STOCK PURCHASE AGREEMENT
BUYER FORM

David W. Pollak
*Morgan, Lewis & Bockius LLP*

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NEW YORK OFFICE FORM

STOCK PURCHASE AGREEMENT

BüYER FORM

STOCK PURCHASE AGREEMENT

DATED AS OF ____________, 2000

AMONG

BUYER CORPORATION

AND

[__________________________]

[__________________________]

[__________________________]

AND

[__________________________]

[Each of the persons listed in Exhibit A]
## INDEX

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchase and Sale of Stock</td>
<td>1</td>
</tr>
<tr>
<td>2. Consideration</td>
<td>3</td>
</tr>
<tr>
<td>3. Escrow</td>
<td>5</td>
</tr>
<tr>
<td>4. Closing</td>
<td>5</td>
</tr>
<tr>
<td>4.1 Documents to be Delivered by Sellers to Buyer</td>
<td>6</td>
</tr>
<tr>
<td>4.2 Documents to be Delivered by Buyer to Sellers</td>
<td>6</td>
</tr>
<tr>
<td>4.3 Documents to be Delivered by Sellers, Buyer and Escrow Agent to Each Other</td>
<td>7</td>
</tr>
<tr>
<td>4.4 Form and Substance of Documents</td>
<td>7</td>
</tr>
<tr>
<td>5. Representations and Warranties by Sellers</td>
<td>7</td>
</tr>
<tr>
<td>5.1 Corporate Organization</td>
<td>7</td>
</tr>
<tr>
<td>5.2 Capitalization; Stock Ownership</td>
<td>7</td>
</tr>
<tr>
<td>5.3 Subsidiaries and Other Equity Investments</td>
<td>8</td>
</tr>
<tr>
<td>5.4 Authorization of Agreement; No Violation</td>
<td>9</td>
</tr>
<tr>
<td>5.5 Financial Statements</td>
<td>10</td>
</tr>
<tr>
<td>5.6 No Undisclosed Liabilities, Etc</td>
<td>11</td>
</tr>
<tr>
<td>5.7 Absence of Certain Changes</td>
<td>11</td>
</tr>
<tr>
<td>5.8 Title to and Condition of Properties and Assets</td>
<td>13</td>
</tr>
<tr>
<td>5.9 Certain Properties</td>
<td>14</td>
</tr>
<tr>
<td>5.10 Tax Matters</td>
<td>15</td>
</tr>
<tr>
<td>5.11 Contracts</td>
<td>17</td>
</tr>
<tr>
<td>5.12 Litigation</td>
<td>19</td>
</tr>
<tr>
<td>5.13 Patents and Trademarks</td>
<td>19</td>
</tr>
<tr>
<td>5.14 Compliance with Laws</td>
<td>20</td>
</tr>
<tr>
<td>5.15 Environmental Matters</td>
<td>20</td>
</tr>
<tr>
<td>5.16 Governmental Authorizations and Regulations</td>
<td>21</td>
</tr>
<tr>
<td>5.17 SEC and Antitrust Filings</td>
<td>22</td>
</tr>
<tr>
<td>5.18 Employee Benefit Plans and Arrangements</td>
<td>22</td>
</tr>
<tr>
<td>(A) Pension Benefit Plans Generally</td>
<td>22</td>
</tr>
<tr>
<td>(B) ERISA Title IV Considerations</td>
<td>23</td>
</tr>
<tr>
<td>(C) The Qualified Plans</td>
<td>23</td>
</tr>
<tr>
<td>(D) The Retirement Plan</td>
<td>24</td>
</tr>
<tr>
<td>(1) Qualified Status</td>
<td>23</td>
</tr>
<tr>
<td>(2) Determination Letters</td>
<td>23</td>
</tr>
<tr>
<td>(3) Maximum Limitations</td>
<td>23</td>
</tr>
<tr>
<td>(4) Contributions</td>
<td>23</td>
</tr>
<tr>
<td>(E) Common-Control Enterprises</td>
<td>24</td>
</tr>
<tr>
<td>(F) Prohibited Transactions</td>
<td>24</td>
</tr>
<tr>
<td>(G) Employee Benefit Plan Claims Liability</td>
<td>24</td>
</tr>
</tbody>
</table>
(H) Reporting and Disclosure ...................................... 24
(I) Stock Option Arrangements ................................... 25
(J) Other Employee Benefit Plans and Arrangements ........ 25
5.19 Certain Transactions ........................................ 27
5.20 Foreign Corrupt Practices Act ............................... 27
5.21 Accounting Practices ......................................... 28
5.22 Minute Books .................................................. 28
5.23 Insurance ...................................................... 28
5.24 Bank Accounts; Powers of Attorney ....................... 28
5.25 Product Warranties ............................................ 28
5.26 Certain Disclosures .......................................... 29
5.27 Brokers ......................................................... 30
5.28 Investment Representation ................................. 30
5.29 No Untrue Statements ....................................... 30

6. Representations and Warranties by Buyer .................. 30
6.1 Corporate Organization ...................................... 30
6.2 Authorization of Agreement; No Violation ................ 30
6.3 Litigation ....................................................... 31
6.4 Brokers .......................................................... 31
6.5 Investment Representation .................................. 31
6.6 No Untrue Statements ....................................... 31

7. Covenants of Sellers ............................................. 31
7.1 Access, Information and Documents ....................... 31
7.2 Conduct of Business Pending Closing .................... 32
7.3 Financial Statements and Certificate ..................... 34
7.4 Cooperation with Respect to Financing .................. 35
7.5 Preferred Stock .............................................. 36
7.6 Appraisals of Real Properties ............................. 36
7.7 Consents and Approvals .................................... 36
7.8 Employment Contracts ....................................... 37
7.9 Resignation of Directors ................................... 37
7.10 Use of Name .................................................. 37

8. Covenants of Buyer .............................................. 37
8.1 Confidential Information .................................... 37
8.2 No Disclosure of Consideration ............................ 37
8.3 Financing ....................................................... 38
8.4 Status of Financing ......................................... 38
8.5 Consents and Approvals .................................... 38
8.6 No Unreasonable Interference .............................. 38
8.7 Financial Statements ........................................ 38

9. Conditions Precedent to Sellers' Obligation to
    Sell the Stock ............................................... 39
9.1 Buyer's Performance ......................................... 39
9.2 Opinion of Counsel .......................................... 39
9.3 Consents and Approvals ................................... 41
10. Conditions Precedent to Buyer's Obligation to Purchase the Stock
10.1 Sellers' Performance ................................................. 41
10.2 Accountants' Letter ................................................ 41
10.3 Opinion of Counsel .................................................. 42
10.4 Consents and Approvals .......................................... 45
10.5 Physical Properties ................................................ 45
10.6 Title Insurance .................................................... 45
10.7 Consolidated Net Worth of the Company and Subsidiaries .......... 45
10.8 Consolidated Net After-Tax Income of the Company and Subsidiaries ........ 45
10.9 Appraised Market Values of Real Properties ..................... 46
10.10 Financing ............................................................ 46
10.11 Employment Contracts ............................................. 46
10.12 Resignations of Directors ........................................ 46

11. Termination ............................................................ 46
11.1 Termination by Buyer ................................................. 46
11.2 Termination by Sellers ............................................. 46
11.3 Effect of Termination .............................................. 46

12. Guarantee of Collectibility of Receivables of the Company ............ 47

13. Survival of Representations and Warranties;
   Indemnification ..................................................... 48
   (A) Survival of Representations and Warranties .......... 48
   (B) Indemnification ................................................ 48

13. Survival of Representations and Warranties;
   Indemnification ..................................................... 49
13.1 Survival of Representations and Warranties ......................... 49
13.2 Sellers' Indemnification Obligations ............................. 49
13.3 Limitation on Sellers' Indemnification Obligations ............ 50
13.4 Buyer's Indemnification Obligations ............................. 50
13.5 Limitation on Buyer's Indemnification Obligations ............ 51
13.6 Procedure for Indemnification Claims ............................ 51
13.7 Sole and Exclusive Remedy ....................................... 54

14. Set-Off ............................................................... 54

15. Non-Competition ..................................................... 54

16. Miscellaneous ....................................................... 54
16.1 Assurance of Further Action ...................................... 54
16.2 Expenses ........................................................... 55
16.3 Waiver .............................................................. 55
16.4 Notices ............................................................ 55
16.5 Entire Agreement .................................................. 55
16.6 Rights Under this Agreement; Nonassignability ......... 55

127
16.7  Governing Law ................................. 56
16.8  Headings; References to Sections, Exhibits and Schedules .................................. 56
16.9  Counterparts ...................................... 56
STOCK PURCHASE AGREEMENT

AGREEMENT dated as of this ___ day of ____, 2000 among BUYER CORPORATION ("Buyer"), a ______________ corporation, and [______________, ______________, ______________ and ______________ ] [each of the persons listed in Exhibit A] (individually a "Seller" and collectively the "Sellers").

WHEREAS, Sellers own all of the outstanding shares of capital stock of __________________________ (the "Company"), a ______________ corporation.

WHEREAS, Buyer desires to purchase from Sellers, and Sellers desire to sell to Buyer, all of the outstanding capital stock of the Company, all upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

1. Purchase and Sale of Stock. Upon the terms and provisions of this Agreement, Buyer agrees to purchase and accept delivery from each Seller of, and each Seller agrees to sell, assign, transfer and deliver to Buyer, at the Closing provided for in Section 4, the shares of Common Stock of the Company set forth [below] [in Exhibit A] opposite such Seller's name, free and clear of all liens, claims, charges, restrictions, equities or encumbrances of any kind:

<table>
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<tr>
<th>Seller</th>
<th>Number of Shares</th>
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The shares of Common Stock of the Company set forth above to be sold by Sellers to Buyer, constituting all of the outstanding shares of capital stock of the Company, are hereinafter collectively called the "Stock."
2. **Consideration.** As consideration for the Stock, Buyer, at the Closing, will:

   (A) pay in cash to each Seller the amount set forth below opposite such Seller's name:

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<tr>
<th>Seller</th>
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   Total $ __________________________

   (B) issue to each Seller a ____% Convertible Subordinated Note of Buyer in the form of Exhibit B, dated the Closing Date, payable to such Seller and in the principal amount set forth below opposite such Seller's name:

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<tr>
<th>Seller</th>
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   Total $ __________________________
The ___% Convertible Subordinated Notes of Buyer set forth above to be issued by Buyer to Sellers are hereinafter collectively called the "Convertible Notes."

2.1 Adjustment Amount. The Adjustment Amount (which may be a positive or negative number) will be equal to (a) the consolidated stockholders' equity of the Acquired Companies as of the closing Date determined in accordance with GAAP, minus (b) $__________.

2.2 Adjustment Procedure.

(a) Sellers will prepare and will cause __________, the Company's certified public accountants, to audit consolidated financial statements ("Closing Financial Statements") of the Company as of the Closing Date and for the period from the date of the Balance Sheet through the Closing Date, including a computation of consolidated stockholders' equity as of the Closing Date. Sellers will deliver the Closing Financial Statements to Buyer within sixty days after the Closing Date. If within thirty days following delivery of the Closing Financial Statements, Buyer has not given Sellers notice of its objection to the Closing Financial Statements (such notice must contain a statement of the basis of Buyer's objection), then the consolidated stockholders' equity reflected in the Closing Financial Statements will be used in computing the Adjustment Amount. If Buyer gives such notice of objection, then the issues in dispute will be submitted to __________, certified public accountants (the "Accountants"), for resolution. If the issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to that party or its Subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with Accountants; (ii) the determination by the
Accountants, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iii) Buyer and Sellers will each bear 50% of the fees of the Accountants for such determination.

(b) On the tenth business day following the final determination of the Adjustment Amount, if the Purchase Price is greater than the aggregate of the payments made pursuant to Sections ____ and ____ and the aggregate principal amount of the Promissory Notes, Buyer will pay the difference to Sellers, and if the Purchase Price is less than such aggregate amount, Sellers will pay the difference to Buyer. All payments will be made together with interest at __% compounded daily beginning on the Closing Date and ending on the date of payment. Payments must be made in immediately available funds. Payments to Sellers must be made in the manner and will be allocated in the proportions set forth in Section ____. Payments to Buyer must be made by wire transfer to such bank account as Buyer will specify.

3. Escrow. There shall be placed in escrow with ("Escrow Agent") $_______ of the $_______ cash to be paid by Buyer to Sellers at the Closing as part of the consideration for the Stock. Such $_______ shall be delivered by Sellers to the Escrow Agent at the Closing and shall be held and delivered by the Escrow Agent in accordance with the terms and provisions of the Escrow Agreement in the form of Exhibit C ("Escrow Agreement"), which Escrow Agreement Buyer, Sellers and the Escrow Agent shall execute and deliver at the Closing.

