations of ETS to take any action pursuant to this Article that the holders of Registrable Stock shall furnish to ETS all information regarding such holders, the Registrable Stock held by them, and the intended method of disposition of such securities as ETS shall reasonably request and as shall be required in connection with the registration or other action to be taken by ETS.

4.5 Registration Expenses. In the case of any registration effected pursuant to Section 4.2, ETS shall bear any registration, filing and qualification fees and expenses, including counsel fees in connection with the preparation and filing thereof, except that each holder of Registrable Stock shall bear the expenses attributable to such holder's Registrable Stock of any (i) underwriters' or brokers' discounts and commissions, (ii) expenses specified in Section 4.3(d) and (iii) fees and expenses of counsel for such holders.

4.6 Delay of Registration. No holder of Registrable Stock shall have any right to take any action to restrain, enjoin, or otherwise delay any registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Article.

4.7 Termination of ETS' Obligations. ETS shall have no obligations pursuant to Section 4.2 with respect to any request or requests made by any holder of Registrable Stock after the second anniversary of the Closing Date.

4.8 Reports Under Securities Exchange Act of 1934. With a view to making available to the holders of Registrable Stock, the benefits of Rule 144 promulgated under the 1933 Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of ETS to the public without registration, ETS agrees to use its best efforts from the Closing Date until the sixth anniversary of the Closing Date to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the Commission in a timely manner all reports and other documents required of ETS under the 1933 Act and the Securities Exchange Act of 1934, as amended (the "1934 Act");

(c) furnish to any holder so long as such holder owns any of the Registrable Stock forthwith upon request (i) a written statement by ETS that it has complied with the reporting requirements of Rule 144, and of the 1933 Act and the 1934 Act (so long as it is subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of ETS, and (iii) such other reports and documents so filed by ETS as may be reasonably requested in availing any holder of the benefit of any

rule or regulation of the Commission permitting the selling of any such securities without registration; and

(d) promptly upon request from any broker proposing to execute a sale on behalf of any Shareholder, advise such broker of the then current availability of Rule 144 for such sale and, upon the consummation of any such sale in compliance with Rule 144, cause the transfer agent for ETS Common Stock to deliver certificates for the shares so sold, without any legend, to the holder executing such sale or to its designee.

ETS further agrees that, upon request of the holder of any Registrable Stock, ETS will cause any restrictive legend on any certificate evidencing such holder's Registrable Stock or stop transfer instruction relating to such stock to be removed at any time following the third anniversary of the Closing Date.

4.9 Transfer of Registration Rights. The registration rights of the Shareholders under this Article may be transferred but only to a transferee who acquires all shares of Registrable Stock then held by such Shareholder in a transaction exempt under Section 4(1) of the 1933 Act; provided that ETS is given written notice by any Shareholder at the time of such transfer stating the name and address of the transferee and identifying the securities with respect to which the rights under this Article are being assigned.

ARTICLE V  
CLOSING EVENTS

Company shall deliver to Analytical and ETS:

5.1 At the Closing and dated as of the Closing Date (i) the certificate of each Shareholder that he or she has no claim of any kind against the Company (either directly or by virtue of an interest in an entity which has such claim); (ii) an assignment or release, as the case may be, of all right, title and interest (free and clear of any liens, claims, encumbrances, or equities of any party) of each Shareholder in and to any contracts or agreements with the Company relating to the business or affairs of the Company; (iii) the certificate of each director of the Company who is not a Shareholder that he has no claim of any kind against the Company (either directly or by virtue of an interest in an entity which has such claim) and has repaid all of his or her accounts and notes payable to the Company; (iv) the certificate of each officer who is not a Shareholder or a director of the Company that, to the best of his knowledge, he has no claim of any kind against the Company (either directly or by virtue of an interest in an entity which has such claim) and has repaid all of his or her accounts to the Company; and (v) the certificate of each Shareholder confirming such matters as counsel for ETS and Analytical reasonably deems necessary to assure compliance with applicable federal and state securities laws.

5.2 At the Closing, an opinion, dated the Closing Date and substantially in the form of Exhibit A attached hereto and made a part hereof, which the Shareholders shall request of S. Brod'rick Peters, Jr. as counsel for the Company and the Shareholders to be delivered to ETS and Analytical.

5.3 At the Closing, all books and corporate records of the Company including without limitation the stock books and ledgers, the corporate seal, minute books and books of account.

5.4 At the Closing, copies of (i) the Company's 1989, 1990, 1991, 1992, 1993 and, if available 1994 fiscal year federal income tax returns and access to the tax workpapers used in computing the Company's taxable income or loss and investment, business and other credits included in such returns; (ii) any audit reports received from the IRS or other governmental authority for the Company's fiscal years from 1988 to the present that relate to adjustments to the Company's taxable income and investment, business and other credits included therein; (iii) all separate state returns of the Company for 1989, 1990, 1991, 1992, 1993 and, if available, 1994 fiscal years; and (iv) any audit reports received from state tax authorities for the Company's fiscal years from 1988 to the present.

5.5 At the Closing, copies of all of the deeds, leases, licenses, franchises, mortgages, contracts, registrations, notes, bonds, letters patent and other such instruments and documents, together with such approvals of governmental authorities and

third parties as are necessary to consummate the transactions agreed to herein.

5.6 At the Closing, certificates duly executed and attested to by the President of the Company and each of the Shareholders, dated as of the Closing date, certifying: (i) that the representations and warranties made in this Agreement are true and correct at and as of the Closing Date with the same effect as if made at and as of such time and (ii) the absence of any material breach of, or default under, or the occurrence of any event or condition which, with the giving of notice or the passage of time or both, would constitute material breach of, or default under, the terms or conditions of this Agreement.

5.7 At the Closing, copies of: (a) the Articles of Incorporation of the Company and a certificate of the good standing as a domestic corporation of the Company, each certified by the Clerk, State Corporation Commission of Virginia, as of a date no more than 30 days prior to the Closing Date; and (b) the Bylaws of the Company, certified by the Secretary of the Company as of the Closing Date.

5.8 At the Closing, all certificates representing all the issued and outstanding Company Shares to be exchanged for the Consideration.

5.9 At the Closing, an Employment Agreement in the form of Exhibit B hereto duly executed and delivered by Analytical and Steven R. Pond.

5.10 At the Closing, resignations of all officers and directors, to be effective immediately after ownership of the Company's stock is transferred.

