EXHIBIT 10.(1)  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
 DISTRIBUTION AGREEMENT  
  
  
 by and between  
  
  
 FLORIDA PROGRESS CORPORATION,  
 a Florida corporation,  
  
  
 and  
  
  
 ECHELON INTERNATIONAL CORPORATION,  
 a Florida corporation,  
  
  
 Dated as of December 16, 1996  
  
  
  
  
  
  
  
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 DISTRIBUTION AGREEMENT  
  
  
 This DISTRIBUTION AGREEMENT, dated as of December 16, 1996, by  
and between FLORIDA PROGRESS CORPORATION, a Florida corporation ("Florida  
Progress"), and ECHELON INTERNATIONAL CORPORATION, a Florida corporation and a  
wholly owned subsidiary of Florida Progress ("Echelon").  
  
  
 W I T N E S S E T H:  
  
 WHEREAS, prior to entering into this Agreement, the Echelon  
Group consisted of (i) Progress Credit Corporation ("PCC"), a Florida  
corporation and a direct, wholly owned subsidiary of Progress Capital Holdings,  
Inc. ("PCH"), (ii) Talquin Development Company ("Talquin"), a Florida  
corporation and a direct, wholly owned subsidiary of PCC, (iii) Progress Leasing  
Corporation ("Progress Leasing"), a Florida corporation and a direct, wholly  
owned subsidiary of PCC, (iv) Echelon, formerly known as PLC Leasing Corporation  
("PLC Leasing") and a direct, wholly owned subsidiary of Progress Leasing and  
(v) their respective Subsidiaries;  
  
 WHEREAS, prior to entering into this Agreement, (i) Talquin  
merged with and into PCC, (ii) PCC merged with and into Progress Leasing and  
(iii) Progress Leasing merged with and into Echelon, which, as a result of such  
merger, became the successor to Talquin, PCC and Progress Leasing (collectively,  
the "Pre- Distribution Mergers");  
  
 WHEREAS, it has been proposed that Florida Progress distribute  
the shares of Echelon Common Stock (and Echelon Rights) to Florida Progress  
stockholders and enter into this Agreement and effect the Distribution and the  
other transactions contemplated hereby, subject to the terms and conditions set  
forth herein and in the Ancillary Agreements;  
  
 WHEREAS, the respective Boards of Directors of Florida  
Progress, PCH and Echelon have duly considered the foregoing, have determined  
the Distribution and the other transactions contemplated hereby to be desirable  
and in the best interests of Florida Progress, PCH and Echelon, respectively;  
  
 WHEREAS, the Distribution is intended to qualify as a  
tax-free spin-off under Section 355 of the Code; and  
  
 WHEREAS, the parties hereto have determined that it is  
necessary and desirable to set forth their agreements that will govern certain  
matters prior to and following the Distribution;  
  
 NOW, THEREFORE, in consideration of the premises and the  
mutual covenants herein contained and intending to be legally bound thereby, the  
parties hereto agree as follows:  
  
  
  
  
  
  
  
   
  
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 ARTICLE I  
  
 DEFINITIONS  
  
 1.1 General. As used in this Agreement, the following  
terms shall have the following meanings:  
  
 Action: any action, suit, arbitration, inquiry,  
proceeding or investigation by or before any court, any  
governmental or other regulatory or administrative agency, body  
or commission or any arbitration tribunal.  
  
 Affiliate: with respect to any specified Person, a Person that  
directly, or indirectly through one or more intermediaries, controls, is  
controlled by, or is under common control with, such specified Person; provided,  
however, that for purposes of this Agreement, no member of either Group shall be  
deemed to be an Affiliate of any member of the other Group.  
  
 Agent: The First National Bank of Boston, as the distribution  
agent appointed by Florida Progress to distribute the shares of Echelon Common  
Stock pursuant to the Distribution.  
  
 Agreement: this Agreement, as the same may be amended,  
supplemented, or otherwise modified from time to time in accordance with the  
terms hereof, together with all Schedules and Exhibits attached hereto or  
delivered simultaneously herewith.  
  
 Agreement Disputes: as defined in Section 8.1 hereof.  
  
 Aircraft: as defined in Section 5.3 hereof.  
  
 Ancillary Agreements: all of the written agreements,  
instruments, assignments or other arrangements (other than this Agreement)  
entered into in connection with the transactions contemplated hereby, including,  
without limitation, the Employee Benefits Allocation Agreement, the PCH Note,  
the Tax Sharing Agreement and the Transition Services Agreement, and any  
exhibit, schedule or appendix to any of the foregoing.  
  
 Assets: assets, properties and rights (including goodwill),  
wherever located, whether real, personal or mixed, tangible, intangible or  
contingent, in each case whether or not recorded or reflected or required to be  
recorded or reflected on the books and records or financial statements of any  
Person, including, without limitation, the following:  
  
 (i) all accounting and other books, records and files  
 whether in paper, microfilm, microfiche, computer  
 tape or disc, magnetic tape or any other form;  
  
 (ii) all apparatus, computers and other electronic data  
 processing equipment, fixtures, machinery,  
 equipment, furniture, office equipment,  
  
  
  
  
  
  
   
  
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 automobiles, trucks, aircraft and other  
 transportation equipment, special and general  
 tools, test devices, prototypes and models and  
 other tangible personal property;  
  
 (iii) all inventories of materials, parts, raw  
 materials, supplies, work-in-process and finished  
 goods and products;  
  
 (iv) all interests in real property of whatever  
 nature, including easements, whether as  
 owner, mortgagee or holder of a Security  
 Interest in real property, lessor,  
 sublessor, lessee, sublessee or otherwise;  
  
 (v) all interests in any capital stock or other equity  
 interests of any Subsidiary or any other Person,  
 all bonds, notes, debentures or other securities  
 issued by any Subsidiary or any other Person, all  
 loans, advances or other extensions of credit or  
 capital contributions to any Subsidiary or any  
 other Person and all other investments in  
 securities of any Person;  
  
 (vi) all license agreements, leases of personal  
 property, open purchase orders for raw  
 materials, supplies, parts or services,  
 unfilled orders for the manufacture and sale  
 of products and other contracts, agreements  
 or commitments;  
  
 (vii) all deposits, letters of credit and performance  
 and surety bonds;  
  
 (viii) all written technical information, data,  
 specifications, research and development  
 information, engineering drawings, operating  
 and maintenance manuals, and materials and  
 analyses prepared by consultants and other  
 third parties;  
  
 (ix) all intellectual property, including  
 patents, copyrights, trade names,  
 trademarks, service marks and registrations  
 and applications for any of the foregoing,  
 mask works, trade secrets, inventions, data  
 bases, other proprietary information and  
 licenses from third Persons granting the  
 right to use any of the foregoing;  
  
 (x) all computer applications, programs and  
 other software, including operating  
 software, network software, firmware,  
 middleware, design software, design tools,  
 systems documentation and instructions;  
  
 (xi) all cost information, sales and pricing data,  
 customer prospect lists, supplier records,  
  
  
  
  
  
  
   
  
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 customer and supplier lists, customer and vendor  
 data, correspondence and lists, product  
 literature, artwork, design, development and  
 manufacturing files, vendor and customer  
 drawings, formulations and specifications,  
 quality records and reports and other books,  
 records, studies, surveys, reports, plans  
 and documents;  
  
 (xii) the right to receive mail and other  
 communications;  
  
 (xiii) all prepaid expenses, trade accounts and other  
 accounts and notes receivables;  
  
 (xiv) all rights under leveraged leases, direct finance  
 leases, operating or other equipment leases or  
 other contracts or agreements, all claims or  
 rights against any Person arising from the  
 ownership of any asset, all rights in connection  
 with any bids or offers and all claims, chooses in  
 action or similar rights, whether accrued or  
 contingent;  
  
 (xv) all rights under insurance policies and all rights  
 in the nature of insurance, indemnification or  
 contribution;  
  
 (xvi) all licenses (including radio and similar  
 licenses), permits, approvals and authorizations  
 which have been issued by any governmental  
 authority;  
  
 (xvii) cash or cash equivalents, bank accounts, lock  
 boxes and other deposit arrangements; and  
  
 (xviii) interest rate, currency, commodity or other  
 swap, collar, cap or other hedging or  
 similar agreements or arrangements.  
  
 Business Plan: the Echelon business plan set forth in  
the Progress Credit Corporation Ten-Year Financial Projections  
and Assumptions 1997-2006.  
  
 Code: the Internal Revenue Code of 1986, as amended,  
and the Treasury regulations promulgated thereunder, including  
any successor legislation.  
  
 Distribution: the distribution on the Distribution Date to  
holders of record of shares of Florida Progress Common Stock as of the Record  
Date of the Echelon Common Stock owned by Florida Progress on the basis of one  
share of Echelon Common Stock for each 15 outstanding shares of Florida Progress  
Common Stock.  
  
  
  
  
  
  
  
   
  
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 Distribution Date: the date fixed by the Board of  
Directors of Florida Progress as the date on which the  
Distribution is to be effected.  
  
 Echelon: as defined in the recitals to this Agreement.  
  
 Echelon Assets: collectively, all of the rights and Assets  
(excluding Tax and employee-related Assets) of the parties hereto or any of  
their respective Subsidiaries primarily relating to the Echelon Business,  
including (i) all rights and Assets of Echelon under this Agreement or any  
Ancillary Agreement (or any exhibit, schedule or appendix hereto or thereto) and  
(ii) the Assets included on the Echelon Balance Sheet or the accounting records  
supporting such balance sheet and any Assets acquired by any member of the  
Florida Progress Group or the Echelon Group primarily relating to the Echelon  
Business after the date of the Echelon Balance Sheet, but excluding (x) any  
Assets included on the Echelon Balance Sheet which have been disposed of after  
the date of the Echelon Balance Sheet, and (y) any Assets identified or set  
forth on Schedule 1.1(a) hereto.  
  
 Echelon Balance Sheet: the consolidated balance sheet  
of Echelon, including the notes thereto, as of September 30,  
1996, set forth in the Information Statement.  
  