4. Closing. The closing of the purchase and sale of the Stock (the "Closing") shall take place at the office of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178 (or at such other place as the parties may mutually agree) at 10:00 o'clock in the forenoon, local time, on [the later of (i) , 2000 or applicable waiting period under the HSR Act,] but in no event later than , 2000 (the "Closing Date"). The Closing Date may be postponed to a later time and date by mutual agreement of the parties. If the Closing is postponed, all references to the Closing Date in this Agreement shall refer to the postponed date.
4.1 **Documents to be Delivered by Sellers to Buyer.** At the Closing, Sellers will deliver to Buyer:

(A) stock certificates for the Stock, free and clear of all liens, claims, charges, restrictions, equities or encumbrances of any kind, which certificates shall be duly endorsed to Buyer or accompanied by duly executed stock powers in form satisfactory to Buyer;

(B) a certificate of Sellers in the form of Exhibit D certifying as to the accuracy of Sellers' representations and warranties at and as of the Closing and that Sellers have performed and complied with all of the terms, provisions and conditions to be performed and complied with by Sellers at or before the Closing; [and]

(C) a certificate of Sellers in the form of Exhibit E certifying as to certain corporate matters, together with all of the attachments referred to therein[; and] [.]  

[(D) such other certificates and documents as Buyer or its counsel may reasonably request.]

4.2 **Documents to be Delivered by Buyer to Sellers.** At the Closing, Buyer will deliver to each of the Sellers:

(A) [a certified or bank cashier's check payable to the order of such Seller in the amount set forth opposite such Seller's name in paragraph (A) of Section 2] [the amount set forth opposite such Seller's name in paragraph (A) of Section 2 by transfer of immediately available funds to such account at such bank as such Seller shall direct];

(B) A Convertible Note payable to such Seller in the principal amount set forth opposite such Seller's name in paragraph (B) of Section 2;

(C) a certificate of Buyer in the form of Exhibit F certifying as to the accuracy of Buyer's representations and warranties at and as of the Closing and that Buyer has performed and complied with all of the terms, provisions and conditions to be performed and complied with by Buyer at or before the Closing; [and]

(D) a certificate of Buyer in the form of Exhibit G certifying as to certain corporate matters,
together with all of the attachments referred to therein[; and} [.

[(E) such other certificates and documents as Seller or its counsel may reasonably request.]

4.3 Documents to be Delivered by Sellers, Buyer and Escrow Agent to Each Other. At the Closing, Sellers, Buyer and Escrow Agent will deliver to each other the Escrow Agreement.

4.4 Form and Substance of Documents. The documents and instruments referred to in Sections 4.1, 4.2 and 4.3 and shall be in form and substance satisfactory to counsel for the party to whom they are delivered.

5. Representations and Warranties by Sellers. Sellers jointly and severally represent and warrant to Buyer as follows:

5.1 Corporate Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of [ ] and has the corporate power and authority to enter into and perform this Agreement, to carry on its business as now being conducted and as proposed to be conducted and to own and operate the properties and assets now owned and being operated by it. Sellers have delivered to Buyer complete and correct copies of the Company's Certificate of Incorporation and By-Laws as in effect on the date hereof. The Company is duly qualified or licensed to do business and is in good standing as a foreign corporation in each of the jurisdictions set forth in Schedule 5.1. The Company is not required to be qualified or licensed to do business as a foreign corporation in any other jurisdiction [except such jurisdictions, if any, in which the failure to be so qualified or licensed will not have a material adverse effect on the conduct of its business or the ownership or use of any of its properties or assets.] Schedule 5.1 sets forth a true and complete list of the names, addresses and titles of the directors and officers of the Company.

5.2 Capitalization; Stock Ownership. The authorized capital stock of the Company consists of [ ] shares of Common Stock of the par value of $[ ] per share, of which [ ] shares are issued (of such [ ] shares [ ] shares are outstanding and [ ] shares are held by the Company as treasury stock). All of such issued shares have been duly authorized and validly issued and are fully paid and non-assessable and none of them was issued in violation of any preemptive or other right. Except as set forth in Schedule 5.2, the Company is not a party to or bound by any contract, agreement or arrangement to issue, sell or otherwise dispose of or redeem, purchase or otherwise acquire any
capital stock or any other security of the Company or any other security exercisable or exchangeable for or convertible into any capital stock or any other security of the Company, and, except for this Agreement, there is no outstanding option, warrant or other right to subscribe for or purchase, or contract, agreement or arrangement with respect to, any capital stock or any other security of the Company or any other security exercisable or convertible into any capital stock or any other security of the Company.

Sellers own all of such ____ outstanding shares of Common Stock as set forth in Section 1, free and clear of all liens, claims, charges, restrictions, equities and encumbrances of any kind and have full power and legal right to sell, assign, transfer and deliver the same.

5.3 Subsidiaries and Other Equity Investments. Except as set forth in Schedule 5.3, the Company does not own, directly or indirectly, any shares of capital stock of any corporation or any equity investment in any partnership, association or other business organization. With respect to each corporation (each a "Subsidiary" and collectively the "Subsidiaries") that is an issuer of any shares of capital stock owned beneficially or of record by the Company, Schedule 5.3 sets forth a true and complete list of (i) its name and jurisdiction of incorporation, (ii) the jurisdictions in which it is duly qualified or licensed to do business as a foreign corporation, (iii) its authorized capital stock, (iv) the number of shares of each class thereof outstanding, (v) the number of shares of each such class and percentage of outstanding voting stock owned by the Company or any of its Subsidiaries and (vi) the names, addresses and titles of its directors and officers. Sellers have delivered to Buyer complete and correct copies of the Certificate of Incorporation and By-Laws of each Subsidiary as in effect on the date hereof. Except as set forth in Schedule 5.3, no capital stock or any other security (including any debt security) of any Subsidiary is held by any person other than the Company or a Subsidiary. Each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to carry on its business as now being conducted and as proposed to be conducted and to own and operate the properties and assets now owned and being operated by it. Each Subsidiary is duly qualified or licensed to do business and is in good standing in each of the respective jurisdictions listed in Schedule 5.3. Except as set forth in Schedule 5.3, no Subsidiary is required to be qualified or licensed to do business as a foreign corporation in any other jurisdiction [except such jurisdictions, if any, in which the failure to be so qualified or licensed will not have a material adverse effect on the conduct of its business or the
ownership or use of any of its properties or assets.] All outstanding shares of capital stock of each Subsidiary owned by the Company or a Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable, subject to no lien, claim, charge, restriction, equity or encumbrance of any kind whatsoever and are freely transferable and none of such shares was issued in violation of any preemptive or other right. Except as set forth in Schedule 5.3, neither the Company nor any Subsidiary is a party to or bound by any contract, agreement or arrangement to issue, sell or otherwise dispose of or redeem, purchase or otherwise acquire any capital stock or any other security of any Subsidiary or any other security exercisable or exchangeable for or convertible into any capital stock or any other security of any Subsidiary, and there is no outstanding option, warrant or other right to subscribe for or to purchase, or contract, agreement or arrangement with respect to, any capital stock or any other security of any Subsidiary or any other security exercisable or convertible into any capital stock or any other security of any Subsidiary.

5.4 Authorization of Agreement; No Violation. Sellers' Boards of Directors have duly authorized the execution and delivery of this Agreement and the sale and the consummation of the other transactions contemplated hereby. Sellers have delivered to Buyer true and complete copies, certified by their respective Secretaries, of the resolutions which have been adopted by their respective Boards of Directors authorizing such execution and delivery and such sale and the consummation of such other transactions. Neither the execution, delivery or performance of this Agreement nor the consummation of any of the transactions [provided for in this Agreement] [contemplated hereby] (i) will violate or conflict with the Certificate of Incorporation or By-Laws of the Company or any Subsidiary, (ii) will conflict with or result in any breach of or default under any provision of any contract or agreement of any kind to which any Seller, the Company or any Subsidiary is a party or by which any Seller, the Company or any Subsidiary is bound or to which any property or asset of any of them is subject, (iii) is prohibited by or requires any Seller, the Company or any Subsidiary to obtain or make any consent, authorization, approval, registration or filing under any statute, law, ordinance, regulation, rule, judgment, decree or order of any court or governmental agency, board, bureau, body, department or authority, or of any other person, (iv) will cause any acceleration of the maturity of any note, instrument or other obligation to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or with respect to which the Company or any Subsidiary is an obligor or guarantor or (v) will result in the creation or imposition of any lien, claim, charge, restriction, equity or encumbrance of any kind.
whatever upon or give to any other person any interest or right (including any right of termination or cancellation) in or with respect to any of the properties, assets, business, agreements or contracts of the Company or any Subsidiary.

5.5 Financial Statements. Sellers have delivered to Buyer copies of the following financial statements:

(i) The audited consolidated and consolidating balance sheets of the Company and its consolidated subsidiaries as at December 31, 1997, 1998 and 1999 and related consolidated and consolidating statements of income, changes in stockholders' equity and cash flows for the fiscal years ended on those dates, together with [supporting schedules and] the reports thereon of ____________, certified public accountants; and

(ii) The unaudited consolidated and consolidating balance sheets of the Company and its consolidated subsidiaries as at March 31, 2000 and related consolidated and consolidating statements of income, changes in stockholders' equity and cash flows for the three-month periods ended on those dates, [together with supporting schedules,] [certified] [identified] by the President and the chief financial officer of the Company.

[Except as set forth in the notes thereto,] all of such financial statements are complete and correct and present fairly and accurately the separate and consolidated financial positions of the Company and each of its consolidated subsidiaries as at the respective dates of said balance sheets and the separate and consolidated results of the operations and changes in financial position of the Company and each of its consolidated subsidiaries for the respective periods then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding periods [{subject, in the case of such balance sheet as at March 31, 2000 and such related statements of income and retained earnings and changes in financial position for the nine-month periods ended on those dates, to normal year-end adjustments consistent with prior periods}]. [Except as set forth in Schedule 5.5:] no uncollectible accounts receivable are reflected on said balance sheets without provision for an adequate reserve for uncollectible amounts; inventories reflected on said balance sheets represent only good and serviceable items priced at the lower of cost (first in, first out method) or market value with adequate provision for obsolescence, shrinkage, excess quantities, defective materials and deterioration; and as at December 31, 1999 there was no liability of any nature or in any amount that should properly be reflected or reserved against in a
balance sheet prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding periods which is not fully reflected or reserved against in the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999.

5.6 No Undisclosed Liabilities, Etc. Since December 31, 1999 (except (i) for the transactions contemplated by this Agreement and (ii) as set forth in Schedule 5.6):

(A) Neither the Company nor any Subsidiary has incurred any material liability or obligation (absolute, accrued, contingent or otherwise) of any nature, other than liabilities and obligations incurred in the ordinary course of business, that would properly be reflected or reserved against in a balance sheet prepared in conformity with generally accepted accounting principles applied on a basis consistent with that used in the preparation of the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to in Section 5.5;

(B) All inventories acquired or produced by the Company or any Subsidiary have been acquired or produced in the ordinary course of their respective businesses in quantities that are not materially greater or less than those required for the current operation of their respective businesses and, except for a reasonable allowance for defective materials and deterioration, consist of good and serviceable items; and

(C) Neither the Company nor any Subsidiary has acquired any material amount of accounts receivable that are or are believed to be uncollectible, and the frequency and amounts of payments received by the Company and the Subsidiaries with respect to the accounts receivable reflected on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to in Section 5.5 do not, in retrospect, render inadequate the reserve for uncollectible accounts set forth on such balance sheet.

5.7 Absence of Certain Changes. Since December 31, 1999 (except (i) for the execution and delivery of this Agreement and (ii) as set forth in Schedule 5.7), neither the Company nor any Subsidiary has:

(i) had any change in its condition (financial or otherwise), operations (present or prospective), business (present or prospective), properties, assets, or liabilities, other than changes in the ordinary course of business, none of which has been materially adverse;
(ii) suffered any damage, destruction or loss of physical property (whether or not covered by insurance) materially or adversely affecting its condition (financial or otherwise) or operations (present or prospective);

(iii) issued, sold or otherwise disposed of, or agreed to issue, sell or otherwise dispose of, any capital stock or any other security of the Company or any Subsidiary and has not granted or agreed to grant any option, warrant or other right to subscribe for or to purchase any capital stock or any other security of the Company or any Subsidiary;

(iv) incurred or agreed to incur any indebtedness for borrowed money;

(v) paid or obligated itself to pay in excess of $____ in the aggregate for any fixed assets;

(vi) suffered any substantial loss or waived any substantial right;

(vii) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of, any assets [having a [book value] [fair market value] at the time of sale, transfer or disposition of $______ or more in the aggregate], or canceled, or agreed to cancel, any debts or claims, other than in the ordinary course of business;

(viii) mortgaged, pledged or subjected to any charge, lien, claim or encumbrance, or agreed to mortgage, pledge or subject to any charge, lien, claim or encumbrance, any of its properties or assets;

(ix) declared, set aside or paid any dividend or made any distribution (whether in cash, property or stock) with respect to any of its capital stock or redeemed, purchased or otherwise acquired, or agreed to redeem, purchase or otherwise acquire, any of its capital stock;

(x) increased, or agreed to increase, the compensation or bonuses or special compensation of any kind of any of its officers, employees or agents over the rate being paid to them on September 30, 1984, other than normal merit and/or cost-of-living increases pursuant to customary arrangements consistently followed, or adopted or increased any
benefit under any insurance, pension or other employee benefit plan, payment or arrangement made to, for or with any such officer, employee or agent;

(xii) lost any major customer or had any material order canceled or knows of any threatened cancellation of any material order;

(xiii) made or permitted any material amendment or termination of any material contract, agreement or license to which it is a party other than in the ordinary course of business;

(xiv) had any resignation or termination of employment of any of its key officers or employees or knows of any impending or threatened resignation or terminations of employment that would have a material adverse effect on its operations (present or prospective) or business (present or prospective);

(xv) experienced any shortage or difficulty in obtaining any raw material;

(xvi) made any change in its accounting methods or practices with respect to its condition, operations, business, or practices with respect to its condition, operations, business, properties, assets or liabilities;

(xvii) made any charitable or political contribution or pledge in excess of $____ in the aggregate; or

(xviii) entered into any transaction not in the ordinary course of its business.