5.11 At the Closing, an agreement terminating all buy-sell agreements in form of that attached hereto as Exhibit C.

At Closing, ETS shall deliver:

5.12 At the Closing, the Lease in the form of that attached hereto as Exhibit F.

5.13 At Closing, the Escrow Agreement in the form of that attached hereto as Exhibit G.

5.14 To the Shareholders certificates of ETS Common Stock in the name of each of the Shareholders and in proportion to the number of Company Shares conveyed by each of them.

5.15 Opinions of counsel for ETS and Analytical in form of that attached hereto as Exhibit D and Exhibit E.

#### ARTICLE VI

#### CONDITIONS TO CLOSING

6.1 The obligations of ETS and Analytical to consummate the transactions contemplated herein shall be subject, in each instance, to the fulfillment or waiver by ETS and Analytical in writing of each of the following conditions at or prior to the Closing:

(a) Renewal of Representations and Warranties; Performance of Obligations. All of the representations and warranties of the Shareholders contained in this Agreement, and

In any document or instrument delivered in connection with this Agreement or the transactions contemplated hereby, shall be true and complete at and as of the Closing Date in all material respects as if those such representations and warranties were then made in exactly the same language, and each of the Shareholders shall have performed and complied with all of the obligations, covenants and conditions required to be performed or complied with by them at or prior to the Closing Date.

(b) Adverse Changes. There shall have been no material adverse change in the business or financial condition of the Company or in the physical condition of its properties from September 30, 1994, to the Closing Date.

(c) Financial Statements. The report of the independent accountant of the Company on the compiled 1991, 1992 and the report of the accountant on the compiled 1993 financial statements shall not have been modified or withdrawn at or prior to the Closing Date.

(d) Required Approvals. ETS shall have obtained any approvals required under applicable federal and state securities laws, and the Shareholders, ETS and Analytical shall have received all such other approvals of governmental authorities and third parties as are necessary to permit them to consummate the transactions herein contemplated, and no such approval shall have been withdrawn. The parties agree to actively pursue any such approvals.

(e) Environmental and Engineering Audit. At

Analytical's option and expense, an environmental audit and an engineering study of the Company's properties shall have been conducted by independent consultants and neither the report of such consultants nor any other source shall have disclosed conditions that in Analytical's reasonable and good faith judgment will adversely affect the business, assets or financial condition of the Company.

(f) Acquisition Review. ETS' acquisition review shall not have disclosed any material variance in the representations and warranties of the Shareholders.

(g) Lease. Steven Pond shall have executed and delivered to Analytical the Lease.

(h) The items set forth in Article V shall have been completed to the satisfaction of ETS and Analytical.

(i) Legal Opinion. ETS and Analytical shall have received from S. Brod'rick Peters, Jr. the legal opinion in the form attached hereto as Exhibit A, addressed to ETS and Analytical and dated the Closing Date.

(j) Resolution of IRS Tax Matter. ETS and Analytical shall have received written payoff of the IRS Tax Matter as of Closing.

(k) Virginia Department of Taxation Matter. ETS and Analytical shall have received written payoff of the obligations of Company to the Virginia Department of Taxation as of Closing.

6.2 The obligations of the Shareholders to consummate the transactions contemplated herein shall be subject, in each instance, to the fulfillment, or waiver by the Shareholders in writing, of each of the following conditions at or prior to the Closing:

(a) Renewal of Representations and Warranties; Performance of Obligations. All of the representations and warranties of ETS and Analytical contained in this Agreement, and in any document or instrument delivered in connection with this Agreement or the transactions contemplated hereby, shall be true and complete in all material respect at and as of the Closing Date in all material respects as if those such representations and warranties were then made in exactly the same language, and ETS and Analytical shall have performed and complied with all of the obligations, covenants and conditions required to be performed or complied with by them at or prior to the Closing Date.

(b) Financial Statements. The opinion of the auditing firm of the ETS on the audited 1991, 1992 and 1993 financial statements shall not have been modified or withdrawn at or prior to the Closing Date.

(c) Required Approvals. ETS shall have obtained any approvals required under applicable federal and state securities laws, and the Shareholders, ETS and Analytical shall have received all such other approvals of governmental authorities and third parties as are necessary to permit them to consummate the

transactions herein contemplated, and no such approval shall have been withdrawn.

(d) Acquisition Review. The Shareholders' acquisition review shall not have disclosed any material variance in the representations and warranties of the ETS and Analytical.

(e) Stock Listing. The Common Stock of ETS shall continue to be listed on the American Stock Exchange Emerging Company Marketplace and no delisting proceedings shall have been instituted or contemplated by ETS.

#### ARTICLE VII

#### REPRESENTATIONS, WARRANTIES AND COVENANTS OF SHAREHOLDERS

To induce ETS and Analytical to enter into this Agreement and carry out the transactions herein contemplated, the Shareholders jointly and severally (except with respect to Section 7.1, which covenant, representation and warranty is made individually by each Shareholder) covenant, represent and warrant to ETS and Analytical the following, which covenants, representations and warranties shall be true at and survive the Closing for a period of one (1) year (subject to any applicable statute of limitations):

7.1 Ownership of Stock. Each Shareholder is the lawful owner of the number of shares of stock listed opposite the name of such Shareholder in Schedule 7.1 hereto, free and clear of all liens, encumbrances, restrictions and claims of every kind; each Shareholder has full legal right, power and authority to enter

into and carry out this Agreement. No Shareholder will at Closing be a party to or bound by any agreement, instrument or understanding restricting the transfer of any shares of the Company. Except as set forth on Schedule 7.1, if any, there have been no changes in the ownership of shares of the Company's capital stock within two years prior to the date of this Agreement.

7.2 Existence and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. The Company has the power to own its property and to carry on its business as now being conducted. The Company is not required to be qualified to do business in any other jurisdiction by reason of the fact that the character and location of the properties presently owned or leased by the Company or the nature of the business presently conducted by the Company make such qualification necessary, or if required, the Company will not suffer any loss or damage for failure to have so qualified.

7.3 Power and Authority. The Company has full corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby and all corporate and shareholder action and proceedings of the Company necessary for such execution, delivery, performance and consummation have been duly taken. When duly executed and delivered by the parties hereto, this Agreement will constitute a valid and legally binding obligation of and will be enforceable

against the Company and each of the Shareholders in accordance with its terms.