 Echelon Business: all of the businesses and operations  
conducted directly or indirectly at any time by any member of the Echelon Group  
which relate to real estate development, real estate management, or real estate,  
aircraft or other equipment finance, lending and/or leasing, and all of the  
businesses and operations conducted by any member of the Echelon Group directly  
or indirectly on or after the Distribution Date, including, in each case, any  
investment managed by any such Person.  
  
 Echelon Common Stock: the common stock, par value $.01  
per share, of Echelon, together with the Echelon Rights.  
  
 Echelon Group: Echelon, as successor to the group of companies  
consisting of PCC, Talquin, Progress Leasing and PLC Leasing Corporation, the  
Subsidiaries thereof, and any Persons which may hereafter be organized or  
acquired directly or indirectly as Echelon Subsidiaries.  
  
 Echelon Indemnitees: each member of the group of companies  
which formerly comprised the Echelon Group, each of their respective directors,  
officers, employees and agents and each of the heirs, executors, successors and  
assigns of any of the foregoing.  
  
 Echelon Investments: any corporation, partnership or  
other business entity, in which any member of the Echelon Group  
has owned or will own any equity interest or other investment and  
which relates to the business and operations conducted by Echelon  
  
  
  
  
  
  
   
  
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or any Echelon Subsidiary, other than a member of the Florida  
Progress Group.  
  
 Echelon Liabilities: collectively, all Liabilities (other than  
Tax and employee-related Liabilities, which shall be the subject of the Tax  
Sharing Agreement and Employee Benefits Allocation Agreement, respectively) of  
the parties hereto or any of their respective Subsidiaries (whenever arising,  
whether prior to, at or after the Effective Time) primarily arising out of or in  
connection with or otherwise relating to the management or conduct, before or  
after the Effective Time, of the Echelon Business, or the Echelon Assets, and  
including, (i) all the Liabilities of Echelon under this Agreement or any  
Ancillary Agreement (or any exhibit, schedule or appendix hereto or thereto),  
(ii) Liabilities reflected on the Echelon Balance Sheet or the accounting  
records supporting such balance sheet and any Liabilities assumed or incurred by  
any member of the Florida Progress Group or the Echelon Group primarily arising  
out of or in connection with or otherwise relating to the Echelon Business after  
the date of the Echelon Balance Sheet, and (iii) all Liabilities relating to or  
involving the Echelon Business or the current, former or future Assets or  
operations of any member of the Echelon Group which arise under, relate to or  
are based upon any law, statute, regulation, rule, judgment, decree, rule of  
common law or any similar requirement relating to hazardous or toxic substances  
or materials or to the protection of human health or the environment; provided,  
however, that any Liabilities set forth or identified on Schedule 1.1(b) hereto  
shall not be Echelon Liabilities and shall instead be deemed hereunder to  
constitute Florida Progress Liabilities.  
  
 Echelon Rights: the preferred stock purchase rights of Echelon  
issued pursuant to the Rights Agreement dated as of November 15, 1996 by and  
between Echelon and The First National Bank of Boston, as Rights Agent.  
  
 Echelon Subsidiaries: all Subsidiaries of Echelon and  
all Echelon Investments.  
  
 Effective Time: 12:01 a.m., St. Petersburg, Florida  
time, on the Distribution Date.  
  
 Employee Benefits Allocation Agreement: the Employee  
Benefits Agreement dated as of December 16, 1996, between Florida  
Progress and Echelon.  
  
 Employee Benefit Plan: has the meaning set forth in  
Section 1.1 of the Employee Benefits Allocation Agreement.  
  
 Exchange Act: the Securities Exchange Act of 1934, as  
amended, together with the rules and regulations promulgated  
thereunder.  
  
  
  
  
  
  
  
   
  
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 Florida Progress: as defined in the recitals to this  
Agreement.  
  
 Florida Progress Assets: collectively, all of the rights and  
Assets of Florida Progress or any direct or indirect Subsidiary of Florida  
Progress, including any Assets acquired under this Agreement or any Ancillary  
Agreement, but excluding the Echelon Assets.  
  
 Florida Progress Business: all of the businesses and  
operations conducted at any time, whether prior to, on or after  
the Distribution Date, by any direct or indirect Subsidiary of  
Florida Progress, other than the Echelon Business.  
  
 Florida Progress Common Stock: the common stock,  
without par value, of Florida Progress.  
  
 Florida Progress Group: Florida Progress and the  
Florida Progress Subsidiaries, other than Echelon and other  
members of the Echelon Group.  
  
 Florida Progress Indemnitees: each member of the  
Florida Progress Group, each of their respective directors,  
officers, employees and agents and each of the heirs, executors,  
successors and assigns of any of the foregoing.  
  
 Florida Progress Liabilities: collectively, all obligations  
and Liabilities of Florida Progress or any direct or indirect Subsidiary of  
Florida Progress, including all Liabilities incurred under this Agreement or any  
Ancillary Agreement, but excluding the Echelon Liabilities.  
  
 Florida Progress Subsidiaries: all Subsidiaries of  
Florida Progress, other than Echelon and the other members of the  
Echelon Group (including the Echelon Investments).  
  
 Group: the Florida Progress Group or the Echelon  
Group.  
  
 Indemnifiable Losses: any and all losses, Liabilities, claims,  
damages, demands, costs or expenses (including, without limitation, reasonable  
attorneys' fees and any and all out-of-pocket expenses) reasonably incurred in  
investigating, preparing for or defending against any Actions or potential  
Actions or in settling any Action or potential Action or in satisfying any  
judgment, fine or penalty rendered in or resulting from any Action.  
  
 Indemnifying Party: as defined in Section 4.2 hereof.  
  
 Indemnitee: as defined in Section 4.2 hereof.  
  
 Information Statement: the information statement to be  
included in the Registration Statement and sent to Florida  
  
  
  
  
  
  
   
  
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Progress stockholders in connection with the Distribution, including any  
amendment or supplement thereto.  
  
 Liabilities: any and all losses, claims, charges, debts,  
demands, actions, causes of action, suits, damages, obligations, payments, costs  
and expenses, sums of money, accounts, reckonings, bonds, specialties,  
indemnities and similar obligations, exonerations, covenants, contracts,  
controversies, agreements, promises, doings, omissions, variances, guarantees,  
make whole agreements and similar obligations, and other liabilities, including  
all contractual obligations, whether absolute or contingent, matured or  
unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown,  
whenever arising, and including those arising under any law, rule, regulation,  
Action, threatened or contemplated Action (including the costs and expenses of  
demands, assessments, judgments, settlements and compromises relating thereto  
and attorneys' fees and any and all costs and expenses (including allocated  
costs of in-house counsel and other personnel), whatsoever reasonably incurred  
in investigating, preparing or defending against any such Actions or threatened  
or contemplated Actions), order or consent decree of any governmental or other  
regulatory or administrative agency, body or commission or any award of any  
arbitrator or mediator of any kind, and those arising under any contract,  
commitment or undertaking, including those arising under this Agreement or any  
Ancillary Agreement, in each case, whether or not recorded or reflected or  
required to be recorded or reflected on the books and records or financial  
statements of any Person.  
  
 NYSE: the New York Stock Exchange.  
  
 PCC: as defined in the recitals to this Agreement.  
  
 PCH: as defined in the recitals to this Agreement.  
  
 PCH Note: the note to be issued by Echelon to PCH upon  
the Distribution in substantially the form of Exhibit A hereto.  
  
 Person: any natural person, corporation, business  
trust, joint venture, association, company, limited liability  
company, partnership or government, or any agency or political  
subdivision thereof.  
  
  
 PLC Leasing: as defined in the recitals to this  
Agreement.  
  
 Pre-Distribution Mergers: as defined in the recitals  
to this Agreement.  
  
 Progress Leasing: as defined in the recitals to this  
Agreement.  
  
  
  
  
  
  
  
   
  
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 Record Date: December 5, 1996.  
  
 Records: as defined in Section 6.1 hereof.  
  
 Registration Statement: the registration statement on  
Form 10 to effect the registration of the Echelon Common Stock  
pursuant to the Exchange Act.  
  
 Rules: as defined in Section 8.2 hereof.  
  
 SEC: the Securities and Exchange Commission.  
  
 Securities Act: the Securities Act of 1933, as  
amended, together with the rules and regulations promulgated  
thereunder.  
  
 Security Interest: any mortgage, security interest, pledge,  
lien, charge, claim, option, right to acquire, voting or other restriction,  
right-of-way, covenant, condition, easement, encroachment, restriction on  
transfer, or other encumbrance of any nature whatsoever.  
  
 Subsidiary: with respect to any specified Person, any  
corporation, partnership or other legal entity of which such Person or any of  
its Subsidiaries controls or owns, directly or indirectly, more than 50% of the  
stock or other equity interest entitled to vote on the election of members to  
the board of directors or similar governing body; provided, however, that,  
except for the definitions of "Florida Progress Assets," "Florida Progress  
Liabilities" and "Florida Progress Business," for purposes of this Agreement,  
Echelon and the Echelon Subsidiaries shall not be deemed to be Subsidiaries of  
Florida Progress or any of the Florida Progress Subsidiaries.  
  
 Talquin: as defined in the recitals to this Agreement.  
  
 Tax: as defined in the Tax Sharing Agreement.  
  
 Tax Sharing Agreement: the Tax Sharing Agreement dated  
as of December 16, 1996, between Florida Progress and Echelon.  
  
 Third-Party Claim: as defined in Section 4.2 hereof.  
  
 Transfer Agent: as defined in Section 2.3 hereof.  
  
 Transition Services Agreement: the Transition Services  
Agreement dated as of December 16, 1996, between Florida Progress  
and Echelon.  
  
 1.2 References to Time. All references in this  
Agreement to times of the day shall be to St. Petersburg, Florida  
time.  
  