5.8 Title to and Condition of Properties and Assets. The Company and the Subsidiaries have good and marketable title to all of their respective properties and assets, including, without limitation, (i) all those used in their respective businesses, and (ii) those reflected in the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to in Section 5.5 (except as thereafter sold or otherwise disposed of in the ordinary course of business) subject to no mortgage, pledge, conditional sales contract, lien, security interest, right of possession in favor
of any third party, claim or other encumbrance, except (i) the lien of current taxes not yet due and payable and (ii) as set forth in Schedule 5.8. Subsequent to December 31, 1998, neither the Company nor any Subsidiary has sold or disposed of any of their respective properties or assets or obligated themselves to do so except in the ordinary course of business. The facilities, machinery, furniture, office and other equipment of the Company and the Subsidiaries that are used in their respective businesses are in good operating condition and repair, subject only to the ordinary wear and tear of those businesses, and neither the Company nor any Subsidiary nor any property or asset owned or leased by any of them is in violation of any applicable ordinance, regulation or building, zoning, environmental or other law in respect thereof [of which Sellers have knowledge or, whether or not Sellers have knowledge thereof, the violation of which will not have a material adverse effect on the conduct of the business or the ownership or use of any of the properties or assets of the Company or any Subsidiary].

5.9 Certain Properties. Schedule 5.9 sets forth all real estate owned by or leased to the Company or any Subsidiary (collectively the "Real Properties") and all personal property leased to the Company or any Subsidiary and specifies, in the case of real estate, the location of each property, the use of the facility thereon, the name of the owner or the names of the lessor and the lessee, the square footage of improvements and the acreage of land. [Sellers have delivered to Buyer (i) a copy of each deed or lease by which the Company or such Subsidiary acquired title to or its interest in the real estate described in Schedule 5.9, (ii) a copy of all title abstracts and title insurance policies the Company or any Subsidiary has for the real estate described in Schedule 5.9, (iii) a copy of the most recent survey or surveys the Company or any Subsidiary has for the real estate described in Schedule 5.9, (iv) a copy of all certificates of occupancy for the improvements on the real estate described in Schedule 5.9 and a copy of any variance granted with respect to any of such real estate described in Schedule 5.9 pursuant to applicable zoning laws or ordinances and (v) a copy of each lease by which the Company or any Subsidiary acquired its interest in the personal property described in Schedule 5.9, all of which documents are true and complete copies thereof (translated into English if the original thereof is in a foreign language) as in effect on the date hereof.] Neither the Company nor any Subsidiary has received any written notice from any governmental agency, board, bureau, body, department or authority of any United States or foreign jurisdiction, with respect to [the ownership or use of] any of the real estate described in Schedule 5.9. Except as set forth in Schedule 5.9, there is no easement, right-of-way agreement, license, sublease, occupancy agreement or like instrument with respect to any of the real estate described
in Schedule 5.9. Each lease pursuant to which the Company or any Subsidiary leases any real or personal property is in full force and effect and is valid and enforceable in accordance with its terms. There is not under any such lease any default by the Company or any Subsidiary, or any event that with notice or lapse of time or both would constitute such a default by the Company or any Subsidiary and with respect to which the Company or such Subsidiary has not taken adequate steps to prevent such default from occurring; all of such events, if any, and the aforesaid steps taken by the Company or such Subsidiary are set forth in Schedule 5.9. To the best of Sellers' knowledge, there is not under any such lease any default by any other party thereto or any event that with notice or lapse of time or both would constitute such a default thereunder by the Company, any Subsidiary or any other party. Each property used in the business of the Company or any Subsidiary is reflected in the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to in Section 5.5 in the manner and to the extent required by generally accepted accounting principles. [The building, plants, structures, and equipment of the Acquired Companies are sufficient for the continued conduct of the Acquired Companies' businesses after the Closing in substantially the same manner as conducted prior to the Closing]

5.10 Tax Matters. (A) All federal, state, local and foreign tax returns, reports and statements required to be filed by the Company and its Subsidiaries (and each affiliate with which the Company or any Subsidiary files consolidated, combined or unitary returns) have been properly and timely filed with the appropriate governmental agencies in all jurisdictions in which such returns, reports and statements are required to be filed, and all Charges (as hereinafter defined) and other impositions shown thereon to be due and payable have been paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for the nonpayment thereof, unless any such amounts are being contested in good faith by appropriate proceedings and an adequate reserve has been established therefor on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5, or any such fine, penalty, interest, late charge or loss has been paid. For purposes of this Agreement, "Charges" shall mean all federal, state, county, city, municipal, local, foreign or other governmental taxes, levies, assessments and charges, liens, claims or encumbrances upon or relating to (i) the Company's or any of its Subsidiaries' employees, payroll, income or gross receipts, (ii) the Company's or any of its Subsidiaries' ownership or use of any of its assets, or (iii) any other aspect of the Company's or any of its Subsidiaries'
business, in each case including any and all interest and penalties.

(B) Each of the Company and its Subsidiaries has paid when due and payable all Charges required to be paid by it, except where contested in good faith, by appropriate proceedings, if adequate reserves therefor have been established on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5 in accordance with generally accepted accounting principles and where such nonpayment would not have a material adverse effect on the business, properties or financial condition of the Company or any Subsidiary. The provisions for taxes due by the Company and each Subsidiary in the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5 are sufficient for all unpaid Charges, whether or not disputed.

(C) Schedule 5.10 sets forth, for each of the Company and its Subsidiaries, those taxable years for which its tax returns are currently being audited by the Internal Revenue Service ("IRS"). No issue has been raised or settled in any such examination that, by application of similar principles, reasonably may be expected to result in an assertion of a material deficiency for any other taxable year not so examined that has not been accrued on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5 in accordance with generally accepted accounting principles. Neither the Company nor any of its Subsidiaries has settled, issued or has entered into a closing agreement with respect to any tax year for which an audit or examination has been concluded that, by application of similar principles, reasonably may be expected to result in a material deficiency for any other taxable year not so examined (or currently under examination) that has not been accrued on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5 in accordance with generally accepted accounting principles. There is no issue known to the Company relating to any Charge (federal or otherwise) that, if determined adversely to the Company or any Subsidiary, would result in the assertion of any material deficiency for any taxable year that has not been accrued on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to Section 5.5.

(D) Except as set forth in Schedule 5.10, neither the Company nor any of its Subsidiaries has executed or filed with the IRS or any other governmental authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any Charge.
(E) Except as set forth in Schedule 5.10, neither the Company nor any of its Subsidiaries has filed a consent pursuant to Section 341(f) of the Internal Revenue Code of 1986, as amended (the "Code"), or agreed to have Section 341(f)(2) of the Code apply to any disposition of subsection (f) assets (as such term is defined in Section 341(f)(4) of the Code). Neither the Company nor any or its Subsidiaries has made any payment, is obligated to make any payment, or is a party to any agreement that could under certain circumstances obligate it to make any payment, that will not be deductible under Section 280G of the Code. Each of the Company and its Subsidiaries has disclosed on its federal income tax returns all positions taken thereon that could give rise to a substantial understatement of federal income tax within the meaning of Section 6661 of the Code.

(F) Except as set forth in Schedule 5.10, none of the property owned by the Company or any of its Subsidiaries is property which such company is required to treat as being owned by any other person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, and in effect immediately prior to the enactment of the Tax Reform Act of 1986 or is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(G) Except as set forth in Schedule 5.10, neither the Company nor any of its Subsidiaries has agreed or has been requested to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method initiated by the Company or any of its Subsidiaries and neither the Company nor any of its Subsidiaries has any knowledge that the IRS has proposed any such adjustment or change in accounting methods.

(H) Except as set forth in Schedule 5.10, neither the Company nor any of its Subsidiaries has any obligation under any written tax sharing agreement.

5.11 Contracts. Except as set forth in Schedule 5.11, neither the Company nor any Subsidiary is a party to any written or oral:

(i) contract with any labor union;

(ii) employment or consulting contract or other contract for services [involving a payment of more than $__________ annually];
(iii) lease, whether as lessee or lessor, with respect to any property, real or personal, [involving a payment of more than $_______ annually];

(iv) loan agreement or instrument relating to any indebtedness;

(v) contract of purchase or sale involving more than $_______;

(vi) contract with any agent, dealer or distributor;

(vii) stand-by letter of credit, guarantee or performance bond [involving more than $_______];

(viii) contract or agreement restricting the ability of any person from freely engaging in any business or competing anywhere in the world;

(ix) contract not made in the ordinary course of business [involving more than $_______]; or

(x) other contract, except insubstantial contracts for supplies or services not involving more than $_______ and which can be terminated within one year without cost.

Except as set forth in Schedule 5.11, neither the Company nor any Subsidiary is a party to any material contract with any governmental authority. Neither the Company nor any Subsidiary is a party to any contract that materially and adversely affects its condition (financial or otherwise), operations (present or prospective), business (present or prospective), properties, assets or liabilities. Each contract or other agreement listed in Schedule 5.11 is in full force and effect and is valid and enforceable by the Company or a Subsidiary as the case may be, in accordance with its terms [assuming the due authorization, execution and delivery thereof by each of the other parties thereto]. Neither the Company nor any Subsidiary nor any other party is in default in the observance or the performance of any term or obligation to be performed by it under any contract listed in Schedule 5.11. [To the best of Sellers' knowledge,] no other person is in default in the observance or the performance of any term or obligation to be performed by it under any material contract with the Company or any Subsidiary. Sellers know of no bid or contract proposal made by the Company or any Subsidiary that, if accepted or entered into, might [reasonably be expected to] result in a loss to either the Company or any Subsidiary. Sellers have delivered to Buyer true and complete
copies of all contracts listed in Schedule 5.11 as in effect on the date hereof.

5.12 Litigation. Except as set forth in Schedule 5.12, there are no actions, suits, proceedings or investigations, either at law or in equity, or before any commission or other administrative authority in any United States or foreign jurisdiction, of any kind now pending or [to the best of Sellers' knowledge,] threatened or proposed in any manner or [to the best of Sellers' knowledge,] any circumstances which should or could reasonably form the basis of any such action, suit, proceeding or investigation, involving any Seller, the Company or any Subsidiary or any of their respective properties or assets of the Company or any Subsidiary that (i) if asserted and decided adversely to any Seller, the Company or any Subsidiary, could materially and adversely affect the operations (present or prospective) or the business (present or prospective) of the Company or any Subsidiary, or (ii) questions the validity of this Agreement or (iii) seeks to delay, prohibit or restrict in any manner any action taken or to be taken by the Sellers under this Agreement. Except as set forth in Schedule 5.12, there is no arbitration proceeding pending or threatened or proposed in any manner under any collective bargaining agreement or other agreement or otherwise. None of the Company, any Subsidiary, or any of their properties or assets is subject to any judicial or administrative judgment, order, decree or restraint.

5.13 Patents and Trademarks. Except as set forth in Schedule 5.13: Neither the Company nor any Subsidiary owns any patent relating to any product which it manufactures or sells or any process used in the manufacture of any such product, nor has any license under any patent been issued to any of them relating to any such product or any such process, and there is no patent which would cover any such product or any such process; and neither the Company nor any Subsidiary owns any copyright, registered trademark or trade name, nor has any license to use any copyright, trademark or trade name been issued to any of them, nor does the Company or any Subsidiary use any copyright, registered trademark or trade name in its operations or business.

