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Engineered Sealing Solutions for the Automotive Industry

160 McLean Drive • Box 308 • Romeo, MI 48065 USA

Main 1-810-336-1600 • Sales 1-810-336-1700 • Fax 1-810-336-1699

U.S. DEPT. OF LABOR
PUBLIC DISCLOSURE
01 JUN -7 AM 9:34

May 29, 2001

PERSONAL & CONFIDENTIAL

CERTIFIED MAIL: RETURN RECEIPT REQUESTED

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Ave., NW
Washington, D.C. 20210

Re: Employment Agreement between L&L Products, Inc. and Larry R. Schmidt

To the Secretary of Labor:

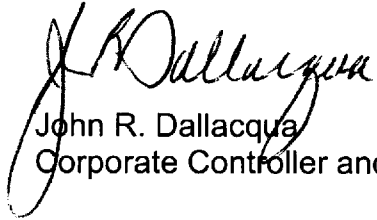
In order to comply with the requirements of the alternative reporting and disclosure method under ERISA, Part I, Title I, as provided for an unfunded or insured pension plan for a select group of management or highly compensated employees in DOL Reg. 2520.104-23, we hereby provide the following information:

- (1) **Employer's name:**
L&L Products, Inc.
- (2) **Employer's mailing address:**
160 McLean Drive
Romeo, MI 48065
- (3) **Employer's federal identification number:**
38-1587867
- (4) **Number of plans and number of participants in each plan:**
The captioned L&L Products, Inc. Employment Agreement with Larry R. Schmidt currently covering 1 (one) participant.

Top Hat Plan Exemption
May 29, 2001
Page 2.

L&L Products, Inc. maintains the plan primarily for the purpose of providing deferred compensation to a select group of management and highly compensated employees. The employer will provide a copy of the plan documents to the Secretary of Labor upon request.

Very truly yours,

A handwritten signature in black ink, appearing to read "John R. Dallacqua". The signature is written in a cursive style with a large, looping initial "J".

John R. Dallacqua
Corporate Controller and General Counsel

Enclosures

Cc: Joseph A. Ritok



L&L Products

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made on this ___ day of _____ 2000, by and between Larry R. Schmidt ("Mr. Schmidt") and L&L Products, Inc. ("L&L").

RECITALS

- A) Mr. Schmidt is presently employed by L&L as its President;
- B) L&L recognizes that Mr. Schmidt has contributed significantly to the growth and success of L&L;
- C) L&L desires to provide for the continued employment of Mr. Schmidt and to make certain changes in his employment arrangement with L&L which L&L's Board of Directors (the "Board") has determined will reinforce and encourage Mr. Schmidt's continued attention and dedication as a member of L&L's management, in the best interests of L&L and its shareholders; and
- D) Mr. Schmidt is willing to commit himself to continue to serve L&L, on the terms and conditions provided in this Agreement.

In consideration of the promises and the mutual covenants and obligations set forth in this Agreement, the parties hereby agree as follows:

AGREEMENT

1. **Employment.** Effective August 1, 2000 and continuing through December 31, 2003, L&L hereby agrees to employ Mr. Schmidt as Chairman of L&L. Mr. Schmidt hereby accepts such employment and agrees to serve L&L subject to the general supervision, advice and direction of the Board.

2. **Duties.** Mr. Schmidt shall perform the duties outlined in the Job Description attached to and made a part of this Agreement ("Description"), and shall perform such other services and duties as the Board or its designees may from time to time designate consistent with such position. Mr. Schmidt shall devote such time, best efforts and attention to the business and affairs of L&L as required to fulfill the duties as detailed in the Description.

3. **Employment Term.** Mr. Schmidt shall be employed under this Agreement for a term (the "Employment Term") commencing on August 1, 2000 ("Commencement Date") and terminating on the close of business on December

31, 2003 ("Scheduled Termination Date"), or unless sooner terminated as provided for in this Agreement.