  
  
  
  
  
  
   
  
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 1.3 References; Interpretation. References in this Agreement  
to any gender include references to all genders, and references to the singular  
include references to the plural and vice versa. The words "include," "includes"  
and "including" when used in this Agreement shall be deemed to be followed by  
the phrase "without limitation." Unless the context otherwise requires,  
references in this Agreement to Articles, Sections, Exhibits and Schedules shall  
be deemed references to Articles and Sections of, and Exhibits and Schedules to,  
such Agreement. Unless the context otherwise requires, the words "hereof,"  
"hereby" and "herein" and words of similar meaning when used in this Agreement  
refer to this Agreement in its entirety and not to any particular Article,  
Section or provision of this Agreement.  
  
  
 ARTICLE II  
  
 CERTAIN TRANSACTIONS PRIOR TO THE DISTRIBUTION DATE  
  
 2.1 Transfer of Assets. Except as otherwise  
specifically set forth in this Agreement or any Schedule hereto  
or in any Ancillary Agreement, on or prior to the Distribution  
Date:  
  
 (a) Florida Progress shall, on behalf of itself and the  
Florida Progress Subsidiaries, transfer or cause to be transferred to Echelon  
all of Florida Progress's and the Florida Progress Subsidiaries' right, title  
and interest in the Echelon Assets, and  
  
 (b) Echelon shall, on behalf of itself and the Echelon  
Subsidiaries, transfer to Florida Progress or another member of the Florida  
Progress Group all of Echelon's and the Echelon Subsidiaries' right, title and  
interest in the Florida Progress Assets.  
  
 2.2 Articles of Incorporation; By-laws; Rights Agreement.  
Prior to the Distribution Date, Florida Progress and Echelon shall take (or  
shall have taken) all action necessary so that, at the Distribution Date, the  
Articles of Incorporation, By-laws and Rights Agreement of Echelon shall be in  
the forms attached as exhibits to the Registration Statement.  
  
 2.3 Issuance of Stock. (a) Echelon shall issue (or  
shall have issued) to PCH, a direct, wholly owned subsidiary of  
Florida Progress, as a stock dividend, such number of shares of Echelon Common  
Stock as will be required to effect the Distribution, as certified by Florida  
Progress's stock transfer agent (the "Transfer Agent"). In connection therewith  
Florida Progress shall cause (or shall have caused) PCH to deliver to Echelon  
for cancellation the share certificate then held by PCH representing shares of  
Echelon Common Stock, and PCH shall receive (or shall have received) a new  
certificate representing  
  
  
  
  
  
  
   
  
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the total number of shares of Echelon Common Stock to be owned by PCH after  
giving effect to such stock dividend.  
  
 (b) Florida Progress shall cause (or shall have caused) PCH to  
issue to Florida Progress as a stock dividend all of the shares of Echelon  
Common Stock owned by PCH after receipt of the dividend contemplated by the  
preceding paragraph (a).  
  
 2.4 Registration and Listing. Prior to the  
Distribution Date:  
  
 (a) The parties hereto shall use reasonable efforts to take  
all such action as may be necessary or appropriate under state securities and  
blue sky laws in connection with the transactions contemplated by this Agreement  
or any Ancillary Agreement.  
  
 (b) Echelon shall prepare, file and seek to make effective, an  
application for the listing of the Echelon Common Stock on the NYSE, subject to  
official notice of issuance.  
  
 (c) The parties hereto shall cooperate in preparing, filing  
with the SEC and causing to become effective any registration statements or  
amendments thereto, including any amendments to the Registration Statement,  
which are necessary or appropriate in order to effect the transactions  
contemplated hereby or to reflect the establishment of, or amendments to, any  
Employee Benefit Plans contemplated hereby or by the Employee Benefits  
Allocation Agreement requiring registration under the Securities Act.  
  
 2.5 Echelon Board. Prior to the Distribution Date, the parties  
hereto shall take (or shall have taken) all steps necessary so that, effective  
immediately after the Distribution, the Board of Directors of Echelon shall be  
comprised of those individuals so named in the Information Statement.  
  
 2.6 Notices to Third Parties. In addition to the actions  
described in Section 2.7 hereof, Echelon shall, and the members of the Florida  
Progress Group shall cooperate with the efforts of Echelon to, make all other  
filings and give notice to and obtain consents from all third parties that may  
reasonably be required to consummate the transactions contemplated by this  
Agreement and the Ancillary Agreements.  
  
 2.7 Licenses and Permits. On or prior to the Distribution  
Date, or as soon thereafter as is practicable, Echelon shall prepare and file  
with the appropriate licensing and permitting authorities applications for the  
transfer or issuance to Echelon of all material governmental licenses and  
permits required for Echelon to operate the Echelon Business after the  
Distribution. The members of the Florida Progress Group and Echelon shall  
cooperate and use all commercially reasonable  
  
  
  
  
  
  
   
  
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efforts to secure the transfer or issuance of the licenses and  
permits.  
  
 2.8 Settlement of Intercompany Accounts. Without limiting the  
terms of Section 2.9 hereof, as of the Effective Time, all intercompany  
receivables, payables and loans (other than receivables, payables and loans  
otherwise specifically provided for in any of the Ancillary Agreements or  
hereunder), including, without limitation, in respect of any cash balances, any  
cash balances representing deposited checks or drafts for which only a  
provisional credit has been allowed or any cash held in any centralized cash  
management system, between Echelon, on the one hand, and any member of the  
Florida Progress Group, on the other hand, shall be settled, capitalized or  
converted into ordinary trade accounts, in each case as set forth on Schedule  
2.8 hereto.  
  
 2.9 Indebtedness and Capital Structure. On or prior  
to the Distribution Date, Florida Progress and Echelon shall  
take, or shall cause to be taken, the following actions:  
  
 (a) Echelon shall deliver to PCH the PCH Note in  
substantially the form of Exhibit A hereto in the principal  
amount of $36 million;  
  
 (b) Florida Progress shall contribute $[18] million to the  
equity of Echelon to provide cash for the payment of expenses incurred in  
evaluating and implementing the Distribution and to provide additional  
liquidity.  
  
 2.10 Resignations. Subject to Section 2.5 hereof, Florida  
Progress shall cause all its employees to resign, effective as of the Effective  
Time, from all positions as officers or directors of Echelon in which they  
serve. Echelon shall cause all its employees to resign, effective as of the  
Distribution Date, from all positions as officers or directors of any member of  
the Florida Progress Group in which they serve.  
  
 2.11 Ancillary Agreements. Prior to the Distribution Date,  
each of Florida Progress and Echelon shall enter into the Ancillary Agreements  
and any other agreements in respect of the Distribution reasonably necessary or  
appropriate in connection with the transactions contemplated hereby and thereby.  
If there shall be a conflict between the provisions of this Agreement and the  
provisions of the Ancillary Agreements, the provisions of the Ancillary  
Agreements shall control. Notwithstanding the foregoing, the effectiveness of  
the Ancillary Agreements shall be conditioned upon the Distribution.  
  
 2.12 No Representations or Warranties. Each of the  
parties hereto agrees that neither party hereto is, in this  
Agreement or in any other agreement or document contemplated by  
this Agreement or otherwise, making any representation or  
warranty whatsoever, as to title or value of Assets being  
  
  
  
  
  
  
   
  
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transferred. It is also agreed that all Assets either transferred to or retained  
by the parties, as the case may be, shall be "as is, where is" and that (subject  
to Section 5.4 hereof) the party to which such Assets are to be transferred  
hereunder shall bear the economic and legal risk that such party's title to any  
such Assets shall be other than good and marketable and free from encumbrances.  
Similarly, each party hereto agrees that neither party hereto is representing or  
warranting in any way that the obtaining of any consents or approvals, the  
execution and delivery of any amendatory agreements and the making of any  
filings or applications contemplated by this Agreement will satisfy the  
provisions of any or all applicable agreements or the requirements of any or all  
applicable laws or judgments, it being agreed that the party to which any Assets  
are transferred shall bear the economic and legal risk that any necessary  
consents or approvals are not obtained or that any requirements of laws or  
judgments are not complied with.  
  
 2.13 Certain Contingent Liabilities. (a) Each of the parties  
hereto agrees that any Liability arising out of or in relation to any  
litigation, claims or proceedings brought by a third party or governmental  
agency who or which contends that its consent, authorization or approval was  
required in order to effectuate the Pre-Distribution Mergers or the Distribution  
shall be the responsibility of Echelon, and shall be deemed to be Echelon  
Liabilities accordingly.  
  
 (b) Echelon, on behalf of itself and the members of the  
Echelon Group, hereby waives any right which Echelon or any such Person may have  
at any time to seek contribution or any other recovery from or against any  
member of the Florida Progress Group for any and all Liabilities, other than  
Florida Progress Liabilities, relating to or involving the Echelon Business or  
the current, former or future Assets, or operations of any member of the Echelon  
Group which arise under, relate to or are based upon any law, statute,  
regulation, rule, judgment, decree, rule of common law or any similar  
requirement relating to hazardous or toxic substances or materials or to the  
protection of human health or the environment.  
  
 (c) Echelon and Florida Progress agree that each party shall  
assume liability for 50% of the total amount of any Liabilities arising out of,  
relating to or based upon any misstatements or omissions, or alleged  
misstatements or omissions, in the Registration Statement; provided, however,  
that until any Third-Party Claim giving rise to any such Liabilities has been  
the subject of a final non-appealable judgment or otherwise definitively  
settled, solely for purposes of determining the procedures for responding to  
such Third-Party Claim and the rights of the parties under Section 4.2 hereof,  
such Liabilities shall be deemed to be Florida Progress Liabilities, and 50% of  
the total amount of such Liabilities shall become Echelon Liabilities only after  
such Liabilities have  
  
  
  
  
  
  
   
  
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become the subject of such a final non-appealable judgment or  
otherwise definitively settled.  
  
  
 ARTICLE III  
  
 THE DISTRIBUTION  
  
 3.1 Record Date and Distribution Date. The Board of Directors  
of Florida Progress, in its sole discretion, shall have established the Record  
Date and the Distribution Date and shall establish any appropriate procedures in  
connection with the Distribution.  
  