Each of the patents, registered trademarks and trade names listed in Schedule 5.13 has been validly issued and is owned by the Company or a Subsidiary, and the Company and the Subsidiaries have the exclusive rights to use all such patents, copyrights, registered trademarks and trade names in their respective businesses and operations. Except as set forth in Schedule 5.13, the Company and the Subsidiaries own all patents, copyrights, trademarks, trade names, know-how, trade secrets and other proprietary rights necessary to manufacture and sell their respective products and to conduct their respective operations
and businesses and Sellers do not know of any claim, or any basis of any claim, that any of them has infringed any patent, copyright, trademark, trade name, know-how, trade secret or other proprietary right of any other person. None of the Sellers know of any potential claim of infringement of any patent, copyright, trademark, trade name, know-how, trade secret or other proprietary right of any other person that has not been asserted but that, if asserted, would materially and adversely affect the financial condition, business or operations of the Company or any Subsidiary.

5.14 Compliance with Laws. The Company and the Subsidiaries have complied with and are in compliance with all federal, state, local and foreign statutes, laws, ordinances, regulations, rules, permits, judgments, orders and decrees applicable to any of them or any of their respective properties, assets, operations and businesses, and there does not exist any basis for any claim of default under or violation of any such statute, law, ordinance, regulation, rule, judgment, order or decree except such defaults or violations or such bases for any claims of such defaults or violations, if any, that in the aggregate do not and will not materially and adversely affect the property, operations, financial condition or prospects of the Company or any Subsidiary. Neither the Company nor any Subsidiary has received any opinion or memorandum or legal advice from any legal counsel to the effect that any of them is exposed to any liability or disadvantage that is or may be material to the Company or any Subsidiary. The Company and the Subsidiaries are in compliance with (i) all applicable requirements of all United States and foreign governmental authorities with respect to environmental protection, including, without limitation, regulations establishing quality criteria and standards for air, water, land and hazardous materials, (ii) all applicable requirements of the Occupational Safety and Health Act of 1970 within the United States and comparable workplace-safety laws of all other jurisdictions and all rules, regulations and orders thereunder and (iii) all applicable laws and related rules and regulations of all United States and foreign jurisdictions affecting labor union activities, civil rights or employment, including without limitation, in the United States, the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Equal Employment Opportunity Act of 1972, the Employee Retirement Income Security Act of 1974, the Equal Pay Act and the National Labor Relations Act.

5.15 Environmental Matters. The Company and the Subsidiaries have complied with and are in compliance with all federal, state, local and foreign statutes, laws, ordinances, regulations, rules, permits, judgments, orders and decrees applicable to any of them or any of their respective properties,
assets, operations and businesses relating to environmental protection including, without limitation, standards relating to air, water, land and the generation, storage, transportation, treatment or disposal of Hazardous Wastes and Hazardous Substances (as such terms are defined in any applicable state or federal environmental law or regulation). The Company and the Subsidiaries have obtained and adhered to all necessary permits and other approvals, including, without limitation, interim status under the Federal Solid Waste Disposal Act, necessary to store, dispose of and otherwise handle Hazardous Wastes and Hazardous Substances and has reported, to the extent required by all federal, state, local and foreign statutes, laws, ordinances, regulations, rules, permits, judgments, orders and decrees, all past and present sites owned and operated by the Company or any Subsidiary where Hazardous Wastes or Hazardous Substances have been treated, stored or disposed of. Sellers have made a diligent search and know of no location on any of the property of the Company or any Subsidiary where Hazardous Wastes and Hazardous Substances have entered or are likely to enter into the air, soil or groundwater. Sellers know of no on-site or off-site location to which the Company or any Subsidiary has transported Hazardous Wastes and Hazardous Substances or arranged for the transportation of Hazardous Wastes and Hazardous Substances, which site is the subject of any federal, state, local or foreign enforcement action or any other investigation which could lead to any claim against the Company, any Subsidiary or Buyer for any clean-up cost, remedial work, damage to natural resources or personal injury, including, but not limited to, any claim under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. The Company has no contingent liability in connection with any release of any Hazardous Waste or Hazardous Substance into the environment.

5.16 Governmental Authorizations and Regulations.
Schedule 5.16 lists all licenses, franchises, permits and other governmental authorizations held by the Company or any Subsidiary material to the conduct of its business. Such licenses, franchises, permits and other governmental authorizations are valid, and neither the Company nor any Subsidiary has received any notice that any governmental authority intends to cancel, terminate or not renew any such license, franchise, permit or other governmental authorization. The Company and the Subsidiaries hold all licenses, franchises, permits and other governmental authorizations the absence of any of which could have a material adverse effect on any of their businesses. Except as set forth in Schedule 5.16, the respective businesses of the Company and the Subsidiaries are not being conducted, and no properties or assets of the Company or any Subsidiary relating thereto are owned or are being used by the Company or any Subsidiary, in violation of any statute, law, ordinance,
regulation, rule or permit of any governmental entity or any judgment, order or decree. All products manufactured or sold by the Company or any Subsidiary comply in all material respects with all statutes, laws, ordinances, regulations and rules and criteria governing the design, manufacture and intended use thereof.

5.17 **SEC and Antitrust Filings.** Neither the Company nor any Subsidiary has ever issued any security covered by a registration statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended or the Investment Company Act of 1940, as amended, and no security issued by the Company or any Subsidiary has ever been registered pursuant to the Securities Exchange Act of 1934, as amended. Neither the Company nor any Subsidiary has ever purchased or sold any security of which it or any affiliate was the issuer at any time when the information publicly available relating to the Company or any Subsidiary, at the time and in light of the circumstances under which it was made, was false or misleading with respect to any material fact or omitted to state any material fact necessary in order to make the statements made therein not false or misleading. Seller is not required to file a Schedule 13E-3 Transaction Statement or a report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any other antitrust law in respect to any action pursuant to or contemplated by this Agreement.

5.18 **Employee Benefit Plans and Arrangements.**

(A) **Pension Benefit Plans Generally.** Other than the __________ Profit-Sharing Plan (the "Profit-Sharing Plan") and the __________ Retirement Plan (the "Retirement Plan"), neither the Company nor any Subsidiary sponsors, maintains or contributes to any plan program, fund or arrangement that constitutes an "employee pension benefit plan," nor has the Company or any Subsidiary any obligation to contribute to or accrue or pay any benefits under any deferred compensation or retirement funding arrangement on behalf of any employee or employees (such as, for example, and without limitation, any individual retirement account or annuity, any "excess benefit plan" (within the meaning of section 3(36) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) or any non-qualified deferred compensation arrangement). For the purposes of this Agreement, the term "employee pension benefit plan" shall have the same meaning as is given that term in section 3(2) of ERISA. Neither the Company nor any Subsidiary has, since September 2, 1974, sponsored, maintained or contributed to any employee pension benefit plan other than the Retirement Plan, nor is the Company or any Subsidiary required to contribute to any retirement plan (other
than the Retirement Plan) pursuant to the provisions of any collective bargaining agreement establishing the terms and conditions or employment of any of the Company's or any Subsidiary's employees. Sellers have delivered to Buyer true and complete copies of the Profit-Sharing Plan and the Retirement Plan.

(B) **ERISA Title IV Considerations.** Neither the Company nor any Subsidiary is now, or can become, liable to the Pension Benefit Guaranty Corporation or to any multiemployer employee pension benefit plan under the provisions of Title IV of ERISA.

(C) **The Qualified Plans.**

(1) **Qualified Status.** The Profit-Sharing Plan and the Retirement Plan (collectively referred to as the "Qualified Plans") are each defined-contribution individual account plans. Each is a qualified plan within the meaning of section 401(a) of the Internal Revenue Code of 1954, as amended (the "Code") and all funding vehicles (trusts or otherwise) in which assets of either of the Plans are held are exempt from federal income taxation pursuant to the provisions of section 501(a) of the Code.

(2) **Determination Letters.** The Internal Revenue Service has issued favorable letters of determination with respect to the qualified status of each of the Qualified Plans, as amended to date. With respect to each of the Qualified Plans, the Internal Revenue Service has not revoked any prior favorable determination letter, refused to rule on an application for a determination or opinion letter or otherwise proposed or threatened to revoke any determination letter or to deny the qualified status of either of the Qualified Plans.

(3) **Maximum Limitations.** All annual additions credited to the accounts of each of the participants under each of the Qualified Plans are within the applicable limitations set forth at section 415 of the Code.

(4) **Contributions.** All accrued contribution obligations of the Company with respect to the Profit-Sharing Plan have either been fulfilled in their entirety or are fully reflected on the consolidated balance sheet of the Company and its consolidated subsidiaries dated as of September 30, 1996 referred to in Section 5.5. All contributions required under the provisions of
the Retirement Plan have been made for all hours worked through
____________, 2000.

(D) The Retirement Plan.

(1) Single-Employer Plan. The Company is the only sponsor of
the Retirement Plan, and the Retirement Plan is not a
"multiemployer plan" within the meaning of either section
3(37)(A) or 4001(a)(3) of ERISA.

(2) Minimum Funding Standard Account. There does not exist any
accumulated funding deficiency within the meaning of section 412
of the Code with respect to the Retirement Plan, nor has there
been issued either a variance or waiver of the minimum funding
standard imposed by the Code with respect to the Retirement Plan.

(E) Common-Control Enterprises. Neither the
Company nor any Subsidiary has at any time subsequent to
September 1, 1974, formed, with any other entity (other than the
Company or a Subsidiary), a controlled group of corporations
within the meaning of section 414(b) of the Code or a group of
trades or businesses under common control within the meaning of
section 414(c) of the Code.

(F) Prohibited Transactions. Neither the Company
nor any Subsidiary has engaged in any transaction with respect to
the assets of any employee benefit plan by reason of which the
Company or any Subsidiary is or could be subject to (i) the
excise taxes imposed by sections 4971 through 4980B of the Code
or (ii) civil liability under section 502(i) of ERISA.

(G) Employee Benefit Plan Claims Liability.
Sellers have no knowledge of any action, claim or demand of any
kind brought or threatened by any potential claimant or
representative of such claimant under any employee benefit plan
where the Company or any Subsidiary may be (i) liable directly on
such action, claim or demand, (ii) liable over to another party
in connection with such action, claim or demand or (iii)
obligated to indemnify any person, group of persons or entity
with respect to such action, claim or demand. The Company has no
knowledge of any investigation or proceeding by any governmental
agency or quasi-governmental agency with respect to any employee
benefit plan sponsored or maintained by the Company or any
Subsidiary.

(H) Reporting and Disclosure. The Company has
filed or caused to be filed on a timely basis every return,
report, statement, notice, declaration and other document
required by any government agency, federal, state and local
(including, without limitation, the Internal Revenue Service, the Department of Labor, the Pension Benefit Guaranty Corporation and the Securities and Exchange Commission) with respect to each employee benefit plan sponsored or maintained by the Company or any Subsidiary. The Company and the Subsidiaries are each in substantial compliance with all disclosures to employees and beneficiaries required under ERISA, including, without limitation, timely distribution of summary plan descriptions and summary annual reports.

(I) **Stock Option Arrangements.** Neither the Company nor any Subsidiary sponsors or has granted any option under any stock option arrangement for the benefit of any employee or former employee.

(J) **Other Employee Benefit Plans and Arrangements.** Except as set forth in Schedule 5.18, neither the Company nor any Subsidiary sponsors, maintains, supports, is otherwise a party to, or has any liability or contingent liability under any plan, program, fund, arrangement or contractual undertaking, whether for the benefit of a single individual or for more than one individual, and whether or not funded, which is in the nature of (i) an employee pension benefit plan, (ii) an employee welfare benefit plan (as defined in section 3(1) of ERISA) or (iii) any incentive or other benefit arrangement for employees, their dependents and/or their beneficiaries [or (iv) any of the types of plans identified in the following list, or plans similar in nature or intent thereto:

1. cash bonus or incentive pay arrangements (current or deferred, earned or contingent);
2. debt forgiveness or low-interest (or interest-free) loans;
3. stock bonus plan arrangements (including, but not limited to, arrangements known as ESOPs and/or TRASOPs);
4. employee stock purchase plans;
5. employee stock put options;
6. shadow or phantom stock arrangements;
7. stock appreciation rights, whether separate from or associated with stock options;
8. performance share plans;
(9) individual life insurance policies (including but not limited to, "key man" and "split dollar" arrangements);

(10) group life insurance programs;

(11) retired life reserve programs;

(12) surviving spouse's or survivor's benefits;

(13) wage or salary continuation programs;

(14) severance benefit plans;

(15) short- or long-term disability income programs;

(16) travel insurance coverage;

(17) accidental death and/or dismemberment benefits;

(18) medical expense reimbursement plans (insured or self-insured);

(19) medical/surgical insurance;

(20) major medical expense programs;

(21) health maintenance organization benefits;

(22) capital accumulation arrangements;

(23) optical and/or dental care benefits;

(24) prepaid legal services;

(25) section 501(c)(9) "voluntary employee beneficial associations";

(26) day care centers;

(27) apprenticeship training centers;

(28) educational expense benefit plans or tuition subsidies;

(29) layoff and/or vacation pay plans, or time banks;

(30) furnishing goods or services or services on a discount or subsidized basis;
(31) non-cash incentive programs (such as trading stamp, travel or merchandise award programs);

(32) uniform or clothing allowances, eyeglass allowances, safety equipment allowances, tool allowances, etc.;

(33) "cafeteria plans";

(34) recreation programs at total or partial employer expense;

(35) contributions to simplified employee pensions, individual retirement accounts or individual retirement annuities;

(36) early retirement incentive or Social Security supplement payments;

(37) retiree payments and bonuses (gratuitous, traditional or contractual);

(38) other benefits or policies in the nature of compensation or otherwise of economic value to employees, their dependents or their survivors; or

(39) "golden parachute" arrangements.]