4. **Compensation.**

(a) **Annual Base Salary.** Mr. Schmidt shall be entitled to receive the Annual Base Salary outlined in the Compensation Summary attached to and made a part of this Agreement ("Summary") earned during the Employment Term.

(b) **Profit Sharing.** Mr. Schmidt shall be entitled to receive Employee, Executive, and Incentive Profit Sharing as detailed in the Summary earned during the Employment Term.

(c) **Additional Benefits.** During the Employment Term, Mr. Schmidt shall be entitled to participate in any employee benefit plans, including any pension or profit sharing, group life, medical, dental, hospitalization, and short-term disability, and other disability insurance plans and other employee welfare benefits made available generally to management employees of L&L.

5. **Reimbursement of Expenses.** In addition to the compensation detailed in the Summary, L&L shall pay or reimburse Mr. Schmidt for all normal and reasonable expenses, including travel expenses.

6. **Termination Benefits.** The Employment Term may terminate prior to the Scheduled Termination Date upon the occurrence of Mr. Schmidt's death or permanent disability or reason other than his death or permanent disability.

(a) **Death.** If Mr. Schmidt's employment is terminated by his death, he shall be entitled to receive the Annual Base Salary and profit sharing payments as if he continued to be employed under this Agreement. L&L shall pay his surviving spouse the Annual Base Salary and profit sharing payments provided under Section 4. In the event Mr. Schmidt leaves no spouse, the Annual Base Salary and profit sharing payments provided under Section 4 will be paid to his estate.

For the duration of the Employment Term, and to the extent permitted under the life, medical, dental and disability plans then maintained by L&L for similarly situated active management employees, L&L will continue to provide coverage to Mr. Schmidt's spouse in these plans at not less than the coverage maintained by L&L for Mr. Schmidt immediately prior to his death.

In the case of medical and dental benefits, such coverage shall cease upon the earlier of (i) the expiration of Mrs. Schmidt's COBRA rights, (ii) Mrs. Schmidt's death, or (iii) the Scheduled Termination Date.

(b) **Permanent Disability.** If Mr. Schmidt's employment is terminated by his Permanent Disability, he shall be entitled to receive the Annual Base Salary and profit sharing payments as if he continued to be employed under this Agreement.

In the event Mr. Schmidt receives disability benefits under any disability plan paid for by L&L, including disability insurance, the amount otherwise payable by L&L to Mr. Schmidt shall be reduced (but not below zero) by the amount of such disability benefits received by him.

To the extent permitted under the life, medical, dental and disability plans then maintained by L&L for similarly situated active management employees, L&L will continue to provide coverage to Mr. Schmidt in these plans at not less than the coverage maintained by L&L for Mr. Schmidt immediately prior to the Permanent Disability.

In the case of medical and dental benefits, such coverage shall cease upon the earlier of (i) the expiration of Mr. Schmidt's COBRA rights, (ii) Mr. Schmidt's death, (iii) Mr. Schmidt's full-time employment by another employer or (iv) the Scheduled Termination Date.

(c) **Reason other than death or permanent disability.** In the event the Employment Term terminates prior to the Scheduled Termination Date for any reason other than Mr. Schmidt's death or permanent disability, Mr. Schmidt shall be entitled to receive the unpaid balance of the "total base amount calculated in 2001", as that term is defined in the Summary.

7. Successors; Binding Agreement.

(a) L&L shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of L&L, by agreement in form and substance satisfactory to Mr. Schmidt, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that L&L would be required to perform this Agreement if no such succession had taken place.

(b) This Agreement and all rights of Mr. Schmidt shall inure to the benefit of and be enforceable by Mr. Schmidt's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Mr. Schmidt should die after his termination while any amounts would still be payable to him if he had continued to live, all such amounts, unless otherwise provided, shall be paid in accordance

with the terms of this Agreement to Mr. Schmidt's devisee, legatee, or other designee or, if there be no such designee, to Mr. Schmidt's estate.