 3.2 The Agent. Prior to the Distribution Date, Florida  
Progress shall enter (or shall have entered into) into an agreement with the  
Agent providing for, among other things, the payment of the Distribution,  
including the payment of cash in lieu of fractional shares, to the holders of  
Florida Progress Common Stock in accordance with this Article III.  
  
 3.3 Delivery of Share Certificates to Agent. Florida  
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Progress shall deliver to the Agent share certificates  
representing the outstanding shares of Echelon Common Stock  
delivered to Florida Progress by PCH pursuant to Section 2.3(b)  
hereof and shall instruct the Agent to distribute, on or as soon  
as practicable following the Distribution Date, such common  
shares to holders of record of shares of Florida Progress Common  
Stock on the Record Date as further contemplated by the  
Information Statement and herein. Echelon shall provide all  
share certificates that the Agent shall require in order to  
effect the Distribution.  
  
  
 ARTICLE IV  
  
 INDEMNIFICATION  
  
 4.1 Indemnification. (a) Except as specifically otherwise  
provided in any provision of this Agreement or of any Ancillary Agreement,  
Florida Progress shall, subject to this Article IV, indemnify, defend and hold  
harmless the Echelon Indemnitees from and against any and all Indemnifiable  
Losses of the Echelon Indemnitees arising out of, by reason of or otherwise in  
connection with the Florida Progress Liabilities or alleged Florida Progress  
Liabilities, including any breach by Florida Progress of any provision of this  
Agreement or any Ancillary Agreement.  
  
 (b) Except as specifically otherwise provided in any provision  
of this Agreement or of any Ancillary Agreement, Echelon shall, subject to this  
Article IV, indemnify, defend and hold harmless the Florida Progress Indemnitees  
from and against any and all Indemnifiable Losses of the Florida Progress  
  
  
  
  
  
  
   
  
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Indemnitees arising out of, by reason of or otherwise in connection with the  
Echelon Liabilities or alleged Echelon Liabilities including any breach by  
Echelon of any provision of this Agreement or any Ancillary Agreement.  
  
 4.2 Procedures for Indemnification for Third-Party Claims. (a)  
If a claim or demand is made against a Florida Progress Indemnitee or an Echelon  
Indemnitee (each, an "Indemnitee") by any Person who is not a party to this  
Agreement (a "Third-Party Claim") as to which such Indemnitee is entitled to  
indemnification pursuant to this Agreement, such Indemnitee shall notify the  
party which is or may be required pursuant to Section 4.1 hereof to make such  
indemnification (the "Indemnifying Party") in writing, and in reasonable detail,  
of the Third-Party Claim promptly (and in any event within 15 business days)  
after receipt by such Indemnitee of written notice of the Third-Party Claim;  
provided, however, that failure to give such notification shall not affect the  
indemnification provided hereunder except to the extent the Indemnifying Party  
shall have been actually prejudiced as a result of such failure (except that the  
Indemnifying Party shall not be liable for any expenses incurred during the  
period in which the Indemnitee failed to give such notice). Thereafter, the  
Indemnitee shall deliver to the Indemnifying Party, promptly (and in any event  
within five business days) after the Indemnitee's receipt thereof, copies of all  
notices and documents (including court papers) received by the Indemnitee  
relating to the Third-Party Claim.  
  
 If a Third-Party Claim is made against an Indemnitee, the  
Indemnifying Party shall be entitled to participate in the defense thereof and,  
if it so chooses and acknowledges in writing its obligation to indemnify the  
Indemnitee therefor, to assume the defense thereof with counsel selected by the  
Indemnifying Party; provided that such counsel is not reasonably objected to by  
the Indemnitee. Should the Indemnifying Party so elect to assume the defense of  
a Third-Party Claim, the Indemnifying Party shall, within 30 days (or sooner if  
the nature of the Third-Party Claim so requires), notify the Indemnitee of its  
intent to do so, and the Indemnifying Party shall thereafter not be liable to  
the Indemnitee for legal or other expenses subsequently incurred by the  
Indemnitee in connection with the defense thereof; provided, that such  
Indemnitee shall have the right to employ counsel to represent such Indemnitee  
if, in such Indemnitee's reasonable judgment, a conflict of interest between  
such Indemnitee and such Indemnifying Party exists in respect of such claim  
which would make representation of both such parties by one counsel  
inappropriate, and in such event the fees and expenses of such separate counsel  
shall be paid by such Indemnifying Party. Where there is more than one  
Indemnitee and the Indemnifying Party is responsible for the fees and expenses  
of separate counsel on behalf of such Indemnitees, the Indemnifying Party shall  
be responsible for the fees and expenses of only one such separate counsel  
unless, in the reasonable  
  
  
  
  
  
  
   
  
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opinion of such counsel, the interests of the Indemnitees are such that  
representation by a single counsel would or could create a conflict of interest  
or otherwise be inappropriate, in which event the several Indemnitees may employ  
separate counsel to the extent necessary to avoid such conflict or as otherwise  
may be reasonably appropriate, and the fees and expenses of each such separate  
counsel shall be paid by such Indemnifying Party. If the Indemnifying Party  
assumes such defense, the Indemnitee shall have the right to participate in the  
defense thereof and to employ counsel, subject to the proviso of the preceding  
sentence, at its own expense, separate from the counsel employed by the  
Indemnifying Party, it being understood that the Indemnifying Party shall  
control such defense. The Indemnifying Party shall be liable for the fees and  
expenses of counsel employed by the Indemnitee for any period during which the  
Indemnifying Party has failed to assume the defense thereof (other than during  
the period prior to the time the Indemnitee shall have given notice of the  
Third-Party Claim as provided above). If the Indemnifying Party so elects to  
assume the defense of any Third-Party Claim, all of the Indemnitees shall  
cooperate with the Indemnifying Party in the defense or prosecution thereof,  
including by providing or causing to be provided, Records and witnesses as soon  
as reasonably practicable after receiving any request therefor from or on behalf  
of the Indemnifying Party.  
  
 If the Indemnifying Party acknowledges in writing  
responsibility for a Third-Party Claim, then in no event will the Indemnitee  
admit any liability with respect to, or settle, compromise or discharge, any  
Third-Party Claim without the Indemnifying Party's prior written consent;  
provided, however, that the Indemnitee shall have the right to settle,  
compromise or discharge such Third-Party Claim without the consent of the  
Indemnifying Party if the Indemnitee releases (in writing) the Indemnifying  
Party from its indemnification obligation hereunder with respect to such  
Third-Party Claim and such settlement, compromise or discharge would not  
otherwise adversely affect the Indemnifying Party. If the Indemnifying Party  
acknowledges in writing liability for a Third-Party Claim, the Indemnitee will  
agree to any settlement, compromise or discharge of a Third-Party Claim that the  
Indemnifying Party may recommend and that by its terms obligates the  
Indemnifying Party to pay the full amount of the liability in connection with  
such Third-Party Claim and releases the Indemnitee completely in connection with  
such Third- Party Claim and that would not otherwise adversely affect the  
Indemnitee; provided, however, that the Indemnitee may refuse to agree to any  
such settlement, compromise or discharge if the Indemnitee agrees that the  
Indemnifying Party's indemnification obligation with respect to such Third-Party  
Claim shall not exceed the amount that would be required to be paid by or on  
behalf of the Indemnifying Party in connection with such settlement, compromise  
or discharge. If an Indemnifying Party elects not to assume the defense of a  
Third-Party Claim, or fails to notify an Indemnitee of its election to do so as  
provided  
  
  
  
  
  
  
   
  
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herein, such Indemnitee may compromise, settle or defend such  
Third-Party Claim.  
  
 Notwithstanding the foregoing, the Indemnifying Party shall  
not be entitled to assume the defense of any Third-Party Claim (and shall be  
liable for the fees and expenses of counsel incurred by the Indemnitee in  
defending such Third-Party Claim) if the Third-Party Claim seeks an order,  
injunction or other equitable relief or relief for other than money damages  
against the Indemnitee which the Indemnitee reasonably determines, after  
conferring with its counsel, cannot be separated from any related claim for  
money damages. If such equitable relief or other relief portion of the  
Third-Party Claim can be so separated from that for money damages, the  
Indemnifying Party shall be entitled to assume the defense of the portion  
relating to money damages.  
  
 (b) In the event of payment by an Indemnifying Party to any  
Indemnitee in connection with any Third-Party Claim, such Indemnifying Party  
shall be subrogated to and shall stand in the place of such Indemnitee as to any  
events or circumstances in respect of which such Indemnitee may have any right  
or claim relating to such Third-Party Claim against any claimant or plaintiff  
asserting such Third-Party Claim. Such Indemnitee shall cooperate with such  
Indemnifying Party in a reasonable manner, and at the cost and expense of such  
Indemnifying Party, in prosecuting any subrogated right or claim.  
  
 4.3 Remedies Cumulative. The remedies provided in  
this Article IV shall be cumulative and shall not preclude  
assertion by any Indemnitee of any other rights or the seeking of  
any and all other remedies against any Indemnifying Party.  
  
 4.4 Indemnification Payments. Indemnification required by this  
Article IV shall be made by periodic payments of the amount thereof during the  
course of the investigation or defense, as and when bills are received or loss,  
liability, claim, damage or expense is incurred.  
  
  
 ARTICLE V  
  
 CERTAIN ADDITIONAL COVENANTS  
  
 5.1 Assumption and Satisfaction of Liabilities. Except as  
otherwise specifically set forth in any Ancillary Agreement, and subject to  
Section 2.8 hereof, from and after the Distribution Date, (i) Florida Progress  
shall, and shall cause each member of the Florida Progress Group to, assume,  
pay, perform and discharge all Florida Progress Liabilities and (ii) Echelon  
shall assume, pay, perform and discharge all Echelon Liabilities. To the extent  
reasonably requested to do so by the other party hereto, each party hereto  
agrees to sign such documents, in a form reasonably satisfactory to such party,  
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may be reasonably necessary to evidence the assumption of any  
Liabilities hereunder.  
  