5.19 Certain Transactions. Except as set forth in Schedule 5.19, there is no transaction, and no transaction now proposed, to which the Company or any Subsidiary was or is to be a party and in which any director or officer of the Company or any Subsidiary or any person owning of record or beneficially more than 10% of the outstanding capital stock of any class of the Company or any Subsidiary or any associate of any such person had or has a direct or indirect material interest.

5.20 Foreign Corrupt Practices Act. Neither the Company or any Subsidiary nor any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any Subsidiary has used any corporate funds for any unlawful contribution, gift, entertainment or other expense relating to political activity or made any direct or indirect unlawful payment to any United States or foreign government official or employee from corporate funds or violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977 or paid or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment.
5.21 **Accounting Practices.** The Company and the Subsidiaries each make and keep accurate books and records reflecting their respective assets and maintain internal accounting controls that provide reasonable assurance that (i) transactions are executed with management's authorization, (ii) transactions are recorded as necessary to permit preparation of the Company's and each Subsidiary's financial statements and to maintain accountability for the assets of the Company and each Subsidiary, (iii) access to the assets of the Company and each Subsidiary is permitted only in accordance with management's authorization and (iv) the reported accountability of the assets of the Company and each Subsidiary is compared with existing assets at reasonable intervals.

5.22 **Minute Books.** The Company's and the Subsidiaries' minute books contain complete and accurate records of all meetings and other corporate actions of their respective stockholders and Boards of Directors and committees thereof.

5.23 **Insurance.** [Except for claims for workers compensation against which the Company and the Subsidiaries are self-insured,] all properties and operations of the Company and the Subsidiaries are insured for their respective benefits, in amounts deemed adequate by their respective Boards of Directors or managers, against all risks usually insured against by persons operating similar properties or conducting similar operations in the localities where such properties are located or such operations are conducted under valid and enforceable policies issued by insurers of recognized responsibility. Schedule 5.23 lists all such policies. [Sellers have delivered to Buyer true and complete copies of all such policies as in effect on the date hereof.]

5.24 **Bank Accounts; Powers of Attorney.** Schedule 5.24 sets forth (i) the name of each bank in which the Company or any Subsidiary has an account or safe deposit box and the names of all persons authorized to draw thereon or to have access thereto, and (ii) the names of all persons, if any, holding powers of attorney from the Company or any Subsidiary and a summary statement of the terms thereof.

5.25 **Product Warranties.** Except as set forth in Schedule 5.25: (i) neither the Company nor any Subsidiary has any unexpired, expressed, product warranty with respect to any product that it manufactures or sells or that it has heretofore manufactured or sold; (ii) neither the Company nor any Subsidiary has received any notice of any claim based on any product warranty (except claims outstanding as of December 31, 1999, not exceeding $_____ in the aggregate); and (iii) none of the Sellers know or have any reasonable ground to know of any claim (actual or threatened) based on any product warranty of which
neither the Company nor any Subsidiary has received notice. Neither the Company nor any Subsidiary makes any other warranties expressed or implied, with respect to any of the products that any of them manufactures or sells.

5.26 Certain Disclosures. Schedule 5.26 contains:

(i) a list of all officers and other employees, agents and consultants of each of the Company and each Subsidiary whose current annual salary or rate of compensation (including bonus and incentive compensation) is $____ or more or to whom the Company or any Subsidiary has loaned $____ or more;

(ii) a list of all insurance policies of each of the Company and each Subsidiary;

(iii) a list of all products currently manufactured and/or sold by the Company or any Subsidiary and a description of all products which are under development for manufacture or sale or both thereby;

(iv) a list of those entities that were the twenty-five largest customers of each of the Company and each Subsidiary in terms of dollar amount of sales during the Company's fiscal year ended December 31, 1998, and during the period from January 1, 2000 through the date hereof, together with a statement for each such customer during each such period of the dollar amount of such sales;

(v) a list of those suppliers of raw materials, component parts or services that were the twenty-five largest suppliers of each of the Company and each Subsidiary in terms of dollar amount of purchases during the Company's fiscal year ended December 31, 1998, and during the period from January 1, 2000 through the date hereof, together with a statement for each such supplier for each such period of the dollar amount of such purchases;

(vi) a list of all of the outstanding purchase orders of each of the Company and each Subsidiary on the date hereof;

(vii) a list of all of the outstanding sales orders of each of the Company and each Subsidiary on the date hereof; and

(viii) a list of all machinery and equipment owned by each of the Company and each Subsidiary on the date hereof.
5.27 Brokers. Except as set forth in Schedule 5.27, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by the Company and Sellers directly with Buyer and without the intervention of any other person and in such manner as not to give rise to any valid claim against any of the parties for any finder's fee, brokerage commission or like payment.

5.28 Investment Representation. Sellers are acquiring the Convertible Notes for investment and not with a view to the distribution thereof or dividing all or any part of any of their interests therein with any other person.

5.29 No Untrue Statements. No statement by any Seller contained in this Agreement and no written statement [contained in any certificate or other document required to be] furnished by any Seller or any officer, [employee,] counsel or other agent of any Seller to Buyer pursuant to [or in connection with] this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements therein contained not misleading. There is no fact that affects, or in the future might reasonably be expected to affect, adversely the condition (financial or otherwise), operations (present or prospective), business (present or prospective), properties, assets or liabilities of the Company or any Subsidiary in any material respect that is not set forth in this Agreement or the Schedules.

60 Representations and Warranties by Buyer. Buyer represents and warrants to the Sellers as follows:

6.1 Corporate Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its business as now being conducted by it and to acquire and own the Stock. Buyer has conducted no business other than entering into this Agreement and engaging in transactions contemplated by this Agreement.

6.2 Authorization of Agreement; No Violation. Buyer's Board of Directors has duly authorized the execution and delivery of this Agreement and the purchase and the consummation of the other transactions contemplated hereby. Buyer has delivered to Sellers a true and complete copy, certified by its Secretary, of the resolutions which have been duly adopted by its Board of Directors authorizing such execution and delivery and such purchase and the consummation of such other transactions. Neither the execution, delivery or performance of this Agreement by Buyer nor the consummation of any of the transactions
[provided for in this Agreement] [contemplated hereby] (i) will violate or conflict with any provision of the Certificate of Incorporation or By-Laws of Buyer or (ii) will result in any breach of or default under any provision of any contract or agreement of any kind to which Buyer is a party or by which Buyer is bound or to which the properties or assets of Buyer are subject. Buyer has delivered to Sellers copies of its Certificate of Incorporation and all amendments thereto and a copy of its By-Laws, which are true and complete copies of such instruments as in effect on the date of this Agreement.

6.3 Litigation. There are no action, suits, proceedings or investigations, either at law or in equity, or before any commission or other administrative authority in any United States or foreign jurisdiction, of any kind now pending or threatened or proposed in any manner, or any circumstances which should or could reasonably form the basis of any such action, suit, proceeding or investigation, involving Buyer or any of its properties or assets that (i) questions the validity of this Agreement or (ii) seeks to delay, prohibit or restrict in any manner any action taken or to be taken by Buyer under this Agreement.

6.4 Brokers. Except as set forth in Schedule 6.4, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Buyer directly with Sellers and the Company and without the intervention of any other person and in such manner as not to give rise to any valid claim against any of the parties for a finder's fee, brokerage commission or like payment.

6.5 Investment Representation. Buyer is acquiring the Stock for investment and not with a view to the distribution thereof or dividing all or any part of its interest therein with any other person.

6.6 No Untrue Statements. No statement by Buyer contained in this Agreement and no written statement [contained in any certificate or other document required to be] furnished by any officer, employee, counsel or other agent of Buyer to Sellers pursuant to this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary in order to make the statements therein contained not misleading.

7.0 Covenants of Sellers. Sellers covenant and agree with Buyer as follows:

7.1 Access, Information and Documents. Pending the Closing, Sellers will cause the Company and each Subsidiary to
give to Buyer and to its agents and representatives (including, but not limited to, accountants, lawyers and appraisers) full and complete access during normal working hours to any and all of the properties, assets, books, records and other documents of the Company and each Subsidiary to enable Buyer to make such examination of the business, properties, assets, books, records, and other documents of the Company and each Subsidiary as Buyer may determine, and Sellers will furnish, and will cause the Company and each Subsidiary to furnish, to Buyer such information and copies of such documents and records as Buyer shall reasonably request. As part of such examination Buyer may make such inquiries of such persons having business relationships with the Company and the Subsidiaries (including, but not limited to, suppliers, licensees, distributors and customers) as Buyer shall determine and Sellers shall cooperate fully, and shall cause each of the Company and each Subsidiary to cooperate fully, with Buyer in connection therewith.

7.2 Conduct of Business Pending Closing. From the date hereof until the Closing, except as consented to by Buyer in writing:

(i) Sellers will cause each of the Company and each Subsidiary to maintain itself at all times as a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction under which it is incorporated;

(ii) Sellers will cause each of the Company and each Subsidiary to carry on its business and operations in a good and diligent manner on an arm's-length basis and substantially in the manner carried on as of the date hereof and will not permit the Company or any Subsidiary to engage in any activity or transaction or make any commitment to purchase or spend other than in the ordinary course of its business as heretofore conducted; provided, however, without the written consent of Buyer, Sellers will not permit the Company or any Subsidiary to make any commitment to purchase or spend involving $_________ or more;

(iii) Except as contemplated by Section 7.5, Sellers will not permit the Company or any Subsidiary to declare, authorize or pay any distribution or dividend to its stockholders and will not permit the Company or any Subsidiary to redeem, purchase or otherwise acquire, or agree to redeem purchase or otherwise acquire, any shares of its stock;
(iv) Sellers will not permit the Company or any Subsidiary to pay or obligate itself to pay any compensation, commission or bonus to any director, officer, employee or independent contractor as such, except for the regular compensation and commissions payable to such director, officer, employee or independent contractor at the rate in effect on the date of this Agreement;

(v) Sellers will cause each of the Company and each Subsidiary to continue to carry [all of its existing insurance] [insurance insuring their properties and operations for their respective benefits, in amounts deemed adequate by their respective Boards of Directors or managements, against all risks usually insured against by persons operating similar properties or conducting similar operations in the localities where such properties are located or such operations are conducted under valid and enforceable policies issued by insurers of recognized responsibility];

(vi) Sellers will cause each of the Company and each Subsidiary to use its best efforts to preserve its business organization intact, to keep available to Buyer the services of its employees and independent contractors and to preserve for Buyer its relationships with suppliers, licensees, distributors and customers and others having business relationships with it;

(vii) Sellers will not permit the Company or any Subsidiary to, or to obligate itself to, sell or otherwise dispose of or pledge or otherwise encumber, any of its properties or assets except in the ordinary course of business and Sellers will cause each of the Company and each Subsidiary to maintain its facilities, machinery and equipment in good operating condition and repair, subject only to ordinary wear and tear;

(viii) Except as contemplated by Section 7.5, Sellers will not permit the Company or any Subsidiary to amend its Certificate of Incorporation or By-Laws;

(ix) Sellers will not permit the Company or any Subsidiary to engage in any activity or transaction other than in the ordinary course of its business as heretofore conducted; and
(x) Without limiting the foregoing, Sellers will consult with Buyer regarding all significant developments, transactions and proposals relating to the business or operations or any of the assets or liabilities of the Company or any Subsidiary.