7.4 Stock Options and Conversion Rights. The Company has no outstanding, nor is it a party to or bound by any, option, warrant or other right of commitment, plan or arrangement of any kind to issue or sell any capital stock or other security or other equity interest of or other interest in the Company or which entitles or could entitle the holder thereof to purchase or otherwise acquire any capital stock or other security or other equity interest of or other interest in the Company, or to convert the same into any capital stock or other security or other equity interest of or other interest in the Company.

7.5 Capital Stock. The Company has an authorized capital consisting of 5,000 shares of Common Stock, par value \$10.00 per share, of which 1020 shares are issued and outstanding. All such issued and outstanding shares have been duly authorized and validly issued and are fully paid and non-assessable. There are no outstanding options, warrants, rights, calls, commitments, conversion rights, rights of exchange, plans or other agreements of any character providing for the purchase, issuance or sale of any shares of the capital stock of the Company, other than as contemplated by this Agreement.

7.6 Subsidiaries and Investments. The Company does not own any equity or other interest in any corporation, partnership, association, trust, joint venture or other business enterprise.

7.7 Financial Statements; Books and Records. The

Shareholders have heretofore furnished ETS with (i) balance sheets of the Company as of the three fiscal years preceding the date of this Agreement, and the related statements of earnings and retained earnings and of cash flows for the fiscal years then ended, all compiled by the Company's independent certified public accountants, except for 1993 fiscal year prepared by the accountant, and (ii) monthly unaudited balance sheets since the most recent compiled balance sheet date and related statements of earnings. (The balance sheet of the Company for the fiscal year ended December 31, 1993, including the footnotes thereto, is hereinafter referred to as the "Balance Sheet" and December 31, 1993, is referred to as the "Balance Sheet Date.") Such financial statements present fairly the financial position, results of operations and cash flows of the Company and have been prepared in accordance with generally accepted accounting principles consistently applied (except as therein noted). The Balance Sheet, and the internally-prepared financial statements for the months following the Balance Sheet Date, all of which through the end of the month preceding the date of this Agreement have been delivered to ETS, fairly present the financial condition of the Company as of the dates thereof and reflect all known claims against and all debts and liabilities of the Company, of a nature required to be disclosed on a balance sheet as of the dates thereof, and such statements of earnings fairly present the results of the operation of the Company for the

periods indicated. The books and records of the Company are in all material respects true, complete, correct and up to date and have been maintained in accordance with reasonable business practice.

7.8 Title to Properties; Encumbrances. The Company has good and valid title to (a) all its properties and assets (tangible and intangible), including without limitation all the properties and assets reflected in the Balance Sheet, and (b) all the properties and assets acquired by the Company since the Balance Sheet Date (except for properties and assets acquired since the Balance Sheet Date which have since been sold or otherwise disposed of in the ordinary course of business) and, in each case are subject to no encumbrance, lien, charge or other restriction of any kind or character, except for (i) liens reflected in or securing indebtedness reflected in the Balance Sheet or securing indebtedness incurred since the Balance Sheet Date and disclosed in Schedule 7.8 hereto, if any, (ii) such easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially detract (either individually or in the aggregate) from the value of, or impair the use of, such property by the Company in the operation of its business; (iii) liens for current taxes, assessments or governmental charges or levies on property not yet due and payable; and (iv) rights of suppliers of goods to the Company for which full payment has not been made but is not delinquent.

**7.9 Real Property.** The Company does not, and will not at the time of Closing, own any real property.

**7.10 Leases.** Schedule 7.10 hereto contains an accurate and complete list and description of the terms of all leases to which the Company is a party (as lessee or lessor). Except as set forth on Schedule 7.10, each lease was entered into in the normal course of business in an arms-length transaction. The termination of any lease will not have a material adverse effect on the Company's business or financial condition. Each lease set forth in Schedule 7.10 is in full force and effect; all rents and additional rents due to date on each such lease have been paid; in each case, the lessee has been in peaceable possession since the commencement of the original term of such lease and is not in default thereunder and no waiver, indulgence or postponement of the lessee's obligations thereunder granted by the lessor is now in effect; and there exists no event of default or event, occurrence, condition or act which, with the giving of notice or lapse of time or both, would become a default under such lease. The Company has not violated any of the terms or conditions under any such lease in any material respect, and all of the covenants to be performed to date by any other party under any such lease have been fully performed. All buildings, structures and appurtenances on property leased to the Company are in good operating condition and in a state of good maintenance and repair, reasonable wear and tear excepted, are adequate and suitable for the purposes for which they are presently being

used, and with respect to each the Company has adequate rights of ingress and egress for operation of the business of the Company in the ordinary course. None of such buildings, structures and appurtenances (or any equipment therein), nor the operation or maintenance thereof, is in material violation of any restrictive covenant or any provision of any federal, state or local law, ordinance, rule or regulation, or encroaches on any property owned by others. No condemnation proceeding is pending or to the Company's knowledge has been threatened which would preclude or impair the use of any such property by the Company for the purposes for which it is currently used.

7.11 Personal Property. None of the tangible or intangible personal property of the Company is subject to a contract of sale, except contracts made in the ordinary course of business. The Company has maintained the personal property in accordance with prudent business practice.

7.12 Material Contracts. Schedule 7.12 hereto contains an accurate and complete list of all material outstanding contracts, agreements and other undertakings to which the Company is a party or to which any of the properties of the Company is subject (the "Contracts"), each is in full force and effect, and except as specifically disclosed on Schedule 7.12, there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default by the Company thereunder, each is with third parties unrelated to Company or

Shareholders and was entered into on an arms-length basis in the ordinary course of business. The Company has not violated any of the terms or conditions thereof in any material respect, and all of the covenants required to be performed to date by any other party thereto have been fully performed. Except as described in Schedule 7.12, no Contracts are of a recurring or long-term (one year or more) duration. Except as disclosed on Schedule 7.12, Company is not a party to any continuing contract for the future purchase of materials, supplies or equipment in excess of the requirements for its business as now being conducted. Except as disclosed on Schedule 7.12, to the Company's knowledge, there is no material Contract with respect to which the cost to complete after Closing will exceed the unpaid balance due to the Company as of Closing. Contracts made in the ordinary course of business involving less than \$10,000.00 and any other contracts for the purchase or sale of products or services involving less than \$1,000.00 shall not be deemed to be material for the purposes of this Section 7.12.