 5.2 Intercompany Agreements. (a) Except for this Agreement and  
the Ancillary Agreements, all contracts, licenses, agreements, commitments or  
other arrangements, formal or informal, between any member of the Florida  
Progress Group, on the one hand, and any member of the Echelon Group (or any  
predecessor thereof), on the other, in existence as of the Distribution Date,  
pursuant to which any member of the Florida Progress Group provides to any  
member of the Echelon Group any services (including, without limitation,  
management, administrative, legal, financial, accounting, data processing,  
insurance, or technical support), or the use of any Florida Progress Assets, or  
the secondment of any employee, or pursuant to which rights, privileges or  
benefits are accorded to any member of the Echelon Group or the Echelon Business  
as a unit of the Florida Progress Group, shall terminate as of the close of  
business on the day prior to the Distribution Date, except as specifically  
provided herein or on Schedule 5.2(a) hereto or in any Ancillary Agreement. From  
and after the Distribution Date, no member of the Echelon Group shall have any  
rights under any such contract, license, agreement, commitment or arrangement  
with any member of the Florida Progress Group, except as specifically provided  
herein or on Schedule 5.2(a) hereto or in any Ancillary Agreement.  
  
 (b) Except for this Agreement and the Ancillary Agreements,  
all contracts, licenses, agreements, commitments or other arrangements, formal  
or informal, between any member of the Echelon Group, on the one hand, and any  
member of the Florida Progress Group, on the other, in existence as of the  
Distribution Date, pursuant to which any member of the Echelon Group provides to  
any member of the Florida Progress Group any services (including, without  
limitation, management, administrative, legal, financial, accounting, data  
processing, insurance, or technical support), or the use of any Echelon Assets,  
or the secondment of any employee, or pursuant to which rights, privileges or  
benefits are accorded to any member of the Florida Progress Group or the Florida  
Progress Business as a unit of the Echelon Group, shall terminate as of the  
close of business on the day prior to the Distribution Date, except as  
specifically provided herein or on Schedule 5.2(b) hereto or in any Ancillary  
Agreement. From and after the Distribution Date, no member of the Florida  
Progress Group shall have any rights under any such contract, license,  
agreement, commitment or arrangement with any member of the Echelon Group,  
except as specifically provided herein or on Schedule 5.2(b) hereto or in any  
Ancillary Agreement.  
  
 5.3 Guarantees. (a) Except as otherwise specified in  
any Ancillary Agreement, Florida Progress and Echelon shall use  
their commercially reasonable efforts to have, on or prior to the  
Distribution Date, or as soon as practicable thereafter, any  
  
  
  
  
  
  
   
  
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member of the Florida Progress Group removed as guarantor of or obligor for any  
Echelon Liability, including, without limitation, in respect of those guarantees  
and obligations set forth on Schedule 5.3(a) hereto.  
  
 (b) If Florida Progress or Echelon is unable to obtain, or to  
cause to be obtained, any such required removal as set forth in clause (a) of  
this Section 5.3, then the applicable guarantor or obligor shall continue to be  
bound as such and, unless not permitted by law or the terms thereof, Echelon  
shall, as agent or subcontractor for such guarantor or obligor, pay, perform and  
discharge fully all the obligations or other liabilities of such guarantor or  
obligor thereunder from and after the date hereof, and such obligations shall be  
Echelon Liabilities.  
  
 (c) Without the prior written consent of the Chief Financial  
Officer or Treasurer of Florida Progress, from and after the Distribution Date,  
Echelon shall not renew or extend the term of, increase its obligations under,  
or transfer to a third party, by sale, assignment, merger or operation of law or  
otherwise any loan, lease, contract or other obligation of Echelon for which any  
member of the Florida Progress Group is or may be liable unless all obligations  
of the Florida Progress Group with respect thereto are thereupon terminated by  
documentation reasonably satisfactory in form and substance to the Chief  
Financial Officer or Treasurer of Florida Progress.  
  
 (d) For so long as Florida Progress or any member of the  
Florida Progress Group is a guarantor of or obligor for any agreement by Echelon  
to be and remain a "citizen of the United States" as defined in 49 U.S.C. ss.  
40102 or in 46 U.S.C. ss. 802, Echelon agrees (i) that it shall be and remain a  
"citizen of the United States" as so defined and, in particular, that it will  
have a president, a chairman and persons comprising at least two-thirds of its  
board of directors who are citizens of the United States and (ii) that in the  
event its status as a "citizen of the United States" as defined in 49 U.S.C. ss.  
40102 changes, or it makes public disclosure of circumstances as a result of  
which it believes that such status is likely to change, it will notify Florida  
Progress and any member of the Florida Progress Group who is a guarantor of or  
obligor for any such Echelon Liability of such change in its status promptly  
after obtaining knowledge thereof or such belief as soon as practicable after  
such public disclosure but in any event within ten business days after such  
public disclosure. If at any time when Florida Progress or any member of the  
Florida Progress Group is a guarantor of or obligor for any such Echelon  
Liability, Echelon ceases to be a "citizen of the United States" as defined in  
49 U.S.C. ss. 40102, and (A) any aircraft owned or controlled by Echelon (the  
"Aircraft") is then registered in the United States and the Aircraft shall be or  
would thereupon become ineligible for registration in the name of the relevant  
owner trustee under the Federal Aviation Act (the "FAA Act") as in effect at  
such time as a result of such lack of  
  
  
  
  
  
  
   
  
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citizenship (without regard to the "based and primarily used" provisions  
thereof) and the regulations then applicable thereunder, or (B) (1) the Aircraft  
is then registered in a jurisdiction other than the United States, (2) a lessee,  
sublessee or sub-sublessee has given notice that it proposes to register the  
Aircraft within 120 days in the United States and (3) at the time such  
registration in the United States is proposed to occur, the Aircraft would be  
ineligible for registration in the name of the relevant owner trustee under the  
FAA Act as in effect at such time as a result of such lack of citizenship  
(without regard to the "based and primarily used" provisions thereof) and the  
regulations then applicable thereunder, then Echelon shall forthwith (x)  
transfer all (but not less than all) of its right, title and interest in and to  
the Aircraft or (y) take such other action, including, without limitation, the  
establishment of a voting trust or voting powers agreement (in which case  
Echelon shall remain the beneficial owner of the Aircraft), as may be necessary  
to prevent the deregistration of the Aircraft under the FAA Act or to maintain  
such registration of the Aircraft or to make possible such registration of the  
Aircraft in the United States and to prevent Florida Progress from being  
adversely affected as a result thereof. Any voting powers or voting trust  
arrangement utilized by Echelon (or any transferee of Echelon) shall be approved  
by the Federal Aviation Administration (to the extent required by the FAA Act or  
the Federal Aviation Administration).  
  
 (e) In addition to and not in limitation of the provisions of  
paragraph (d) above, Echelon agrees (i) not to permit the imposition or  
continuance of any lien or other Security Interest on any asset which would  
result in the breach of any obligation guaranteed by Florida Progress or any  
member of the Florida Progress Group, (ii) not to do or take any other action,  
or fail to do or take any action, which would result in the breach of any other  
obligation guaranteed by Florida Progress or any member of the Florida Progress  
Group, and (iii) to do and take any and all actions necessary to cause any  
guarantee of any Echelon Liability by Florida Progress or of any member of the  
Florida Progress Group to be cancelled, discharged or otherwise terminated as  
promptly as practicable.  
  
 5.4 Further Assurances. In case at any time after the  
Effective Time any further action is reasonably necessary or desirable to carry  
out the purposes of this Agreement and the Ancillary Agreements, the proper  
officers of each party to this Agreement shall take all such necessary action.  
Without limiting the foregoing, Florida Progress and Echelon shall use their  
commercially reasonable efforts promptly to obtain all consents and approvals,  
to enter into all amendatory agreements and to make all filings and applications  
that may be required for the consummation of the transactions contemplated by  
this Agreement and the Ancillary Agreements, including, without limitation, all  
applicable governmental and regulatory filings.  
  
  
  
  
  
  
  
   
  
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 5.5 Witness Services. At all times from and after the  
Distribution Date, each of Florida Progress and Echelon shall use their  
commercially reasonable efforts to make available to the other, upon reasonable  
written request, its and its Subsidiaries' officers, directors, employees and  
agents as witnesses to the extent that (i) such persons may reasonably be  
required in connection with the prosecution or defense of any Action or  
threatened Action in which the requesting party may from time to time be  
involved and (ii) there is no conflict in the Action or threatened Action  
between the requesting party and the party receiving the request. A party  
providing witness services to the other party under this Section shall be  
entitled to receive from the recipient of such services, upon the presentation  
of invoices therefor, payments for such amounts, relating to disbursements and  
other out-of-pocket expenses (which shall be deemed to exclude the costs of  
salaries and benefits of employees who are witnesses), as may be reasonably  
incurred in providing such witness services.  
  
 5.6 Certain Post-Distribution Transactions. (a)(i)  
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Florida Progress shall comply, and shall cause each member of the  
Florida Progress Group to comply, with and otherwise not take  
action inconsistent with each representation and statement made  
with respect to Florida Progress or any other member of the  
Florida Progress Group to the Internal Revenue Service in  
connection with the request by Florida Progress for a ruling  
letter in respect of the Distribution as to certain tax aspects  
of the Distribution and (ii) until two years after the  
Distribution Date, Florida Progress will maintain its status as a  
company engaged in the active conduct of a trade or business, as  
defined in Section 355(b) of the Code.  
  
 (b)(i) Echelon shall comply with and otherwise not take action  
inconsistent with each representation and statement made with respect to Echelon  
to the Internal Revenue Service in connection with the request by Florida  
Progress for a ruling letter in respect of the Distribution as to certain tax  
aspects of the Distribution and (ii) until two years after the Distribution  
Date, Echelon will maintain its status as a company engaged in the active  
conduct of a trade or business, as defined in Section 355(b) of the Code.  
  