7.3 Financial Statements and Certificate. As soon as possible, but in no event later than _________, 2000, Sellers will cause ______, certified public accountants (the "Selected CPA"), to prepare in conformity with generally accepted accounting principles consistently applied and to deliver to and to be received by Buyer audited consolidated and consolidating balance sheets of the Company and its consolidated subsidiaries as at December 31, 1999 and related consolidated and consolidating statements of income, changes in stockholders' equity and cash flows for the six-month period ended on that date, together with a report thereon by the Selected CPA, all of which shall be in form and substance satisfactory to Buyer. Buyer shall be entitled to have one or more of its employees and/or representatives observe the physical counting of the inventory of the Company and its consolidated subsidiaries by the Selected CPA in connection with the preparation of such financial statements. Sellers will deliver to Buyer at the time of the delivery to Buyer of such financial statements a certificate executed by each of the Sellers in which the Sellers shall represent and warrant to Buyer that:

(i) such financial statements are complete and correct and present fairly and accurately the consolidated and consolidating financial positions of the Company and its consolidated subsidiaries as at December 31, 1999 and the consolidated and consolidating results of operations of the Company and its consolidated subsidiaries for the six-month period ended on that date in conformity with generally accepted accounting principles consistently applied (subject to normal year-end adjustments consistent with prior periods);

(ii) no uncollectible accounts receivable are reflected on said financial statements without provision for an adequate reserve for uncollectible amounts;

(iii) inventories reflected on said financial statements represent only good and serviceable items priced at the lower of cost (first in, first out method) or market values with adequate provision for obsolescence, shrinkage, excess quantities, defective materials and deterioration;
(iv) as at December 31, 1999 there was no material liability that should properly be reflected or reserved against in a financial statement prepared in conformity with generally accepted accounting principles which is not fully reflected or reserved against in said financial statements;

(v) there are no matters of material importance relating to the condition (financial or otherwise), operations (present or prospective), business (present or prospective), property, assets or liabilities of the Company and its consolidated subsidiaries which have not been appropriately reflected or reserved against in said financial statements;

(vi) the Company and the Subsidiaries have good and marketable title to all of their respective properties and assets, including those reflected in said financial statements (except as sold or otherwise disposed of in the ordinary course of business since the date of said financial statements), subject to no mortgage, pledge, conditional sales contract, lien or other encumbrance, except the lien of current taxes not yet due and payable;

(vii) the provisions for taxes due by the Company and its consolidated subsidiaries in said financial statements are sufficient for all unpaid federal, state and local taxes, whether or not disputed, in respect of their businesses and operations for all periods ended prior to or on December 31, 1999; and

(viii) none of the Sellers knows of any question relating to any of the tax or information returns of the Company or any Subsidiary which if determined adversely to the Company or any Subsidiary would result in the assertion of any tax deficiency.

7.4 Cooperation with Respect to Financing. Sellers agree to cooperate in any reasonable manner with Buyer in connection with the obtaining of the financing referred to in Section 8.3 and, in connection therewith, at the request of Buyer, will cause the Company and the Subsidiaries to execute and deliver loan and/or security agreements which at the Closing will obligate the full credit of the Company and the Subsidiaries and which will be secured by all of the assets of the Company and the Subsidiaries, provided that the Sellers are reasonably assured that such agreements will be fully discharged in the event the
Closing is not consummated. [Sellers agree to amend the Convertible Notes in such respects as may be reasonably requested by the sources of such financing.]

7.5 Preferred Stock. Prior to the Closing, Sellers:

(i) will cause the Company to take all action required to amend and restate its Certificate of Incorporation to provide, among other things, that the Company shall have authority to issue 10,000 shares of $100 Cumulative Preferred Stock (the "Preferred Stock") having the powers, preferences and rights, and the qualifications, limitations or restrictions, set forth in Exhibit H, including the filing of an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware in the form of Exhibit H;

(ii) will cause the Company to take all action required to issue the Preferred Stock to Sellers as a dividend on the Stock; and

(iii) will each execute and deliver to the Company an investment letter in the form of Exhibit I.

7.6 Appraisals of Real Properties. Within seven (7) days of the execution of this Agreement, Buyer and Sellers will jointly select an independent real estate appraiser, or, if Buyer and Sellers are unable to agree upon an independent real estate appraiser, Buyer and Sellers shall each select an independent real estate appraiser, to appraise the fair market value as at December 31, 1999 of each of the Real Properties and to deliver to Buyer and Sellers as soon as possible thereafter, but in no event later than February __, 2000, certificates of appraisal appraising said fair market values. The appraised fair market value of each of the Real Properties shall be, if Buyer and Sellers jointly agreed upon an independent real estate appraiser, the fair market value as determined by such independent real estate appraiser or, if Buyer and Sellers are unable to agree upon an independent real estate appraiser, the average of the fair market values as determined by the independent real estate appraisers selected by Buyer and Sellers. Such fair market values as so determined and certified to Buyer and Sellers shall be binding and conclusive upon both Buyer and Sellers.

7.7 Consents and Approvals. Sellers shall use their best efforts to obtain prior to the Closing all consents, authorizations and approvals under all statutes, laws,
ordinances, regulations, rules, judgments, decrees and orders of any court or governmental agency, board, bureau, body, department or authority or of any other person required to be obtained by Sellers in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

7.8 Employment Contracts. Prior to or at the Closing, Sellers will cause the Company to enter into employment contracts with each of __________________ and ___ in the form of Exhibit J.

7.9 Resignation of Directors. Prior to or at the Closing, Sellers will cause each of the directors of the Company to resign as a director of the Company effective at the Closing.

7.10 Use of Name. None of the Sellers will use the name "__________" or any derivative thereof in any way whatsoever at any time after the Closing.

7.11 Best Efforts. Between the date of this Agreement and the Closing Date, Sellers will use their best efforts to cause the conditions in Sections 7 and 8 to be satisfied.

8. Covenants of Buyer.

8.1 Confidential Information. Buyer shall exert reasonable efforts to preserve and maintain all proprietary information and trade secrets of the Company and the Subsidiaries received or confirmed in documentary form by Buyer from Sellers and the Company and shall not disclose to any third person or use any such proprietary information or trade secret for personal advantage, except that Buyer shall be free to use and disclose all or any of such proprietary information and trade secrets which (a) were already in Buyer's possession at the time of disclosure to Buyer; (b) are a matter of public knowledge; (c) have been or are hereafter published other than through Buyer; or (d) are lawfully obtained by Buyer from a third person without restrictions of confidentiality. The covenants of Buyer contained in this Section 8.1 shall terminate at the Closing.

8.2 No Disclosure of Consideration. Unless otherwise required by any statute, law, ordinance, regulation, rule, judgment, order or decree, Buyer will not disclose to any third person the amount of the consideration for the Stock referred to in Section 2 except in connection with attempting to obtain the financing referred to in Section 8.3.
8.3 Financing. Buyer will use its best efforts to obtain a loan from a bank or other financial institution in an amount sufficient to permit Buyer to pay to Sellers the consideration for the Stock referred to in Section 2 and upon such other terms and conditions as shall be satisfactory to it.

8.4 Status of Financing. Buyer will periodically advise Sellers of the status of Buyer's efforts to obtain the financing referred to in Section 8.3.

8.5 Consents and Approvals. Buyer shall use its best efforts to obtain prior to the Closing all consents, authorizations and approvals under all statutes, laws, ordinances, regulations, rules, judgments, decrees and orders of any court or governmental agency, board, bureau, body, department or authority or of any other person required to be obtained by Buyer in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

8.6 No Unreasonable Interference. Pending the Closing, Buyer will not take any action which could reasonably be expected to interfere unreasonably with the business or operations of the Company or any Subsidiary.

8.7 Financial Statements. Following the Closing, so long as any shares of the Preferred Stock remain outstanding, Buyer will cause the Company to deliver to the holders of the then outstanding shares of Preferred Stock:

(i as soon as practicable after the end of each of the first three quarterly fiscal periods in each fiscal year, and in any event within 45 days thereafter, a consolidated balance sheet of the Company and its consolidated subsidiaries as at the end of such period, and consolidated statements of income and retained earnings and changes in financial position of the Company and its consolidated subsidiaries for such period (and, in the case of the second and third quarterly periods, for the period from the beginning of the then current fiscal year to the end of such quarterly period), setting forth in each case in comparative form the figures for the corresponding period of the previous fiscal year, all in reasonable detail and certified as complete and correct, subject to changes resulting from normal year-end adjustments consistent with prior periods, by the Chairman of
the Board, the President or the chief financial officer of the Company; and

(ii as soon as practicable after the end of each fiscal year, and in any event within 90 days thereafter, a consolidated balance sheet of the Company and its consolidated subsidiaries as at the end of such fiscal year, and consolidated statements of income and retained earnings and changes in financial position of the Company and its consolidated subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by a report and opinion of independent public accountants of recognized national standing selected by the Company, which report and opinion shall be prepared in accordance with general accepted accounting principles.

9. Conditions Precedent to Sellers' Obligation to Sell the Stock. The obligation of Sellers to sell the Stock is subject to the fulfillment prior to or at the Closing of the following conditions:

9.1 Buyer's Performance. There shall not be any material error, misstatement or omission in the representations and warranties made by Buyer in this Agreement; all representations and warranties by Buyer contained in this Agreement or in any written statement delivered by Buyer to Sellers pursuant to this Agreement shall be true [in all material respects] at and as of the Closing as though such representations and warranties were made at and as of said time (except (i) as contemplated by this Agreement and (ii) to the extent, if any, Sellers shall waive the same); and Buyer shall have performed and complied with all the terms, provisions and conditions of this Agreement to be performed and complied with by Buyer at or before the Closing.

9.2 Opinion of Counsel. Sellers shall have received an opinion, dated the Closing Date, of Morgan, Lewis & Bockius LLP, counsel for Buyer, in form and substance satisfactory to counsel for Sellers, to the effect that:

(i Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to carry on its business now conducted and to acquire and own the Stock;
(ii) This Agreement has been duly authorized, executed and delivered by Buyer and is a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except (a) as the same may be limited by bankruptcy, insolvency, reorganization or other laws or equitable principles relating to or affecting the enforcement of creditors' rights and (b) that the granting of specific performance is subject to the discretion of a court of equity;

(iii) The Convertible Notes have been duly authorized, executed and delivered by Buyer and are valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except (a) as the same may be limited by bankruptcy, insolvency, reorganization or other laws or equitable principles relating to or affecting the enforcement of creditors' rights and (b) that the granting of specific performance is subject to the discretion of a court of equity;

(iv) All corporate proceedings required to be taken by Buyer at or before the Closing in connection with this Agreement and the transactions contemplated hereby have been duly taken;

(v) The execution and delivery of this Agreement and the Convertible Notes by Buyer and the consummation of the transactions provided for in this Agreement will not violate or conflict with any provision of the Certificate of Incorporation or By-Laws of Buyer or, to the best of the knowledge of such counsel, result in any breach of any contract or agreement to which Buyer is a party or by which Buyer is bound or to which the properties or assets of Buyer are subject; and

(vi) As to such other matters (including the form of all documents and the validity of all proceedings) incident to the matters herein contemplated as Sellers and their counsel may reasonably request.

In rendering the opinion described above, Morgan, Lewis & Bockius LLP may rely on an opinion or opinions, copies of which shall be furnished to Sellers, of local counsel satisfactory to Sellers with respect to the laws of jurisdictions other than the United States of America and the State of New York. As part of their opinion, Morgan, Lewis & Bockius LLP will
advise Sellers that, in their opinion, Morgan, Lewis & Bockius LLP and Sellers are justified in relying on the opinions of such local counsel.

9.3 Consents and Approvals. Sellers and Buyer shall have obtained all consents, authorization and approvals under all statutes, laws, ordinances, regulations, rules, judgments, decrees and orders of any court or governmental agency, board, bureau, body, department or authority or of any other person required to be obtained by Sellers or Buyer, as the case may be, in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

10. Conditions Precedent to Buyer's Obligation to Purchase the Stock. The obligation of Buyer to purchase the Stock is subject to the fulfillment prior to or at the Closing of the following conditions:

10.1 Sellers' Performance. There shall not be any material error, misstatement or omission in the representations and warranties made by any Seller in this Agreement; all representations and warranties by Sellers and the Company contained in this Agreement or in any written statement delivered by any Seller to Buyer pursuant to this Agreement shall be true [in all material respects] at and as of the Closing as though such representations and warranties were made at and as of said time (except (i) as contemplated by this Agreement and (ii) to the extent, if any, Buyer shall waive the same); and Sellers shall have performed and complied with all the terms, provisions and conditions of this Agreement to be performed and complied with by Sellers at or before the Closing.

10.2 Accountants' Letter. Buyer shall have received a letter, dated no earlier than a date ten days preceding the Closing Date, from _____, independent public accountants, satisfactory in form and substance to Buyer, stating that, based upon:

(i) a reading of the latest available unaudited interim consolidated financial statements of the Company and its consolidated subsidiaries,

(ii) a reading of the minutes of the meetings of the shareholders and Boards of Directors of the Company and its consolidated subsidiaries, since ___ 19___,

(iii) discussions with officials of the Company and its consolidated subsidiaries, responsible for financial and accounting matters, and

41
(iv) such other procedures and inquiries as may be reasonably specified by Buyer and described in such letter (which procedures will not constitute an examination made in accordance with generally accepted auditing standards), nothing has come to their attention which, in their judgment, would lead them to believe that the consolidated financial statements of the Company and its consolidated subsidiaries for the six-month period ended December 31, 1999 referred to in Section 7.3 are not fair presentations of the consolidated financial position, results of operations and changes in financial position of the Company and its consolidated subsidiaries (subject to normal year-end adjustments consistent with prior periods) or, except as set forth in the notes to such financial statements, have not been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the audited consolidated financial statements for the fiscal year ended December 31, 1999, or that for the period from January 1, 2000 to the date of such letter there were any changes in the capital stock or long-term debt of the Company and its consolidated subsidiaries on a consolidated basis or any material decrease in consolidated net assets in each case as compared with the amounts set forth in the consolidated balance sheet of Seller and its consolidated subsidiaries as at December 31, 1999 referred to in Section 9.6, or for the period from January 1, 2000 to the date hereof consolidated net income of the Company and its consolidated subsidiaries was less than $________.