7.13 Patents, Trademarks, etc. Except as set forth in Schedule 7.13 heretofore delivered to ETS, the Company does not own, have or require in connection with the conduct of its business any rights to the use of any patents, trademarks, service marks, trade names, copyrights or applications for any of the foregoing. There is no claim of infringement which exists or to Company's knowledge has been threatened with respect to any patent, trademark, service mark, trade name, copyright or

applications for any of the foregoing that is owned by any other party.

7.14 Employee Agreements.

(a) Schedule 7.14(a) lists all material plans, programs, agreements, commitments or arrangements, whether verbal or written, maintained by or on behalf of the Company or any other party or any other person that provide benefits or compensation to or for the benefit of any current or former employees of the Company (the "Plan" or "Plans"). Except as set forth on Schedule 7.14(a), only current and former employees of the Company and their families participate in the Plans. The Company maintains no plans which are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) With respect to each Plan: (i) no litigation or administrative or other proceeding is pending or, to the best knowledge, information and belief of the Company and of the Shareholders, threatened involving such Plan; (ii) the Company has made, and as of the Closing Date will have made or accrued, all payments and/or contributions required, or reasonably expected to be required, to be made under the provisions of the Plans or by law with respect to any period prior to the Closing Date; and (iii) such Plan shall be fully funded in an amount sufficient to pay all liabilities accrued (including liabilities and obligations for health care, life insurance and other benefits after termination of employment and claims incurred to the Closing Date, or the Closing Date Balance Sheet will contain

adequate reserves, or paid-up insurance will have been provided, therefor.

(c) Except as set forth in Schedule 7.14(c), neither the Company nor any of the Plans have any obligation to provide, or liability for, health care, life insurance or other benefits after termination of employment. As of the Closing Date, notice of the availability of continuation coverage will have been provided to all persons entitled thereto and all persons electing such coverage will be (or have been, if applicable) provided such coverage.

(d) To the extent the Company, ETS or Analytical is adopting or continuing any Plan, nothing contained in this Agreement shall limit or restrict the right of ETS or Analytical from and after the Closing Date to amend or to modify any of the Plans in such manner as ETS or Analytical deems appropriate or to terminate any of the Plans.

(e) The consummation of the transactions contemplated by this Agreement will not entitle any employee of the Company to severance pay nor will it accelerate the time of payment, vesting or increase the amount of any compensation due to any employee of the Company.

(f) No provision of this Agreement shall be deemed to create or imply any contract of employment between any employee of the Company and the Company, ETS, Analytical or the Shareholders, except for the contracts of employment the

execution of which are a condition precedent to the obligations of the parties to close this transaction.

7.15 Tax Audits and Payment of Taxes. Except as set forth on Schedule 7.15, the Company has timely and properly filed in correct form all federal, state, local and other tax returns and estimates of every nature required to be filed by it, and no extensions of time in which to file any such returns or estimates are in effect. Except as set forth on Schedule 7.15, the Company has paid all taxes including all deficiency assessments, additions to tax, penalties and interest, of which notice has been received to the extent that such amounts have become due and has made all withholdings and deposits of tax as required. The Company's filed returns reflect all taxes due and payable with respect to the periods covered thereby, and there are no tax liabilities, interest or penalties payable with respect to such periods. Except as set forth on Schedule 7.15, the Company has paid all taxes which do not require filing of returns but which are required to be paid by it. To the extent that tax liabilities of the Company have accrued on or before the Balance Sheet Date, but were not then payable, they have been adequately reflected as liabilities on the Balance Sheet. Except as so reflected and provided for, no tax liabilities, interest or penalties have been assessed against the Company which remain unpaid or unsettled, no adjustments or disallowances increasing tax liabilities of the Company have been raised on examination or proposed by any taxing authority which have not been settled and

no state of facts exists or has existed which would constitute the basis for the assessment against the Company of any additional tax liability. The federal income tax returns of the Company have been examined and reported on by the taxing authorities or closed by applicable statutes and satisfied for all fiscal years prior to and including the fiscal year ended December 31, 1990. All deficiencies assessed as a result of such examinations have been paid or finally settled and no issue has been raised by the taxing authorities in any such examination which, by application of similar principles, reasonably can be expected to result in a deficiency for any other year not so examined.

7.16 Absence of Undisclosed Liabilities. Except as and to the extent fully reflected, reserved against or disclosed as such in the Balance Sheet or as specifically disclosed as such on Schedule 7.16 attached hereto and made a part hereof or which is fully covered by insurance disclosed herein or environmental liabilities not covered by the representations and warranties in Section 7.27, the Company has no material liability or obligation, secured or unsecured, whether accrued, absolute, contingent or otherwise, known or unknown. Except as specifically set forth on Schedule 7.16, each of the reserves reflected in the Balance Sheet is adequate under generally accepted accounting principles to cover the actual amount of the liability or charge for which it was established.

7.17 Distributions Within Two Years. Except as set forth on Schedule 7.17 or as disclosed in financial statements, the Company has not paid any dividends or otherwise made any distributions to its shareholders within two years prior to the date of this Agreement.

7.18 Documents. Neither the Company nor any Shareholder is subject to, or a party to, any existing charter, bylaw, mortgage, lien, lease, license, permit, agreement, contract, instrument, order, judgment or decree, or any other restriction of any kind or character which materially adversely affects the business or condition of the Company or any of its assets or property, or which would prevent consummation of the transactions contemplated by this Agreement, compliance by the Company or any Shareholder with the terms, conditions and provisions hereof or the continued operation of the Company's business after the Closing on substantially the same basis as heretofore operated.

7.19 Litigation and Compliance Matters. Except as listed on Schedule 7.19 hereto, the Company (a) is not engaged in or a party to, or threatened in writing with, any legal action or other proceeding before any court, arbitration or other tribunal or administrative agency for which the full ultimate liability of the Company, in the event of a determination adverse to the Company, is not fully covered by insurance which will be in force as of the Closing Date, (b) has not been charged with and, to the knowledge of the Shareholders, is not under investigation with respect to any charge concerning, any violation of any law or

administrative regulation in respect of its business and (c) is not in default under or in violation of any judgment, order, decree, regulation or rule of any court of governmental authority applicable to it. The Company is not subject to any existing judgment, order or decree entered in any lawsuit or proceeding which may have an adverse effect on any of its operations, business practices or on its ability to acquire any property or conduct business in any area. The facilities and operations of the Company are in compliance with all applicable provisions of laws relating to occupational safety and health standards, equal employment opportunity and employee benefit plans, and rules and regulations under such laws as currently administered, and the Company has not received any complaint from any person that any of its property or operations are in violation of any such law, rule or regulation. The Company has not made any commitment to, and to the Company's knowledge is not required by any applicable law to, make any capital expenditure in order to maintain compliance with all applicable current provisions of laws, rules and regulations relating to occupational safety and health standards.