 5.7 Certain Agreements of Echelon. Echelon hereby agrees that  
it is Echelon's plan and intention to use its reasonable best efforts to  
implement the Business Plan. Echelon acknowledges that, as provided for in the  
Business Plan, Florida Progress has provided Echelon with capitalization and  
liquidity which the parties believe is sufficient to allow Echelon to carry out  
the Business Plan, including liquidity reserves which the parties believe are  
sufficient to address unforeseen business risks or events. Echelon agrees to  
maintain at all times a liquidity reserve of at least $27 million during the  
first 12 months following the Distribution Date, a liquidity reserve of at least  
$25 million during the period beginning on the first day of  
  
  
  
  
  
  
   
  
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the second year following the Distribution Date and ending on the last day of  
the second year following the Distribution Date, and a liquidity reserve of at  
least $17 million during the period beginning on the first day of the third year  
following the Distribution Date and ending on the last day of such third year.  
  
 5.8 Corporate Names. (a) Except as otherwise  
specifically provided in any Ancillary Agreement:  
  
 (i) as soon as reasonably practicable after the Distribution  
 Date but in any event within two months thereafter, Echelon will, at  
 its own expense, remove (or, if necessary, on an interim basis, cover  
 up) any and all exterior signs and other identifiers located on any of  
 its property or premises which refer or pertain to Florida Progress or  
 which include the Florida Progress name, logo or other trademark or  
 other Florida Progress intellectual property; and  
  
 (ii) as soon as is reasonably practicable after the  
 Distribution Date but in any event within six weeks thereafter, Echelon  
 will remove from all letterhead, envelopes, invoices and other  
 communications media of any kind, all references to Florida Progress,  
 including the "Florida Progress" or "Progress" name, logo and any other  
 trademark or other Florida Progress intellectual property, and Echelon  
 shall not use or display the "Florida Progress" or "Progress" name,  
 logo or other trademark or Florida Progress intellectual property  
 without the prior written consent of Florida Progress.  
  
 (b) Except as otherwise specifically provided in any  
Ancillary Agreement:  
  
 (i) as soon as reasonably practicable after the Distribution  
 Date but in any event within two months thereafter, Florida Progress  
 will, at its own expense, remove (or, if necessary, on an interim  
 basis, cover up) any and all exterior signs and other identifiers  
 located on any of its property or premises owned or used by it or other  
 members of the Florida Progress Group which refer or pertain to Echelon  
 or which include the "Echelon," "Talquin," "Progress Credit," "Progress  
 Leasing" or "PLC Leasing" name, logo or other trademark or other  
 Echelon intellectual property; and  
  
 (ii) as soon as is reasonably practicable after the  
 Distribution Date but in any event within six weeks thereafter, Florida  
 Progress will, and will cause the other members of the Florida Progress  
 Group to, remove from all letterhead, envelopes, invoices and other  
 communications media of any kind, all references to Echelon, including  
 the "Talquin," "Progress Credit," "Progress Leasing" or "PLC Leasing"  
 name, logo and any other trademark or other Echelon  
  
  
  
  
  
  
   
  
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 intellectual property, and Florida Progress and the other members of  
 the Florida Progress Group shall not use or display the "Talquin,"  
 "Progress Credit," "Progress Leasing" or "PLC Leasing" name, logo or  
 other trademark or Echelon intellectual property without the prior  
 written consent of Echelon.  
  
 5.9 Transfers Not Effected Prior to the Distribution;  
Transfers Deemed Effective as of the Distribution Date. To the extent that any  
transfers contemplated by Article II and V shall not have been consummated on or  
prior to the Distribution Date, the parties shall cooperate to effect such  
transfers as promptly following the Distribution Date as shall be practicable.  
Nothing herein shall be deemed to require the transfer of any Assets or the  
assumption of any Liabilities which by their terms or operation of law cannot be  
transferred; provided, however, that the parties hereto and their respective  
Subsidiaries shall cooperate to seek to obtain any necessary consents or  
approvals for the transfer of all Assets and Liabilities contemplated to be  
transferred pursuant to Article II and V. In the event that any such transfer of  
Assets or Liabilities has not been consummated, from and after the Distribution  
Date the party retaining such Asset or Liability shall hold such Asset in trust  
for the use and benefit of the party entitled thereto (at the expense of the  
party entitled thereto) or retain such Liability for the account of the party by  
whom such Liability is to be assumed pursuant hereto, as the case may be, and  
take such other action as may be reasonably requested by the party to whom such  
Asset is to be transferred, or by whom such Liability is to be assumed, as the  
case may be, in order to place such party, insofar as is reasonably possible, in  
the same position as would have existed had such Asset or Liability been  
transferred as contemplated hereby. As and when any such Asset or Liability  
becomes transferable, such transfer shall be effected forthwith. The parties  
agree that, as of the Distribution Date, each party hereto shall be deemed to  
have acquired complete and sole beneficial ownership over all of the Assets,  
together with all rights, powers and privileges incident thereto, and shall be  
deemed to have assumed in accordance with the terms of this Agreement all of the  
Liabilities, and all duties, obligations and responsibilities incident thereto,  
which such party is entitled to acquire or required to assume pursuant to the  
terms of this Agreement.  
  
  
 ARTICLE VI  
  
 ACCESS TO INFORMATION  
  
 6.1 Provision of Corporate Records. Prior to or as  
promptly as practicable after the Distribution Date, Florida  
Progress shall deliver to Echelon all corporate books, records  
and files (collectively, "Records") of Echelon in its possession  
and copies of the relevant portions of all Records of the Florida  
  
  
  
  
  
  
   
  
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Progress Group relating directly and primarily to the Echelon Assets, the  
Echelon Business, or the Liabilities of Echelon, including, in each case, all  
active agreements, active litigation files and government filings. From and  
after the Distribution Date, all Records so delivered shall be the property of  
Echelon.  
  
 6.2 Access to Information. Other than in circumstances in  
which indemnification is sought pursuant to Article IV (in which event the  
provisions of such Article will govern), from and after the Distribution Date,  
each of Florida Progress and Echelon shall afford to the other and its  
authorized accountants, counsel and other designated representatives reasonable  
access during normal business hours, subject to appropriate restrictions for  
classified, privileged or confidential information, to the personnel,  
properties, books and records of such party and its Subsidiaries insofar as such  
access is reasonable required by the other party and relates to (x) such other  
party or the conduct of its business prior to the Effective Time or (y) any  
Ancillary Agreement to which the party requesting such access and the party  
requested to grant such access are parties.  
  
 6.3 Reimbursement; Other Matters. Except to the extent  
otherwise contemplated by any Ancillary Agreement, a party providing Records or  
access to information to the other party under this Article VI shall be entitled  
to receive from the recipient, upon the presentation of invoices therefor,  
payments for such amounts, relating to supplies, disbursements and other  
out-of-pocket expenses, as may be reasonably incurred in providing such Records  
or access to information.  
  
 6.4 Retention of Records. Except as otherwise agreed in  
writing, or as otherwise provided in the Ancillary Agreements, each of Florida  
Progress and Echelon shall, and shall cause any members of its Group to, retain  
all information in such party's possession or under its control relating  
directly and primarily to the pre-Distribution Business, Assets or Liabilities  
of the other party that is less than ten years old until such information is at  
least ten years old except that if, prior to the expiration of such period,  
information in the possession or control of either party is to be destroyed or  
disposed of, and such information is at least three years old, prior to  
destroying or disposing of any such information, (1) the party that is proposing  
to dispose of or destroy any such information shall provide no less than 30  
days' prior written notice to the other party, specifying the information  
proposed to be destroyed or disposed of, and (2) if, prior to the scheduled date  
for such destruction or disposal, the other party requests in writing that any  
of the information proposed to be destroyed or disposed of be delivered to such  
other party, the party that is proposing to dispose of or destroy such  
information promptly shall arrange for the delivery of the requested information  
to a location specified by, and at the expense of, the requesting party.  
  
  
  
  
  
  
  
   
  
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 6.5 Confidentiality. Each of (i) Florida Progress and the  
Florida Progress Subsidiaries and (ii) Echelon and the Echelon Subsidiaries  
shall not use or permit the use of (without the prior written consent of the  
other) and shall keep, and shall cause its consultants and advisors to keep,  
confidential all information concerning the other party in its possession or  
under its control (except to the extent that (A) such information has been in  
the public domain through no fault of such party, (B) such information has been  
later lawfully acquired from other sources by such party or (C) this Agreement  
or any other Ancillary Agreement or any other agreement entered into pursuant  
hereto permits the use or disclosure of such information) to the extent such  
information (x) relates to the period up to the Effective Time, (y) relates to  
any Ancillary Agreement or (z) is obtained in the course of performing services  
for the other party pursuant to any Ancillary Agreement, and neither party shall  
(without the prior written consent of the other) otherwise release or disclose  
such information to any other Person, except such party's auditors and  
attorneys, unless compelled to disclose such information by judicial or  
administrative process or unless such disclosure is required by law and such  
party has used commercially reasonable efforts to consult with the other party  
prior to such disclosure.  
  
 6.6 Privileged Matters. The parties hereto recognize that  
legal and other professional services that have been and will be provided prior  
to the Distribution Date have been and will be rendered for the benefit of each  
of the members of the Florida Progress Group and the members of the Echelon  
Group, and that each of the members of the Florida Progress Group and the  
members of the Echelon Group should be deemed to be the client for the purposes  
of asserting all privileges which may be asserted under applicable law. To  
allocate the interests of each party in the information as to which any party is  
entitled to assert a privilege, the parties agree as follows:  
  
 (a) Florida Progress shall be entitled, in perpetuity, to  
control the assertion or waiver of all privileges in connection with privileged  
information which relates solely to the Florida Progress Business, whether or  
not the privileged information is in the possession of or under the control of  
Florida Progress or Echelon. Florida Progress shall also be entitled, in  
perpetuity, to control the assertion or waiver of all privileges in connection  
with privileged information that relates solely to the subject matter of any  
claims constituting Florida Progress Liabilities, now pending or which may be  
asserted in the future, in any lawsuits or other proceedings initiated against  
or by Florida Progress, whether or not the privileged information is in the  
possession of or under the control of Florida Progress or Echelon.  
  