10.3 Opinion of Counsel. Buyer shall have received an opinion, dated the Closing date, of ____________, counsel for Sellers, in form and substance satisfactory to Morgan, Lewis & Bockius LLP, counsel for Buyer, to the effect that:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of ____________, has full corporate power to carry on its business as now conducted and to own and operate the property and assets now owned and operated by it; and is qualified to do business as a foreign corporation in each jurisdiction in which the conduct of its business or the ownership of its properties makes such qualification necessary;

(ii) The Company's entire authorized capital stock consists of ______ shares of Common Stock of the par value of $_______ per share, of which ______
shares are issued (of such ____ shares ____ shares are outstanding and ____ shares are held by the Company as treasury stock); all of such ____ issued shares of Common Stock of the Company have been validly issued and are fully paid and non-assessable;

(iii) Each of the Sellers is the holder of record of that number of shares of the Stock set forth opposite his name in Section 1 of this Agreement and, to the best of the knowledge of such counsel, owns all of such shares free and clear of all liens, claims, charges, restrictions, equities or encumbrances of any kind and, to the best of such counsel's knowledge, has full power and the legal right to sell such shares to Buyer pursuant to this Agreement;

(iv) This Agreement has been duly executed and delivered by each of the Sellers and is a legal, valid and binding obligation of each of the Sellers enforceable against the Sellers in accordance with its terms, except (a) as the same may be limited by bankruptcy, insolvency, reorganization or other laws or equitable principles relating to or affecting the enforcement of creditors' rights and (b) that the granting of specific performance is subject to the discretion of a court of equity;

(v) The execution and delivery of this Agreement by each of the Sellers and the consummation of the transactions provided for in this Agreement will not violate or conflict with any provision of the Certificate of Incorporation or By-Laws of the Company or any Subsidiary or, to the best of the knowledge of such counsel, result in any breach of any contract or agreement to which the Company or any Subsidiary or any Seller is a party or by which the Company or any Subsidiary or any Seller is bound or to which the properties or assets of any of them are subject;

(vi) No authorization, approval or consent of, or any action by, any United States federal or state court or regulatory authority or by any court or regulatory authority of any foreign jurisdiction that has not been obtained or taken is required for the execution, delivery or performance of this Agreement by Sellers, including the sale by Sellers of the Stock;

(vii) The sale by Sellers of the Stock pursuant to this Agreement will transfer to Buyer good title to
the Stock free and clear of all liens, claims, charges, restrictions, equities or encumbrances of any kind [(other than adverse claims, if any, of which Buyer has notice)];

(viii) The stock certificates for the Stock have been duly endorsed by Sellers or are accompanied by stock powers duly executed by Sellers and such endorsements and stock powers are effective to transfer to Buyer good title to the Stock, free and clear of all liens, claims, charges, restrictions, equities or encumbrances of any kind [(other than adverse claims, if any, of which Buyer has notice)];

(ix) Such counsel has conducted a search for liens filed pursuant to the Uniform Commercial Code of the states of __________, __________ and __________ and has no reason to believe that the Company or any Subsidiary does not have good and marketable title to all of its properties and assets, including those reflected in the balance sheets of the Company and the Subsidiaries as of December 31, 1999 referred to in Section 7.3 of this Agreement (except as since sold or otherwise disposed of in the ordinary course of business), subject to no mortgage, pledge, conditional sales contract, charge, lien, claim or encumbrance (except (i) the lien of current taxes not yet due and payable and (ii) as set forth in Schedule 5.8 or 5.9);

(x) Each employee profit sharing benefit plan and each employee pension benefit plan and each related trust listed in Schedule 5.18 is qualified under Section 401(a) of the Internal Revenue Code of 1954;

(xi) Such counsel knows of no litigation, proceeding or investigation pending, threatened or proposed in any manner involving any Seller, the Company or any Subsidiary or any of the properties or assets of any of them or which questions the validity of this Agreement or any action taken or to be taken by any Seller under this Agreement;

(xii) Such counsel is not aware of any facts that have not been disclosed by Sellers to Buyer which may constitute or give rise to any material liability or any material claim, action, suit, proceeding or investigation against or involving the Company or any Subsidiary; and
(xiii) As to such other matters (including the form of all documents and the validity of all proceedings) incident to the matters herein contemplated as Buyer and its counsel may reasonably request.

In rendering the opinion described above, may rely on an opinion or opinions, copies of which shall be furnished to Buyer, of local counsel satisfactory to Buyer with respect to the laws of jurisdictions other than the United States of America and the State of __________. As part of their opinion, ________ will advise Buyer that, in their opinion, _____ and Buyer are justified in relying on such opinions of such local counsel.

10.4 Consents and Approvals. Sellers and Buyer shall have obtained all consents, authorizations and approvals under all statutes, laws, ordinances, regulations, rules, judgments, decrees and orders of any court or governmental agency, board, bureau, body, department or authority or of any other person required to be obtained by Sellers or Buyer, as the case may be, in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

10.5 Physical Properties. There shall have occurred no material damage to or destruction or loss of (whether or not covered by insurance) any of the Company's or any Subsidiary's facilities, machinery, equipment or other assets.

10.6 Title Insurance. Buyer shall have obtained, at Buyer's expense, a policy or policies of title insurance in form satisfactory to it and its special counsel, insuring in amounts deemed satisfactory by Buyer, fee simple interests in each of the Real Properties.

10.7 Consolidated Net Worth of the Company and Subsidiaries. The consolidated net worth of the Company and its consolidated subsidiaries reflected on the consolidated balance sheet of the Company and its consolidated subsidiaries as at December 31, 1999 referred to in Section 7.3 shall not be less than $________.

10.8 Consolidated Net After-Tax Income of the Company and Subsidiaries. The consolidated net after-tax income of the Company and its consolidated subsidiaries reflected on the consolidated statement of income of the Company and its consolidated subsidiaries for the six-month period ended on December 31, 1999 referred to in Section 7.3 shall be not less than $________.
10.9 Appraised Market Values of Real Properties. The sum of the appraised fair market values of the Real Properties as of December 31, 1999 referred to in Section 7.6 shall not be less than $______________.

10.10 Financing. Buyer shall have obtained the financing referred to in Section 8.3.

10.11 Employment Contracts. Each of ____________ and ____________ shall have entered into employment contracts with the Company in the form of Exhibit J.

10.12 Resignations of Directors. The directors of the Company shall have executed and delivered to the Buyer their resignations as directors of the Company effective at the Closing.

11. Termination. This Agreement may be terminated as follows:

11.1 Termination by Buyer. Buyer may, without liability to Sellers, terminate this Agreement by notice to Sellers (i) at any time prior to the Closing if default shall be made by Sellers in the observance or in the due and timely performance of any of the terms hereof to be performed by Sellers that cannot be cured at or prior to the Closing, or (ii) at the Closing if any of the conditions precedent to the performance of Buyer's obligations at the Closing shall not have been fulfilled.

11.2 Termination by Sellers. Sellers may, without liability to Buyer, terminate this Agreement by notice to Buyer (i) at any time prior to the Closing if default shall be made by Buyer in the observance or in the due and timely performance of any of the terms hereof to be performed by Buyer that cannot be cured at or prior to the Closing, or (ii) at the Closing if any of the conditions precedent to the performance of Sellers' obligations at the Closing shall not have been fulfilled.

11.3 Effect of Termination. If this Agreement is terminated, this Agreement (except for Section 8.1), shall no longer be of any force or effect and there shall be no liability on the part of any party or its respective directors, officers or shareholders except, in the case of termination because of a material default or material breach resulting from the willful fault of another party, the aggrieved party or parties may recover from the defaulting party the amount of expenses incurred by such aggrieved party or parties in connection with this Agreement and the transactions contemplated hereby which the aggrieved party or parties would otherwise have to bear pursuant
to Section 16.2 of this Agreement. If this Agreement shall be
terminated, each party will (i) redeliver all documents, work
papers and other materials of any other party relating to the
transactions contemplated hereby, whether so obtained before or
after the execution of this Agreement, to the party furnishing
the same, and (ii) destroy all documents, work papers and other
materials developed by its accountants, agents and employees in
connection with the transactions contemplated hereby which embody
proprietary information or trade secrets furnished by any party
hereto or deliver such documents, work papers and other materials
to the party furnishing the same or excise such information or
secrets therefrom and all information received by any party
hereto with respect to the business of any other party or any of
its subsidiaries (other than information which is a matter of
public knowledge or which has heretofore been or is hereafter
published in any publication for public distribution or filed as
public information with any governmental authority) shall not at
any time be used for personal advantage or disclosed by such
party to any third person to the detriment of the party
furnishing such information or any of its subsidiaries.

12. Guarantee of Collectibility of Receivables of the
Company.

(A) Subject to the limitations set forth in this
Section 12, Sellers, jointly and severally, guarantee to Buyer
that, except to the extent of the reserve for doubtful accounts
shown on the consolidated balance sheet of the Company and its
consolidated subsidiaries as at December 31, 1999 referred to in
Section 7.3, all accounts and notes receivable and other
receivables reflected on said balance sheet (the "Receivables")
will be valid and legally binding obligations of the persons
owing said amounts to the Company and its consolidated
subsidiaries and that the full amount of the Receivables will be
paid to Buyer or a consolidated subsidiary of Buyer on or before
____1999____, 2000, provided that this guarantee shall not be
applicable or effective if the nonpayment of a Receivable results
from any claim or offset asserted against any one or more of
Buyer by the account debtor.

(B) If any part of the Receivables has not been paid
on or before ____2000____, 2000 and such nonpayment does not
result from any claim or offset asserted against Buyer by the
account debtor, then to the extent that such unpaid part of the
Receivables exceeds the reserve for doubtful accounts shown on
the consolidated balance sheet of the Company and its
consolidated subsidiaries as at December 31, 1999 referred to in
Section 7.3, Buyer may reassign on or before ____2000____, 2000 to
Sellers all or any part of the unpaid part of the Receivables,
free and clear of any security interest, lien or other

47
encumbrance arising on or after the Closing, in which event Sellers shall pay to Buyer in cash or by certified check that amount equal to such reassigned part of the unpaid part of the Receivables.

(C0) All accounts and notes receivables and other receivables collected by the Company and its consolidated subsidiaries after December 31, 1999 and prior to the Closing or by Buyer or a consolidated subsidiary of Buyer after the Closing from any account debtor of a Receivable and any credits given by the Company or a consolidated subsidiary of the Company after December 31, 1999 and prior to the Closing or by Buyer or a consolidated subsidiary of Buyer after the Closing for goods returned by any account debtor of a Receivable, shall be applied first against said account debtor's Receivable.


(A0) Survival of Representations and Warranties. All statements contained in any certificate or other instrument delivered by or on behalf of any Seller or Buyer pursuant to this Agreement shall be deemed representations and warranties hereunder by the party delivering such certificate or instrument. All representations, warranties and agreements made by any Seller or Buyer in this Agreement or pursuant hereto shall survive the Closing and any investigation at any time made by or on behalf of any Seller or Buyer, as the case may be [,for a period of ____ years].

(B0) Indemnification. Sellers, jointly and severally, will indemnify and hold Buyer harmless against and in respect of:

(i) any and all debts, liabilities and obligations of the Company of any nature, whether absolute, accrued, contingent or otherwise existing or incurred on or prior to December 31, 1998 or arising out of any transaction or event occurring on or prior to December 31, 1999 to the extent that such debts, liabilities or obligations were not reflected or reserved against in the consolidated financial statements of the Company and Subsidiaries as at December 31, 1999 referred to in Section 5.5;

(ii) any and all debts, liabilities and obligations of the Company or any Subsidiary of any nature, whether absolute, accrued, contingent or otherwise, arising out of any transaction or event occurring after December 31, 1999 and prior to the
Closing otherwise than in the conduct by the Company or such Subsidiary, as the case may be, of its business and affairs in conformity with Section 7.2;

(iii) any and all damages to Buyer resulting from any misrepresentation of a material fact by Sellers or the Company contained in this Agreement or any statement to be delivered or caused to be delivered by Sellers or the Company pursuant to this Agreement or resulting from Sellers' or the Company's failure to perform any provision of this Agreement to be performed by Sellers or the Company, as the case may be;

(iv) any and all debts, liabilities and obligations of the Company or any Subsidiary arising out of any defect in any product manufactured or sold by the Company or any Subsidiary on or prior to the Closing Date; and

(v) any and all expenses, taxes, debts, liabilities and obligations of the Company or any Subsidiary or any Seller incurred or to be incurred by the Company or any Subsidiary or any Seller in the preparation of this Agreement and the performance of the terms and provisions of this Agreement.