7.20 Insurance Schedule 7.20 hereto contains an accurate and complete list of all policies of insurance, including the amounts thereof and respective periods of coverage, in which the Company is named as the insured party, or for which the Company has paid any premiums since 60 months prior to the date of this Agreement. All such policies (a) are in full force and effect or

have been renewed or replaced by equivalent policies, (b) are sufficient for compliance by the Company with all requirements of law and of all agreements to which the Company is a party and (c) are valid, outstanding and enforceable. During the 60 months prior to the date of this Agreement, the Company has not been denied any insurance coverage which it has requested, has not made any material change in the scope or nature of its insurance coverage and has not experienced any material change in insurance rates or premiums.

7.21 Bank Accounts, Powers of Attorney and Compensation of Employees. Set forth in Schedule 7.21 hereto is an accurate and complete list showing (a) the name of each bank in which the Company has an account or safe deposit box and the names of all persons authorized to draw thereon or to have access thereto, (b) the names of all persons, if any, holding powers of attorney from the Company and a summary statement of the terms thereof, and (c) the names of all persons whose compensation from the Company for the fiscal year most recently ended exceeded an annualized rate of \$20,000.00, together with a statement of the aggregate amount paid or payable to each such person for services rendered during such fiscal year.

7.22 Labor Organizations. No recognized labor organization claims that it represents the majority of the employees of the Company or to the knowledge of any of the Shareholders, is engaged in any campaign to organize any of said employees, nor is there any strike or work stoppage by the employees of the Company

overtly threatened or in progress as of the date of this Agreement.

7.23 Interest in Suppliers, Etc. Except as listed on Schedule 7.23 hereto, no officer or director of the Company possesses, directly or indirectly, a material financial interest in, or is a director, officer or employee of, any corporation, firm, association or business organization which is a supplier, customer who receives below-market rates, lessor, lessee, or competitor or potential competitor of the Company.

7.24 Absence of Certain Changes. Since the Balance Sheet Date, except as disclosed in Schedule 7.24 or contemplated hereunder:

(a) there has not been any material adverse change in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), reserves, business or operations of the Company;

(b) the Company has not canceled or had canceled, nor to the Company's knowledge is there a default existing or to the Company's knowledge threatened under, any material contract for the sale of the Company's products or services;

(c) the Company has not canceled or waived any claims or rights of substantial value or sold, transferred, distributed or otherwise disposed of any significant assets or properties;

(d) the Company has not granted any increase in the rate of wages, salaries, bonuses or other remuneration of any

executive employee or other employee other than normal annual increases consistent with past practices;

(e) the Company has not made any capital expenditures or commitments for additions to property, plant or equipment in excess of \$20,000 collectively;

(f) the Company has not materially increased its indebtedness for borrowed money or made any material loan to any person;

(g) the Company has not made any change in any method of accounting or accounting practice;

(h) the Company has not (i) issued, declared or paid any dividend on any shares of its capital stock, (ii) declared or made any distribution on, or authorized the creation or issuance of, or issued or authorized or effected any split-up or any other capitalization of, any of its capital stock, (iii) directly or indirectly redeemed, purchased or otherwise acquired any of its outstanding stock, or (iv) authorized or agreed to take any such action;

(i) the Company has not otherwise conducted its business in a material way other than in the ordinary course; and

(j) the Company has not agreed, whether or not in writing, to do any of the foregoing.

7.25 No Action Threatened. The Shareholders are not aware of any action or proceeding instituted or threatened before a court or other government body or by any public authority to restrain or prohibit any of the transactions contemplated hereby.

7.26 Intra-Company Debt. Except as set forth on Schedule 7.26, all indebtedness, if any, of all stockholders, directors, officers and employees of the Company to the Company has been paid in full.

7.27 Environmental Conditions.

(a) The Company is in compliance with all Federal, State and local laws, regulations, ordinances, decrees, orders and notices relating to the environment ("Legal Requirements") and applicable to the real estate owned or leased by the Company ("Property").

(b) The improvements on the Property are designed to comply with all Legal Requirements;

(c) There is no pending

(i) notice from any governmental entity of non-compliance with any Legal Requirement,

(ii) demand or request from any governmental entity for information concerning any possible violation, or for correction of any violation, by the Company of a Legal Requirement (a notice, demand or request shall be deemed pending unless it has been withdrawn or the subject of condition which is the subject of such notice, demand or request has been met or remedied to the satisfaction of the issuing governmental entity);  
or

(iii) notice of intent to sue or suit brought under any State or Federal law authorizing private citizens to enforce any Legal Requirement relating to the environment.

(d) the Company is not subject to any judicial order or decree or administrative directive calling for compliance with any Legal Requirement or for correction of any violation thereof;

(e) The Company has obtained all governmental authorizations necessary pursuant to Legal Requirements to permit occupancy and operation of the Property, each such authorization is valid and in full force and effect, and to the knowledge of the Shareholders no such authorization is the subject of any judicial or administrative proceeding which might affect its validity, and no such proceeding is threatened or anticipated;

(f) No other judicial or administrative proceeding relating to any Legal Requirement and applicable to the Property is pending or to the knowledge of Shareholders threatened or anticipated;

(g) The Company is not subject to liability under CERCLA, RCRA, the Solid Waste Disposal Act, or TSCA or under any state statute similar to CERCLA, RCRA, the Solid Waste Disposal Act, Clean Water Act, the National Environmental Policy Act, TSCA or any successor statute or any other Legal Requirement with respect to any event or condition which has occurred while the Company has occupied the Property;

(h) The Company has complied with the provisions of all Legal Requirements relating to public or community right-to-know or to notification, including without limitation the provisions of Sections 102 and 103 of CERCLA, Section 311 of the