 (b) Echelon shall be entitled, in perpetuity, to control the  
assertion or waiver of all privileges in connection with privileged information  
which relates solely to the Echelon  
  
  
  
  
  
  
   
  
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Business, whether or not the privileged information is in the possession of or  
under the control of Florida Progress or Echelon. Echelon shall also be  
entitled, in perpetuity, to control the assertion or waiver of all privileges in  
connection with privileged information which relates solely to the subject  
matter of any claims constituting Echelon Liabilities, now pending or which may  
be asserted in the future, in any lawsuits or other proceedings initiated  
against or by Echelon, whether or not the privileged information is in the  
possession of Echelon or under the control of Florida Progress or Echelon.  
  
 (c) The parties hereto agree that they shall have a shared  
privilege, with equal right to assert or waive, subject to the restrictions in  
this Section 6.6, with respect to all privileges not allocated pursuant to the  
terms of Sections 6.6(a) and (b) hereto. All privileges relating to any claims,  
proceedings, litigation, disputes, or other matters which involve both Florida  
Progress and Echelon in respect of which both Florida Progress and Echelon  
retain any responsibility or liability under this Agreement shall be subject to  
a shared privilege between them.  
  
 (d) No party hereto may waive any privilege which could be  
asserted under any applicable law, and in which the other party hereto has a  
shared privilege, without the consent of the other party, except to the extent  
reasonably required in connection with any litigation with third parties or as  
provided in subsection (e) below. Consent shall be in writing, or shall be  
deemed to be granted unless written objection is made within 20 days after  
notice upon the other party requesting such consent.  
  
 (e) In the event of any litigation or dispute between the  
parties hereto, a party and a Subsidiary of the other party hereto, or a  
Subsidiary of one party hereto and a Subsidiary of other party hereto, either  
such party may waive a privilege in which the other party has a shared  
privilege, without obtaining the consent of the other party, provided that such  
waiver of a shared privilege shall be effective only as to the use of  
information with respect to the litigation or dispute between the parties and/or  
their Subsidiaries, and shall not operate as a waiver of the shared privilege  
with respect to third parties.  
  
 (f) If a dispute arises between the parties hereto or their  
respective Subsidiaries regarding whether a privilege should be waived to  
protect or advance the interest of either party, each party agrees that it shall  
negotiate in good faith, shall endeavor to minimize any prejudice to the rights  
of the other party, and shall not unreasonably withhold consent to any request  
for waiver by the other party. Each party hereto specifically agrees that it  
will not withhold consent to waiver for any purpose except to protect its own  
legitimate interests.  
  
  
  
  
  
  
  
   
  
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 (g) Upon receipt by either party hereto or by any Subsidiary  
thereof of any subpoena, discovery or other request which arguably calls for the  
production or disclosure of information subject to a shared privilege or as to  
which the other party has the sole right hereunder to assert a privilege, or if  
either party obtains knowledge that any of its or any of its Subsidiaries'  
current or former directors, officers, agents or employees have received any  
subpoena, discovery or other requests which arguably calls for the production or  
disclosure of such privileged information, such party shall promptly notify the  
other party of the existence of the request and shall provide the other party a  
reasonable opportunity to review the information and to assert any rights it may  
have under this Section 6.6 or otherwise to prevent the production or disclosure  
of such privileged information.  
  
 (h) The transfer of all Records and other information pursuant  
to this Agreement is made in reliance on the agreement of Florida Progress and  
Echelon, as set forth in Sections 6.5 and 6.6, to maintain the confidentiality  
of privileged information and to assert and maintain all applicable privileges.  
The access to information being granted pursuant to Sections 6.1 and 6.2 hereof,  
the agreement to provide witnesses and individuals pursuant to Sections 4.2 and  
5.5 hereof, the furnishing of notices and documents and other cooperative  
efforts contemplated by Section 4.2 hereof, and the transfer of privileged  
information between the parties and their respective Subsidiaries pursuant to  
this Agreement shall not be deemed a waiver of any privilege that has been or  
may be asserted under this Agreement or otherwise.  
  
 6.7 Ownership of Information. Any information owned by one  
party or any of its Subsidiaries that is provided to a requesting party pursuant  
to Article IV or this Article VI shall be deemed to remain the property of the  
providing party. Unless specifically set forth herein, nothing contained in this  
Agreement shall be construed as granting or conferring rights of license or  
otherwise in any such information.  
  
 6.8 Limitation of Liability. Neither party shall have any  
liability to the other party in the event that any information exchanged or  
provided pursuant to this Agreement which is an estimate or forecast, or which  
is based on an estimate or forecast, is found to be inaccurate.  
  
 6.9 Other Agreements Providing for Exchange of Information.  
The rights and obligations granted under this Article VI are subject to any  
specific limitations, qualifications or additional provisions on the sharing,  
exchange or confidential treatment of information set forth in any Ancillary  
Agreement.  
  
  
  
  
  
  
  
  
   
  
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 ARTICLE VII  
  
 ADMINISTRATIVE SERVICES  
  
 7.1 Performance of Services. Beginning on the Distribution  
Date, Florida Progress will provide, or cause one or more of its Subsidiaries to  
provide, to Echelon such services on such terms as may be set forth in the  
Transition Services Agreement.  
  
 7.2 Independence. Unless otherwise agreed in writing, all  
employees and representatives of Florida Progress providing the scheduled  
services to Echelon will be deemed for purposes of all compensation and employee  
benefits matters to be employees or representatives of Florida Progress and not  
employees or representatives of Echelon. In performing such services, such  
employees and representatives will be under the direction, control and  
supervision of Florida Progress (and not Echelon) and Florida Progress will have  
the sole right to exercise all authority with respect to the employment  
(including, without limitation, termination of employment), assignment and  
compensation of such employees and representatives.  
  
  
 ARTICLE VIII  
  
 DISPUTE RESOLUTION  
  
 8.1 Negotiation. In the event of a controversy, dispute or  
claim arising out of, in connection with, or in relation to the interpretation,  
performance, nonperformance, validity or breach of this Agreement or otherwise  
arising out of, or in any way related to this Agreement or the transactions  
contemplated hereby, including, without limitation, any claim based on contract,  
tort, statute or constitution (collectively, "Agreement Disputes"), the general  
counsels of the parties (or, such other senior officer appointed by the Chief  
Executive Officer of the relevant party) shall negotiate in good faith for a  
reasonable period of time to settle such Agreement Dispute, provided such  
reasonable period shall not, unless otherwise agreed by the parties in writing,  
exceed 30 days from the time the parties began such negotiations; provided  
further that in the event of any arbitration in accordance with Section 8.2  
hereof, the parties shall not assert the defenses of statute of limitations and  
laches arising for the period beginning after the date the parties began  
negotiations hereunder, and any contractual time period or deadline under this  
Agreement or any Ancillary Agreement to which such Agreement Dispute relates  
shall not be deemed to have passed until such Agreement Dispute has been  
resolved.  
  
 8.2 Arbitration. If after such reasonable period such  
general counsels (or other appointed officers) are unable to  
settle such Agreement Dispute (and in any event, unless otherwise  
  
  
  
  
  
  
   
  
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agreed in writing by the parties, after 60 days have elapsed from the time the  
parties began such negotiations), such Agreement Dispute shall be determined, at  
the request of either party, by arbitration conducted in St. Petersburg, before  
and in accordance with the then-existing International Arbitration Rules of the  
American Arbitration Association (the "Rules"). In any dispute between the  
parties hereto, the number of arbitrators shall be one. Any judgment or award  
rendered by the arbitrator shall be final, binding and nonappealable (except  
upon grounds specified in 9 U.S.C. ss. 10(a) as in effect on the date hereof).  
If the parties are unable to agree on an arbitrator, the arbitrator shall be  
selected in accordance with the Rules. Any controversy concerning whether an  
Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has  
been waived, whether an assignee of this Agreement is bound to arbitrate, or as  
to the interpretation of enforceability of this Article VIII shall be determined  
by the arbitrator. In resolving any dispute, the parties intend that the  
arbitrator applies the substantive laws of the State of Florida, without regard  
to the choice of law principles thereof. The parties intend that the provisions  
to arbitrate set forth herein be valid, enforceable and irrevocable. The parties  
agree to comply with any award made in any such arbitration proceedings that has  
become final in accordance with the Rules and agree to enforcement of or entry  
of judgment upon such award, by any court of competent jurisdiction, including  
(a) the Circuit Court of the State of Florida, Pinellas County, or (b) the  
United States District Court for the Middle District of Florida, in accordance  
with Section 10.16 hereof. The arbitrator shall be entitled, if appropriate, to  
award any remedy in such proceedings, including, without limitation, monetary  
damages, specific performance and all other forms of legal and equitable relief;  
provided, however, the arbitrator shall not be entitled to award punitive  
damages. Without limiting the provisions of the Rules, unless otherwise agreed  
in writing by the parties or permitted by this Agreement, the parties shall keep  
confidential all matters relating to the arbitration or the award, provided such  
matters may be disclosed (i) to the extent reasonably necessary in any  
proceeding brought to enforce the award or for entry of a judgment upon the  
award and (ii) to the extent otherwise required by law. Notwithstanding Article  
32 of the Rules, the party which is not the prevailing party in the arbitration  
shall be responsible for all of the costs of the arbitration, including legal  
fees and other costs specified by such Article 32. Nothing contained herein is  
intended to or shall be construed to prevent either party, in accordance with  
Article 22(3) of the Rules or otherwise, from applying to any court of competent  
jurisdiction for interim measures or other provisional relief in connection with  
the subject matter of any Agreement Disputes.  
  