8. **Notices.** Any notice required or permitted by this Agreement shall be in writing, sent by registered or certified mail, return receipt requested, addressed to the Board and L&L at L&L's then principal office, or to Mr. Schmidt at his home address, as the case may be, or to such other address or addresses as any party hereto may from time to time specify in writing for the purpose in a notice given to the other parties in compliance with this Section. Notices shall be deemed given when mailed.

9. **ERISA.** This Agreement is an unfunded compensation arrangement for a member of a select group of L&L's management and any exemptions under ERISA, as applicable to such an arrangement, shall be applicable to this Agreement. Please refer to the Summary of ERISA Provisions attached to and made a part of this Agreement.

10. **Effect on Prior Agreements and Existing Benefits Plans.** This Agreement contains the entire agreement of the parties relating to the subject matter and supersedes any prior written or oral agreements or understandings relating to the subject matter.

11. **Modification and Waiver.** No modification or amendment of this Agreement shall be valid unless in writing and signed by or on behalf of the parties. A waiver of the breach of any term or condition of this Agreement shall not be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition.

12. **Severability.** This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provisions of this Agreement, or the application to any person or circumstance, shall, for any reason and to any extent, be held invalid or unenforceable, such invalidity and unenforceability shall not affect the remaining provisions and the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law.

13. **Headings.** The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

14. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the day and year first above written.

W E Love
Witness

Larry R. Schmidt
Larry R. Schmidt

Aug 10 2000
Date

AUG 10, 2000
Date

Ruth Meyer
Witness

L&L PRODUCTS, INC.

By: John Ligon

10-8-00
Date

Its Vice President

Chairman – Job Description

Summary

L&L Products' Chairman is responsible for the graceful transition from the current generation to the next generation of leadership, ownership and board membership.

Employee Communication

- Participate in employee Vision meetings, Management Team meetings, QOS meetings, etc., finding opportunities to interject experiences from the Company's past that convey what truly is at the root of L&L Products' success, and to help keep a balanced perspective.
- Be accessible and approachable by employees for one-on-one communication. Keep a "finger on the pulse," and find appropriate ways to relay to other key managers what is being heard and seen.
- Encourage open communication between different disciplines and individuals in the organization.

Management Development

- Serve as a resource to the President/COO and the Executive VP Global Sales & Development, to assist in successful transition into those roles. Be a coach on how to lead so as to build on L&L Products' values and culture, and a sounding board on people-related issues.
- Be a mentor and a sounding board to members of the Management Team and the organization as a whole.

Board Member and Board/Shareholder Liaison

- Serve as Board Member, bringing a long-term perspective on the auto supply industry in general, and knowledge of how L&L Products as a company employs its opportunistic, customer-focused style of business that emphasizes cultivating relationships that provide value, leading to higher than normal profits.
- Help facilitate a graceful transition to the next generation of ownership and board membership of L&L Products.

- Serve as liaison (along with CEO) between Management and Board members/shareholders, available to answer questions on our industry and the particulars of how L&L Products did business in the past and does business today.
- Be a Board representative on and head of Investment Committee responsible for managing 401k Program.
- Be a mentor to newer board members.

High Level Customer Contact

- Serve as a resource to the L&L commercial organization when presence of a high-level L&L Products executive is desirable in a customer interaction.
- Be a mentor and sounding board to managers on ways of viewing difficult customer issues, and cultivating successful long-term customer relationships.

High Level Supplier Contact

- Be a resource to the L&L manufacturing and purchasing functions when presence of a high-level L&L Products executive is desirable in a supplier interaction.
- Act as a mentor and sounding board to managers on alternative ways of viewing difficult supplier issues, and cultivating successful long-term supplier relationships.

High Level JV Contact

- Be available as alternate to CEO for attendance of Core Products board meetings.

High Level Industry Contact

- Be a representative of L&L Products at industry functions such as SAE Green Brier, Adhesives and Sealants Council, and Original Equipment Suppliers' Association.