FWPCA, the Emergency Planning and Community Right-to-Know Act of 1986 and all other statutes concerning the environment;

(i) To the Company's knowledge, there is no impending change or event which will substantially affect the Company's ability to comply with any Legal Requirement or to obtain and maintain in effect the governmental authorizations necessary to permit construction, modification, or operation of the Property, including without limitation any reallocation of water quality limitations, emission or effluent limitations, consumption of air quality increments, land disposal bans, demands or requests for corrective actions, or equipment inadequacies;

(j) No solid or hazardous wastes or hazardous or toxic substances, whether tangible or intangible, are stored, treated, disposed of, or managed on the Property which are not disclosed on Schedule 7.27;

(k) No underground storage tanks or any sort of underground pipelines are located in or under any of the Property or at any adjoining location which are not described on Schedule 7.27 and any former underground storage tanks located on the Property have been closed in accordance with all applicable federal, state and local laws, regulations and ordinances;

(l) To the Company's knowledge, no capital or other expenditures will have to be made by the Company to comply with Legal Requirements which are not disclosed on Schedule 7.27.

(m) Except as described in Schedule 7.27, and the Company's treatment, handling and disposal of hazardous waste, hazardous or toxic substances and other substances, whether

tangible or intangible, has been in accordance with all legal requirements.

7.28 Governmental Regulations; Permits; Licenses; Franchises; Etc. The Company has in its possession, and immediately upon execution of this Agreement will make available to ETS and Analytical at the Company's offices, all certificates, permits, licenses and authorities (the "Permits") issued by any governmental authority having jurisdiction over the Company, or its properties or business. Schedule 7.28 contains a list of all Permits. All the Permits are in full force and effect, valid and outstanding, the Company has duly complied with all of the terms and conditions under which each is held or has been granted a waiver or variance and no event has occurred which permits or, upon the giving of notice or the lapse of time or otherwise, would permit the revocation or termination of any of the foregoing or would materially adversely affect the rights of the Company hereunder. To the best knowledge of the Shareholders, there are no other permits required by the Company to conduct its business. No Permit has ever been revoked, canceled or suspended or the subject of any investigation or proceeding for the suspension, revocation or cancellation thereof.

7.29 Certain Securities Laws Matters.

(a) Access to Information. Each of the Shareholders represents that (i) ETS has made available to it, him or her and its, his or her respective attorneys, accountants, financial advisers and other agents the following publicly available

documents and information pertaining to ETS, ETS Common Stock and the Acquisition Shares: Form 10 registration statement under the 1934 Act, Form S-1 registration statement under the 1933 Act, Annual Report on Form 10-K for the last three years, Proxy Statement, Quarterly Report on Form 10-Q for the last three years; and (ii) prior to the Closing Date, each of the Shareholders has had the opportunity to ask questions of and receive answers from representatives of ETS concerning ETS, ETS Common Stock and the Acquisition Shares and to obtain any additional information reasonably available and necessary to verify information relating to the financial data and business of ETS.

(b) Investment Purposes. Each of the Shareholders is acquiring Acquisition Shares for its, his or her own account and not for the account of others. Each Shareholder agrees not to resell or otherwise dispose of all or any Acquisition Shares, except as permitted by law, including, without limitation, any and all applicable provisions of this Agreement and any regulations under the 1933 Act. Each Shareholder fully understands and agrees that it, he or she must bear the economic risk of the investment in the Acquisition Shares for an indefinite period of time. Each Shareholder understands and agrees that transfer of Acquisition Shares will be restricted and that each certificate evidencing Acquisition Shares will bear the following legend:

The shares represented by this certificate have not been registered under the U.S. Securities Act of 1933, as amended, or any state securities laws (the "Acts"). The shares have been acquired for investment and may not be sold or offered for sale in the absence of such an effective registration statement for the shares under the Acts or an opinion of counsel satisfactory to the company that such registration is not required.

(c) Waiting Period. Each Shareholder agrees that in no event will he offer, sell, distribute, pledge, encumber, transfer or otherwise dispose of in any manner whatsoever any of the Acquisition Shares acquired hereunder until such time as combined financial results covering at least thirty (30) days of combined operations of ETS and the Company after the Closing Date have been published.

7.30 Inventory. The Company's inventory consists primarily of items that are good and marketable and of a quality and quantity presently useable or saleable in the ordinary course of business and in any event, within six (6) months after the Closing Date.

7.31 No Violation of Statute or Breach of Contract. Neither the execution, delivery or performance of this Agreement by Company and Shareholders nor any compliance by them with the terms and provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any judgment, order, injunction, decree or ruling of any court or governmental agency or authority to which any of them is

subject or of any material agreement or instrument to which any of them is a party or by which any of them is bound, or constitute a default thereunder, or result in the creation of any lien, charge or encumbrance upon any of the Company's assets or the Company Shares.

7.32 Disclosure. The financial and descriptive materials supplied to ETS or Analytical by or on behalf of the Shareholders or Company include all material facts required to fairly and accurately describe the business, properties and assets of the Company. No representation or warranty contained in this Agreement, and no statement contained in any certificate, financial statement, schedule, list or other writing furnished to ETS or Analytical pursuant to the provisions hereof, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

7.33 Accounts Receivable. All accounts receivable reflected on the November 30, 1994 balance sheet and that will be reflected on the December 31, 1994 balance sheet have arisen or will arise out of the sales of inventory or services in the ordinary course of business, and all of such Accounts Receivable have been collected, or are or will be collectible (without, to the best knowledge of the Shareholders, recourse to any judicial proceedings) at the aggregate recorded amounts thereof in accordance with their terms.

7.34 Order Backlog. Schedule 7.34 sets forth a complete listing of All Purchase Orders. All of the Purchase Orders were entered into with third parties unrelated to Company or Shareholders and on an arms-length basis in the ordinary course of business. All of the Purchase Orders are in full force and effect; there have been no prepayments or deposits thereon; there has been no assignment or pledge by Company of any portion of the Purchase Orders; there is no arrangement whereby amounts due Seller under the Purchase Orders can be offset against the indebtedness of Company; there has been no threatened cancellation thereof; no notice of outstanding defaults or disputes thereunder has been received by Company; there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition would become a default thereunder; and each will continue to be binding in accordance with their terms upon consummation of the transaction contemplated hereunder.

7.35 True at Effective Date. The foregoing warranties and representations will be true and correct in every respect as of the Effective Date of the Merger as if made on that date.