 8.3 Continuity of Service and Performance. Unless otherwise  
agreed in writing, the parties will continue to provide service and honor all  
other commitments under this Agreement and each Ancillary Agreement during the  
course of dispute resolution  
  
  
  
  
  
  
   
  
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pursuant to the provisions of this Article VIII with respect to all matters not  
subject to such dispute, controversy or claim.  
  
  
 ARTICLE IX  
  
 INSURANCE  
  
 On or before the Distribution Date, Florida Progress and  
Echelon will take such actions with respect to insurance coverage of the Echelon  
Assets and the Echelon Business as Florida Progress and Echelon shall reasonably  
deem appropriate to permit Echelon to implement a smooth transition to being an  
independent company upon the Distribution.  
  
  
 ARTICLE X  
  
 MISCELLANEOUS  
  
 10.1 Complete Agreement; Construction. This Agreement,  
including the Exhibits and Schedules, and the Ancillary Agreements shall  
constitute the entire agreement between the parties with respect to the subject  
matter hereof and shall supersede all previous negotiations, commitments and  
writings with respect to such subject matter. In the event of any inconsistency  
between this Agreement and any Exhibit or Schedule hereto, the Exhibit or  
Schedule shall prevail. Other than Section 2.12 and Article VIII, which shall  
prevail over any inconsistent or conflicting provisions in any Ancillary  
Agreement, notwithstanding any other provisions in this Agreement to the  
contrary, in the event and to the extent that there shall be a conflict between  
the provisions of this Agreement and the provisions of any Ancillary Agreement,  
such Ancillary Agreement shall control.  
  
 10.2 Ancillary Agreements. Subject to the last  
sentence of Section 10.1 hereof, this Agreement is not intended  
to address, and should not be interpreted to address, the matters  
specifically and expressly covered by the Ancillary Agreements.  
  
 10.3 Counterparts. This Agreement may be executed in one or  
more counterparts, all of which shall be considered one and the same agreement,  
and shall become effective when one or more such counterparts have been signed  
by each party and delivered to the other party.  
  
 10.4 Survival of Agreements. Except as otherwise contemplated  
by this Agreement, all covenants and agreements of the parties contained in this  
Agreement shall survive the Distribution Date.  
  
 10.5 Expenses. Except as otherwise set forth in this  
Agreement or any Ancillary Agreement, all costs and expenses  
  
  
  
  
  
  
   
  
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incurred on or prior to the Distribution Date (whether or not paid on or prior  
to the Distribution Date) in connection with the preparation, execution,  
delivery and implementation of this Agreement and any Ancillary Agreement, the  
Registration Statement, the Information Statement, and the Distribution and the  
consummation of the transactions contemplated thereby shall be charged to and  
paid by Florida Progress to the extent such costs and expenses exceed 100% of  
the amount contributed by Florida Progress to Echelon pursuant to Section  
2.9(b). Except as otherwise set forth in this Agreement or any Ancillary  
Agreement, each party shall bear its own costs and expenses incurred after the  
Distribution Date. Any amount or expense to be paid or reimbursed by one party  
hereto to the other party hereto shall be so paid or reimbursed promptly after  
the existence and amount of such obligation is determined and demand therefore  
is made.  
  
 10.6 Notices. All notices and other communications hereunder  
shall be in writing and hand delivered or mailed by registered or certified mail  
(return receipt requested) or sent by any means of electronic message  
transmission with delivery confirmed (by voice or otherwise) to the parties at  
the following addresses (or at such other addresses for a party as shall be  
specified by like notice) and will be deemed given on the date on which such  
notice is received:  
  
 To Florida Progress Corporation:  
  
 0000 00xx Xxxxxx Xxxxx  
 Xx. Xxxxxxxxxx, Xxxxxxx 00000  
 Telephone: (000) 000-0000  
 Telecopy: (000) 000-0000  
  
 Attn: General Counsel  
  
  
 To Echelon International Corporation:  
  
 Xxx Xxxxxxxx Xxxxx  
 Xxxxx 0000  
 Xx. Xxxxxxxxxx, Xxxxxxx 00000  
 Telephone: (000) 000-0000  
 Telecopy: (000) 000-0000  
  
 Attn: Chief Executive Officer  
  
  
 10.7 Waivers. The failure of either party to require strict  
performance by the other party of any provision in this Agreement will not waive  
or diminish such party's right to demand strict performance thereafter of that  
or any other provision hereof.  
  
  
  
  
  
  
  
   
  
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 10.8 Amendments. Subject to the terms of Section 10.11 hereof,  
this Agreement may not be modified or amended except by an agreement in writing  
signed by each of the parties hereto.  
  
 10.9 Assignment. (a) This Agreement shall not be assignable,  
in whole or in part, directly or indirectly, by either party hereto without the  
prior written consent of the other party hereto, and any attempt to assign any  
rights or obligations arising under this Agreement without such consent shall be  
void.  
  
 (b) Echelon will not distribute to its stockholders any  
interest in any Echelon Subsidiary, by way of a spin-off distribution, split-off  
or other exchange of interests in an Echelon Subsidiary for any interest in  
Echelon held by Echelon stockholders, or any similar transaction or  
transactions, unless the distributed Echelon Subsidiary undertakes to Florida  
Progress to be jointly and severally liable for all Echelon Liabilities  
hereunder.  
  
 10.10 Successors and Assigns. The provisions to this Agreement  
shall be binding upon, inure to the benefit of and be enforceable by the parties  
and their respective successors and permitted assigns.  
  
 10.11 Termination. This Agreement (including, without  
limitation, Article IV hereof) may be terminated and the Distribution may be  
amended, modified or abandoned at any time prior to the Distribution by and in  
the sole discretion of Florida Progress without the approval of Echelon or the  
stockholders of Florida Progress. In the event of such termination, no party  
shall have any liability of any kind to the other party or any other Person.  
After the Distribution, this Agreement may not be terminated except by an  
agreement in writing signed by the parties; provided, however, that Article IV  
shall not be terminated or amended after the Distribution in respect of the  
third party beneficiaries thereto without the consent of such Persons.  
  
 10.12 Subsidiaries. Florida Progress shall cause to be  
performed, and hereby guarantees the performance of, all actions, agreements and  
obligations set forth herein to be performed by any Florida Progress Subsidiary.  
If Echelon subsequently organizes or acquires any Subsidiary, Echelon shall not  
permit such Subsidiary to take or fail to take any action, if taking or failing  
to take such action would result in a breach of this Agreement if taken or  
failed to be taken, as the case may be, by Echelon. Echelon shall cause to be  
performed, and hereby guarantees the performance of, all actions, agreements and  
obligations set forth herein to be performed by any Echelon Subsidiary.  
  
 10.13 Third Party Beneficiaries. Except as provided  
in Article IV relating to Indemnitees, this Agreement is solely  
  
  
  
  
  
  
   
  
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for the benefit of the parties hereto and their respective Subsidiaries and  
Affiliates and should not be deemed to confer upon third parties any remedy,  
claim, liability, reimbursement, claim of action or other right in excess of  
those existing without reference to this Agreement.  
  
 10.14 Title and Headings. Titles and headings to sections  
herein are inserted for the convenience of reference only and are not intended  
to be a part of or to affect the meaning or interpretation of this Agreement.  
  
 10.15 Exhibits and Schedules. The Exhibits and Schedules shall  
be construed with and as an integral part of this Agreement to the same extent  
as if the same had been set forth verbatim herein.  
  
 10.16 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED  
BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF  
FLORIDA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE  
STATE OF FLORIDA.  
  
 10.17 Consent to Jurisdiction. Without limiting the provisions  
of Article VIII hereof, each of the parties irrevocably submits to the exclusive  
jurisdiction of (a) the Circuit Court of the State of Florida, Pinellas County,  
and (b) the United States District Court for the Middle District of Florida, for  
the purposes of any suit, action or other proceeding arising out of this  
Agreement or any transaction contemplated hereby. Each of the parties agrees to  
commence any action, suit or proceeding relating hereto either in the United  
States District Court for the Middle District of Florida or if such suit, action  
or other proceeding may not be brought in such court for jurisdictional reasons,  
in the Circuit Court of the State of Florida, Pinellas County. Each of the  
parties further agrees that service of any process, summons, notice or document  
by U.S. registered mail to such party's respective address set forth above shall  
be effective service of process for any action, suit or proceeding in Florida  
with respect to any matters to which it has submitted to jurisdiction in this  
Section 10.17. Each of the parties irrevocably and unconditionally waives any  
objection to the laying of venue of any action, suit or proceeding arising out  
of this Agreement or the transactions contemplated hereby in (i) the Circuit  
Court of the State of Florida, Pinellas County, or (ii) the United States  
District Court for the Middle District of Florida, and hereby further  
irrevocably and unconditionally waives and agrees not to plead or claim in any  
such court that any such action, suit or proceeding brought in any such court  
has been brought in an inconvenient forum.  
  
 10.18 Severability. In the event any one or more of the  
provisions contained in this Agreement should be held invalid, illegal or  
unenforceable in any respect, the validity, legality and enforceability of the  
remaining provisions contained herein and therein shall not in any way be  
affected or impaired  
  
  
  
  
  
  
   
  
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thereby. The parties shall endeavor in good-faith negotiations to replace the  
invalid, illegal or unenforceable provisions with valid provisions, the economic  
effect of which comes as close as possible to that of the invalid, illegal or  
unenforceable provisions.  
  
 IN WITNESS WHEREOF, the parties have caused this Agreement to  
be duly executed as of the day and year first above written.  
  
  
 FLORIDA PROGRESS CORPORATION,  
 a Florida corporation  
  
  
 By:/s/Xxxxx X. Xxxxxxxxx  
 ---------------------  
 Xxxxx X. Xxxxxxxxx  
 Vice President and Treasurer  
  
  
 ECHELON INTERNATIONAL  
 CORPORATION,  
 a Florida corporation  
  
  
 By:/s/Xxxxxx X. XxXxxxx  
 ---------------------  
 Xxxxxx X. XxXxxxx  
 President and Chief   
 Executive Officer