COMPENSATION SUMMARY

Description	President	Chairman
Annual Base Salary	<ol style="list-style-type: none"> 1. Established and approved annually by the board of directors; 2. Set at \$144,747 for the 2000 calendar year; and 3. Subject to annual adjustment for changes in the Consumer Price Index ("CPI"). 	No change
Employee Profit Sharing	<ol style="list-style-type: none"> 1. Profit sharing percentage determined in the same manner as for all other L&L employees; 2. Profit sharing percentage is then applied against "eligible compensation", which generally is the Annual Base Salary; and 3. Employee Profit Sharing is paid quarterly. 	No change
Executive Profit Sharing	<ol style="list-style-type: none"> 1. Calculated at 3% of the Company's "Manufacturing Profit"; 2. Manufacturing Profit is defined as the Company's net income after the deduction for an interest expense accrual, but before the deduction for employee incentives; 3. Executive Profit Sharing is paid quarterly (March, May, August and November). 	<p>Mr. Schmidt's term as Chairman will run from August 1, 2000 through December 31, 2003. The Executive Profit Sharing will be modified for these years as follows.</p> <p>2001 will serve as the base year. The total of the Annual Base Salary, together with the employee, executive, and incentive profit sharing components based on the Company's performance in 2001, will be the total minimum amount that Mr. Schmidt is entitled to receive for the years 2001-2003. For purposes of calculating this total base amount, the executive profit sharing is determined by taking 3% of the Company's Manufacturing Profit, and the percentage used to calculate incentive profit sharing is 3%.</p> <p>For 2001, Mr. Schmidt's total compensation includes the Annual Base</p>



COMPENSATION SUMMARY

Description	President	Chairman
		<p>Salary, together with the employee, executive, and incentive profit sharing components based on the Company's performance in 2001. The executive profit sharing is determined by taking 1% of the Company's Manufacturing Profit, and the percentage used to calculate incentive profit sharing is 1%.</p> <p>For 2002, Mr. Schmidt's total compensation is the greater of:</p> <ol style="list-style-type: none"> 1) The Annual Base Salary, together with the employee, executive, and incentive profit sharing components based on the Company's performance in 2002; the executive profit sharing is determined by taking 1% of the Company's Manufacturing Profit, and the percentage used to calculate incentive profit sharing is 1%. 2) 1/3 (one-third) of the base amount calculated in 2001 above. <p>For 2003, Mr. Schmidt's total compensation is the greater of:</p> <ol style="list-style-type: none"> 1. the Annual Base Salary, together with the employee, executive, and incentive profit sharing components based on the Company's performance in 2003; the executive profit sharing is determined by taking 1% of the Company's Manufacturing Profit, and the percentage used to calculate incentive profit sharing is 1%. 2. the base amount calculated in 2001, less the total compensation paid in 2001 and 2002.



COMPENSATION SUMMARY

Description	President	Chairman
Incentive Profit Sharing	1. Calculated at 3% of the difference between the Company's Manufacturing Profit for the current year, and the highest Manufacturing Profit for the previous two years. 2. Incentive Profit Sharing is paid in March of the following year.	With respect to the base year calculation in 2001, the percentage used to calculate incentive profit sharing is 3%. With respect to the calculation of the incentive profit sharing amount for the years 2001, 2002, and 2003, the percentage used is 1%.



SUMMARY OF ERISA PROVISIONS

ERISA - This Agreement is an unfunded compensation arrangement for a member of a select group of L&L's management and any exemptions under ERISA, as applicable to such an arrangement, shall be applicable to this Agreement.

ERISA mandates that the following provisions be included and made a part of the Agreement.

I. **Disputes.**

(a) For purposes of the Agreement, the Administrator shall be L&L ("Administrator") whose address is 160 McLean Drive, Romeo, Michigan, and whose telephone number is (313) 336-1600. The "Named Fiduciary" as defined in Section 402(a)(2) of ERISA, also shall be L&L.

L&L shall have the right to designate one or more of its employees as the Administrator and the Named Fiduciary at any time, and to change the address and telephone number of the same. L&L shall give Mr. Schmidt written notice of any change in the Administrator and Named Fiduciary, or in the address or telephone number of the same.