ARTICLE VIII

INDEMNIFICATION

8.1 Agreement to Indemnify. Shareholders jointly and severally agree to indemnify and hold ETS and Analytical and their respective officers, directors and agents (each an "Indemnified Party") harmless from damages, losses or expenses suffered or paid, directly or indirectly through application of the Surviving Company's assets or diminution of the value of the Surviving Company's stock, as a result of any and all claims, demands, suits, causes of action, proceedings, judgments and liabilities, including reasonable legal fees incurred in litigation or otherwise, assessed, incurred or sustained by or against any of them or the Company or the Surviving Company with respect to or arising out of (a) the failure or breach of any representation or warranty made by the Shareholders in this Agreement or in any Exhibit or Schedule delivered pursuant hereto to be true and correct in all respects as of the date of this Agreement and the Closing Date, notwithstanding that ETS, Analytical or any of its agents or employees may have knowledge that any representation herein is untrue, or (b) any breach by the Company or any Shareholder of any covenant herein, or (c) any action by any Shareholder after Closing which has the effect of (i) exposing ETS to liability for breach of any federal, state or provincial securities law or (ii) causing the merger not to qualify under Sections 368(a)(1)(A) and (a)(2)(D) of the Code.

8.2 Notice of Claims. With reasonable promptness after the receipt of notice of the assertion or commencement of any third-party claim or lawsuit which could result in liability on the part of Shareholders under this Article VIII, Analytical or ETS will notify the Shareholders' Representative, as hereinafter defined, of such claim or lawsuit and shall permit Shareholders, at their expense and through their Shareholders' Representative, to participate in all negotiations, litigation, discovery and related matters, and to participate in the defense thereof.

8.3 Arbitration. In the event there shall be a dispute as to whether any Indemnified Party is entitled to indemnification under this Article VIII, the dispute shall be referred to an arbitrator selected by the American Arbitration Association for arbitration in Roanoke, Virginia under the rules of commercial arbitration of the American Arbitration Association. The decision of the arbitrator shall be binding on all parties and judgment may be entered thereon in any court of competent jurisdiction.

8.4 Expiration of Obligation. Shareholders' indemnification obligations shall terminate on the date which is one (1) year from the Closing Date, except for claims as to which ETS or Analytical has notified Shareholders' Representative before such date.

ARTICLE IX

ESCROW FUND

At Closing there shall be deposited into an Escrow fund 10% of the Acquisition Shares for indemnification of claims relating to general management representations (Section 7.01 through 7.33). Recovery for indemnification shall be limited to the Acquisition Shares held in the Escrow Fund.

ARTICLE X

REPRESENTATIONS, WARRANTIES AND COVENANTS

OF ETS AND ANALYTICAL

To induce the Shareholders to enter into this Agreement and carry out the transactions herein contemplated, Analytical and ETS covenant, represent and warrant the following, which covenants, representations, warranties shall be true at and survive the Closing and continue in full force and effect for a period of one year:

10.1 Existence and Good Standing. ETS and Analytical are each a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. Each has the power to own its property and to carry on its business as now being conducted.

10.2 Authorization. On or before the Closing Date, ETS' and Analytical's boards of directors shall have duly approved this agreement and the transactions herein contemplated.

10.3 Capital Stock. As of November 30, 1994, the entire authorized capital stock of ETS consists of 20,000,000 shares of common stock, no par value, all of one class, of which 12,179,296 are issued and outstanding as of November 30, 1994, and the entire authorized capital stock of Analytical consists of 5,000 shares of common stock, no par value, all of one class, of which five thousand (5,000) shares are issued and outstanding and held by ETS.

Power and Authority. ETS and Analytical each has full corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby and all corporate action or proceedings of ETS or Analytical necessary for such execution, delivery, performance and consummation have been duly taken. When duly executed and delivered by the parties hereto, this Agreement will constitute a valid and legally binding obligation of and will be enforceable against ETS in accordance with its terms.

10.5 Restrictive Documents. Neither ETS nor Analytical is subject to, or a party to, any existing charter, bylaw, mortgage, lien, lease, license, permit, agreement, contract, instrument, order, judgment or decree, or any other restriction of any kind or character which materially and adversely affects the business or condition of the Company or any of its assets or property, or which would prevent consummation of the transactions contemplated by this Agreement, compliance by ETS or Analytical with the terms, conditions and provisions hereof or the continued

operation of the Company's business after the date hereof on substantially the same basis as heretofore operated.

10.6 Litigation and Compliance Matters. ETS (a) is not engaged in or a party to, or threatened with, any legal action or other proceeding before any court, arbitration or other tribunal or administrative agency for which the full ultimate liability of the Company, in the event of a determination adverse to the Company, is not fully covered by insurance which will be in force as of the Closing Date, (b) has not been charged with and is not under investigation with respect to any charge concerning, any violation of any law or administrative regulation in respect of its business and (c) is not in default under or in violation of any judgment, order, decree, regulation or rule of any court of governmental authority applicable to it; and there is no valid basis for any such action, proceeding or investigation. All current pending or threatened litigation is described in Schedule 10.6, heretofore delivered to the Company. ETS is not subject to any existing judgment, order or decree entered in any lawsuit or proceeding which may have an adverse effect on any of its operations, business practices or on its ability to acquire any property or conduct business in any area.

10.7 Tax Free Exchange.

(a) Prior to the Merger, ETS will be in control of Analytical within the meaning of Section 368(c) of the Code. The tax-free characteristics of the Merger will not be impaired by

any act of ETS constituting loss of control of the Surviving Corporation within the meaning of Section 368(c) of the Code.

(b) Following the Merger, the Surviving Corporation will continue the historic business of the Company within the meaning of Treasury Regulation Section 1.368-1(d) or will use a significant portion of the Company's historic business assets in a business within the meaning of Treasury Regulation Section 1.368-1(d).

(c) ETS has made available to the Shareholders, and their respective attorneys, accountants, financial advisers and other agents the following publicly available documents and information pertaining to ETS, ETS Common Stock and the Acquisition Shares: Form 10 registration statement under the 1934 Act, Form S-1 registration statement under the 1933 Act, Annual Report on Form 10-K for the last three years, Proxy Statement and Quarterly Report on Form 10-Q for the last three years.