[13. Survival of Representations and Warranties; Indemnification.]

13.1 Survival of Representations and Warranties. All representations and warranties contained in this Agreement, any Schedule and any certificate delivered at the Closing of Sellers or Buyer shall be deemed to have been relied upon notwithstanding any investigation heretofore or hereafter made or omitted by any party hereto and shall survive the Closing [for a period of years].

13.2 Sellers' Indemnification Obligations. Subject to the terms and conditions of this Section 13, Sellers agree to indemnify and hold Buyer harmless against any and all losses, costs and expenses (including, without limitation, legal and other expenses), except as expressly limited by the terms of Section 13.3, resulting from or relating to:

(A) any misrepresentation or breach of any warranty of Sellers contained in this Agreement or in any Schedule of Sellers or any certificate delivered by Sellers at the Closing; provided that any claim for indemnification by Buyer under
this paragraph (A) may be made no later than a date _______ years from and after the Closing Date, excepting only that any claim for misrepresentation or breach of warranty under Section 9.11 may be made no later than a date thirty days from and after the expiration of the period of the applicable tax statute of limitation; and

(B) any breach of any covenant of Sellers contained in this Agreement; [provided that any claim for indemnification by Buyer under this paragraph (B) for the breach of any covenant of Sellers contained in Section ___ or ___ may be made no later than a date ____ years from and after the expiration of the period during which such covenant was to be performed;]

and any and all actions, suits, demands, assessments or judgments with respect to any claim arising out of or relating to the subject matter of the indemnification.

13.3 Limitation on Sellers' Indemnification Obligations. Sellers shall have no obligation to provide indemnification pursuant to Section 13.2 except to the extent that the aggregate amount of indemnification to which Buyer, but for this Section 13.3, otherwise shall have become entitled hereunder shall exceed $_____.

13.4 Buyer's Indemnification Obligations. Subject to the terms and conditions of this Section 13, Buyer agrees to indemnify and hold Sellers harmless against all and all losses, costs and expenses (including, without limitation, legal and other expenses), except as expressly limited by the terms of Section 13.5, resulting from or relating to:

(A) any misrepresentation or breach of warranty of Buyer contained in this Agreement or in any Schedule of Buyer or in any certificate delivered by Buyer at the Closing; provided that any claim for indemnification by Sellers under this paragraph (A) may be made no later than a date ____ years from and after the Closing Date; and

(B) any breach of any covenant of Buyer contained in this Agreement;

and any and all actions, suits, demands, assessments or judgments with respect to any claim arising out of or relating to the subject matter of the indemnification.
13.5 **Limitation on Buyer's Indemnification Obligations.** Buyer has no obligation to provide indemnification pursuant to Section 13.4 except to the extent that the aggregate amount of indemnification to which Sellers, but for this Section 13.5, otherwise shall have become entitled hereunder shall exceed $______.

13.6 **Procedure for Indemnification Claims.** The respective indemnification obligations of Sellers and Buyer pursuant to Sections 13.2 and 13.4 shall be conditioned upon compliance by Sellers and Buyer with the following procedures for indemnification claims based upon or arising out of any claim, action or proceeding by any person not a party to this Agreement:

(A) If at any time a claim shall be made or threatened, or an action or proceeding shall be commenced or threatened, against a party hereto (the "Aggrieved Party") which could result in liability of the other party (the "Indemnifying Party") under its indemnification obligations hereunder, the Aggrieved Party shall give to the Indemnifying Party prompt notice of such claim, action or proceeding. Such notice shall state the basis for the claim, action or proceeding and the amount thereof (to the extent such amount is determinable at the time when such notice is given) and shall permit the Indemnifying Party to assume the defense of any such claim, action or proceeding (including any action or proceeding resulting from any such claim). Failure by the Indemnifying Party to notify the Aggrieved Party of its election to defend any such claim, action or proceeding within a reasonable time, but in no event more than fifteen days after notice thereof shall have been given to the Indemnifying Party, shall be deemed a waiver by the Indemnifying Party of its right to defend such claim, action or proceeding; provided, however, that the Indemnifying Party shall not be deemed to have waived its right to contest and defend against any claim of the Aggrieved Party for indemnification hereunder based upon or arising out of such claim, action or proceeding.

(B) If the Indemnifying Party assumes the defense of any such claim, action or proceeding, the obligation of the Indemnifying Party as to such claim, action or proceeding shall be limited to taking all steps necessary in the defense or settlement thereof and, provided the Indemnifying Party is held to be liable for indemnification hereunder, to holding the
Aggrieved Party harmless from and against any and all losses, damages and liabilities caused by or arising out of any settlement approved by the Indemnifying Party or any judgment or award rendered in connection with such claim, action or proceeding. The Aggrieved Party may participate, at its expense, in the defense of such claim, action or proceeding provided that the Indemnifying Party shall direct and control the defense of such claim, action or proceeding. The Aggrieved Party agrees to cooperate and make available to the Indemnified Party all books and records and such officers, employees and agents as are reasonably necessary and useful in connection with the defense. The Indemnifying Party shall not, in the defense of such claim, action or proceeding, consent to the entry of any judgment or award, or enter into any settlement, except in either event with the prior consent of the Aggrieved Party, which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Aggrieved Party of a release from all liability in respect of such claim, action or proceeding.

(C) If the Indemnifying Party does not assume the defense of any such claim, action or proceeding, the Aggrieved Party may defend against such claim, action or proceeding in such manner as it may deem appropriate. The Indemnifying Party agrees to cooperate and make available to the Aggrieved Party all books and records and such officers, employees and agents as are reasonably necessary and useful in connection with the defense. If the Indemnifying Party, within ten days after notice shall have been given to it by the Aggrieved Party of the latter's intention to effect a settlement of any such claim, action or proceeding, which notice shall describe with particularity the terms of any such proposed settlement, shall not deposit with an escrowee mutually satisfactory to the Aggrieved Party and the Indemnifying Party a sum equivalent to the total amount demanded in such claim, action or proceeding or deliver to the Aggrieved Party a surety bond or an irrevocable letter of credit for such sum in form and substance reasonably satisfactory to the Aggrieved Party, then the Aggrieved Party may settle such claim, action or proceeding on the terms detailed in its notice to the Indemnifying Party, and the Indemnifying Party shall be deemed to have agreed to the terms of such settlement and shall not thereafter in any
proceeding by the Aggrieved Party for indemnification question the propriety of such settlement. If the Indemnifying Party makes an escrow deposit or delivers a surety bond or letter of credit as aforesaid and thereafter the Aggrieved Party settles such claim, action or proceeding, then in any proceeding by the Aggrieved Party for indemnification in the event the Indemnifying Party is held liable for indemnification hereunder, the Aggrieved Party shall have the burden of proving the amount of such liability of the Indemnifying Party, and the amount of the payments made in settlement of any claim, action or proceeding shall not be determinative as between the Aggrieved Party and the Indemnifying Party of the amount of such indemnification liability, except that the amount of the settlement payments shall constitute the maximum amount of the indemnification liability of the Indemnifying Party. Such escrow deposit, surety bond or letter of credit shall by their respective terms be payable to the Aggrieved Party in an amount determined in accordance with the last sentence of this paragraph (C) and in the event the Indemnifying Party is held liable for indemnification hereunder. If the Indemnifying Party neither makes an escrow deposit nor delivers a surety bond or letter of credit as aforesaid, so that no settlement of such claim, action or proceeding is effected, in any proceeding by the Aggrieved Party for indemnification in the event the Indemnifying Party is held liable for indemnification hereunder, such liability shall be for the amount of any judgment or award rendered with respect to such claim or in such action or proceeding and of all expenses, legal and otherwise, incurred by the Aggrieved Party in the defense against such claim, action or proceeding.

(D) In the event an Aggrieved Party or Indemnifying Party shall cooperate in the defense or make available books, records, officers, employees or agents, as required by the terms of paragraphs (B) and (C), respectively, of this Section 13.6 the party to which such cooperation is provided shall pay the out-of-pocket costs and expenses (including legal fees and disbursements) of the party providing such cooperation and of its officers, employees and agents reasonably incurred in connection with providing such cooperation, but shall not be responsible to reimburse the party providing such cooperation for such party's time or the salaries or costs of fringe benefits or other similar expenses paid by the party providing
such cooperation to its officers and employees in connection therewith.

13.7 Sole and Exclusive Remedy. The indemnification obligations of Sellers and Buyer under this Section 13 shall constitute the sole and exclusive remedies of Buyer and Sellers, respectively, for the recovery of money damages with respect to the matters described in Sections 13.2 and 13.4, respectively. The terms of this Section 13.7 shall not be construed as limiting in any way whatsoever any remedy other than for the recovery of money damages to which Buyer or Seller may be entitled.

14. Set-Off. If from time to time and at any time Buyer shall be entitled to be paid any amount under the provisions of either Section 12 or Section 13, Buyer shall be entitled, if it so elects, to set-off such amount against the then unpaid principal of and interest on the Convertible Notes, such amount to be applied against the then unpaid installments of principal of the Convertible Notes in the order of the maturity thereof and pro rata among all Sellers based on the principal amount of the Convertible Notes held by the Sellers. Such right of set-off shall be in addition to and not in substitution of any other rights Buyer shall be entitled to under the provisions of either Section 12 or Section 13 or otherwise.

15. Non-Competition. For a period of [three] years commencing on the Closing Date:

(A0 Each Seller will not, and each Seller will not permit any affiliate of such Seller to, directly or indirectly, manufacture, furnish, assemble, sell or distribute, within or without the United States, any product manufactured, furnished, assembled, sold or distributed by the Company at any time during the three-year period ending on the Closing Date or otherwise attempt to compete with Buyer with respect to the business of the Company.

(B0 No Seller shall enter into the employ of, render services or advice to, or engage in or become a proprietor, partner or stockholder (other than a stockholder holding less than 1% of the total number of outstanding shares of any class of stock) of any business which competes with or contemplates competing with the business of the Company.


16.1 Assurance of Further Action. From time to time after the Closing and without further consideration from Buyer, but at Buyer's expense, Sellers shall execute and deliver, or cause to be executed and delivered, to Buyer such further
instruments of sale, assignment, transfer and delivery and take such other action as Buyer may reasonably request in order to more effectively sell, assign, transfer and deliver and reduce to the possession of Buyer any and all of the Stock and consummate the transactions contemplated hereby.

16.2 Expenses. Whether or not the Closing is consummated, except as otherwise provided in Section 11.3, each of the parties will pay all of its own legal and accounting fees and other expenses incurred in the preparation of this Agreement and the performance of the terms and provisions of this Agreement. [If Sellers fail to perform any of their obligations at the Closing for any reason other than the failure of Buyer to obtain the financing referred to in Section 8.3, Seller shall pay to Buyer $______ in cash to defray expenses incurred by Buyer in connection with the transactions contemplated hereby.]

16.3 Waiver. The parties hereto may by written agreement (i) extend the time for or waive or modify the performance of any of the obligations or other acts of the parties hereto or (ii) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement.

16.4 Notices. All notices, requests or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed first class certified mail postage prepaid addressed as follows: if to Buyer to _________________, (with a copy to ____________________, Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178); if to Sellers, to ________ (with a copy to ______); or to such other address as may have been furnished in writing to the party giving the notice by the party to whom notice is to be given.

16.5 Entire Agreement. This Agreement embodies the entire agreement among the parties and there have been and are no agreements, representations or warranties, oral or written among the parties other than those set forth or provided for in this Agreement. This Agreement may not be modified or changed, in whole or in part, except by a supplemental agreement signed by each of the parties.

16.6 Rights Under this Agreement; Nonassignability. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assignable by any party without the prior written consent of the other parties. Nothing contained in this Agreement is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any
rights, remedies, obligations or liabilities under or by reason of this Agreement.

16.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in the State of New York and shall be construed without regard to any presumption or other rule requiring the construction of an agreement against the party causing it to be drafted.

16.8 Headings; References to Sections, Exhibits and Schedules. The headings of the Sections, paragraphs and subparagraphs of this Agreement are solely for convenience and reference and shall not limit or otherwise affect the meaning of any of the terms or provisions of this Agreement. The references herein to Sections, Exhibits and Schedules, unless otherwise indicated, are references to sections of and exhibits and schedules to this Agreement.

16.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but which together constitute one and the same instrument.
IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

BUYER CORPORATION

By
President

ATTEST:

Secretary

[Name of Shareholder]

[Name of Shareholder]

[Name of Shareholder]

[Name of Shareholder]