(b) The Administrator shall make all determinations as to the right of any person to receive benefits under the Agreement, and shall have complete discretion to interpret the Agreement consistent with its intent.

Any denial by the Administrator of a claim for benefits by Mr. Schmidt shall be stated in writing by the Administrator and delivered or mailed to Mr. Schmidt within 10 days after receipt of the claim, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to Mr. Schmidt prior to the termination of the initial 10-day period. In no event shall such extension exceed a period of 10 days from the end of the initial period.

Any notice of denial shall set forth the specific reasons for the denial, specific reference to pertinent provisions of this Agreement upon which the denial is based, a description of any additional material or information necessary for Mr. Schmidt to perfect his claim, with an explanation of why such material or information is necessary, and any explanation of claim



SUMMARY OF ERISA PROVISIONS

review procedures, written to the best of the Administrator's ability in a manner that may be understood without legal or actuarial counsel.

(c) In the event Mr. Schmidt's claim for benefits has been wholly or partially denied by the Administrator, Mr. Schmidt may request, within 10 days following the date of such denial, in a writing addressed to the Administrator, a review of such denial.

Mr. Schmidt shall be entitled to submit such issues or comments in writing or otherwise, as he shall consider relevant to a determination of his claim, and he may include a request for a hearing in person before the Administrator.

Prior to submitting his request, Mr. Schmidt shall be entitled to review such documents as the Administrator shall agree are pertinent to his claim. Mr. Schmidt may, at all stages of review, be represented by counsel, legal or otherwise, of his choice, and the fees and expenses of such counsel shall be borne by L&L. All requests for review shall be promptly resolved.

The Administrator's decision with respect to any such review shall be set forth in writing and shall be mailed to Mr. Schmidt not later than 10 days following receipt by the Administrator of Mr. Schmidt's request unless special circumstances, such as the need to hold a hearing, require an extension of time for processing, in which case the Administrator's decision shall be so mailed not later than 20 days after receipt of such request.

(d) In the event Mr. Schmidt has followed the procedure in paragraphs (b) and (c) of this section, but has not obtained full relief on his claim for benefits, Mr. Schmidt may, within 60 days following his receipt of the Administrator's written decision on review, apply in writing to the Administrator for binding arbitration of his claim before an arbitrator mutually acceptable to both parties, the arbitration to be held in Metropolitan Detroit, Michigan, in accordance with the commercial arbitration rules of the American Arbitration Association.

The arbitrator's sole authority shall be to interpret and apply the provisions of this Agreement; he shall not change, add to, or subtract from, any of its



SUMMARY OF ERISA PROVISIONS

provisions. The arbitrator shall have the power to compel attendance of witnesses at the hearing. Any court having jurisdiction may enter a judgment based upon such arbitration.

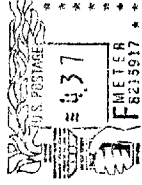
II. **Nonalienation of Benefits.** Except insofar as this provision may be contrary to applicable law, no sale, transfer, alienation, assignment, pledge, collateralization or attachment of any benefits under this Agreement shall be valid or recognized by L&L.

III. **Reporting and Disclosure.** L&L, from time to time, shall provide government agencies with such reports concerning this Agreement as may be required by law, and L&L shall provide Mr. Schmidt with such disclosure concerning this Agreement as may be required by law or as L&L may deem appropriate.

CERTIFIED MAIL



7000 0520 0015 4 99 5040



L&L Products

160 McLEAN DR. • BOX 308 • ROME, MI 48065
PHONE: (810) 336-1700 • FAX: (810) 336-1699

CERTIFIED MAIL: RETURN RECEIPT REQUESTED

TOP HAT PLAN EXEMPTION
PENSION AND WELFARE BENEFITS ADMINISTRATION
ROOM N 5644

U.S. DEPARTMENT OF LABOR
200 CONSTITUTION AVENUE, NW
WASHINGTON, D.C. 20210