10.8 Financial Statements; Books and Records. ETS has heretofore furnished the Shareholders with balance sheets of ETS as of the three fiscal years preceding the date of this Agreement, and the related statements of earnings and retained earnings and of cash flows for the fiscal years then ended, all audited by the Company's independent certified public accountants. (The balance sheet of the Company for the fiscal year ended May 31, 1994, including the footnotes thereto, is hereinafter referred to as the "ETS Balance Sheet" and May 31,

1994 is hereinafter referred to as the "ETS Balance Sheet Date." Such financial statements present fairly the financial position, results of operations and cash flows of ETS and have been prepared in accordance with generally accepted accounting principles consistently applied (except as therein noted) in the preparation of the ETS' financial statements. The ETS Balance Sheet, and the internally-prepared financial statements for months following the ETS Balance Sheet Date, all of which through the end of the month preceding the date of this Agreement have been delivered to the Company, fairly present the financial condition of ETS at the dates thereof and reflect all known claims against and all debts and liabilities of ETS as at the dates thereof, and such statements of earnings fairly present the results of the operation of ETS for the periods indicated. The books and records of ETS are in all material respects true, complete, correct and up to date and have been maintained in accordance with good business practice.

10.9 Disclosure. No representation or warranty contained in this Agreement, and no statement contained in any certificate, financial statement, schedule, list or other writing furnished to the Shareholders or the Company pursuant to the provisions hereof, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

#### ARTICLE XI

MISCELLANEOUS

11.1 Notices. Notices hereunder shall be deemed given when in writing and delivered in person to Shareholders' Representative, for notices to Shareholders, or to the Chairman of ETS, for notices to ETS and Analytical, or three (3) days after deposit in the USPS mail, postage prepaid, registered or certified return receipt requested, addressed as follows:

If to Shareholders, to Seller's Representative at:

Mr. Steven Pond  
P. O. Box 785  
Richmond, Virginia 23890

with a copy to: S. Brod'rick Peters, Jr., Esq.  
8515A Mayland Drive  
Richmond, Virginia 23294

If to ETS or Analytical at:

1401 Municipal Road, N.W.  
Roanoke, VA 24012-1309  
Attn: John D. McKenna

with a copy to: T. H. Kemper, Esq.  
P. O. Box 14125  
Roanoke, VA 24038-4125.

Any party may change its notice address by notice to the other pursuant to this Section.

11.2 Entire Agreement; Amendment. This Agreement, including all Schedules and Exhibits, the Employment Agreement and the Escrow Agreement constitute the entire agreement of the parties with respect to the matters herein contemplated and supersedes all previous written or oral agreements with respect thereto. No amendment shall be effective unless in writing signed by Company,

Shareholders (or Shareholders' Representative), ETS and Analytical.

11.3 Severability. In the event any provision herein is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other provisions.

11.4 Binding Effect. This Agreement shall benefit and be binding on and enforceable against the parties and their respective heirs, personal representatives, successors and assigns.

11.5 Waiver. No waiver of any condition or obligation herein shall be effective unless in writing executed by the party granting such waiver.

11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

11.7 Shareholders' Further Assurances. Shareholders will execute such instruments and take such other actions as may be necessary after the Closing Date to effectuate fully this Agreement and the transactions contemplated hereby.

11.8 Shareholders' Representative. The Shareholders (i) hereby appoint Steven R. Pond as their representative and attorney-in-fact ("Shareholders' Representative") to defend, negotiate and/or settle claims, to employ such agents and consultants, to take such actions, to grant such consents and waivers and to execute such documents on their behalf in

connection with this Agreement as he, in his discretion, deems best, and (ii) hereby agree to pay his reasonable fees and expenses and to indemnify and hold harmless the Shareholders' Representative against any and all loss, cost, damage, liability and expense that may be imposed upon or incurred by him in connection with the performance of his duties hereunder, provided, however, that such indemnity shall not extend to his willful misfeasance or gross negligence. Shareholders who owned more than 50% of the Company Shares prior to Closing may remove and name a substitute Shareholders' Representative at any time by joint written notice thereof. If the Shareholders' Representative should die, resign or for any reason fail to serve, the Shareholders shall appoint a substitute Shareholders' Representative by joint written notice by Shareholders who owned more than 50% of the Company Shares immediately prior to Closing.

11.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same agreement.

#### ARTICLE XII

#### TERMINATION

This Agreement may be terminated (a) by mutual consent of the Company and ETS, (b) by ETS if Closing has not occurred by March 31, 1995 for any reason other than a material breach by ETS or Analytical or (c) by the Company if Closing does not occur by

March 31, 1995 for any reason other than a material breach by the  
Company : the Shareholders.

WITNESS our signatures and seals as of the date first above  
written:

ETS ANALYTICAL SERVICES, INC.

By John A. Thayer (SEAL)  
Title: Secretary

ETS INTERNATIONAL, INC.

By John A. Thayer (SEAL)  
Title: Secretary

Shareholders:

Steven R. Pond (SEAL)  
Steven R. Pond

WILLIAM R. ANDERSON

By \_\_\_\_\_ (SEAL)  
Wesley R. Anderson, Committee of  
the person and estat. of William R.  
Anderson pursuant to order of the  
Supreme Court of the County of  
Onondaga, New York, dated May 28,  
1985, a certified copy of which is  
attached hereto.

Charles W. Albertson, Jr. (SEAL)  
Charles W. Albertson, Jr.

ENVIRONMENTAL LABORATORIES,  
INCORPORATED

By Steven R. Pond (SEAL)  
Title: PRESIDENT

March 31, 1995 for any reason other than a material breach by the Company or the Shareholders.

WITNESS our signatures and seals as of the date first above written:

ETS ANALYTICAL SERVICES, INC.

By \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

ETS INTERNATIONAL, INC.

By \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

Shareholders:

\_\_\_\_\_  
Steven R. Pond (SEAL)

WILLIAM R. ANDERSON

By Wesley C. Anderson (SEAL)  
Wesley C. Anderson, Committee of the person and estate of William R. Anderson pursuant to order of the Supreme Court of the County of Onondaga, New York, dated May 28, 1985, a certified copy of which is attached hereto.

\_\_\_\_\_  
Charles W. Albertson, Jr. (SEAL)

ENVIRONMENTAL LABORATORIES,  
INCORPORATED

By \_\_\_\_\_ (SEAL)  
Title \_\_\_\_\_