

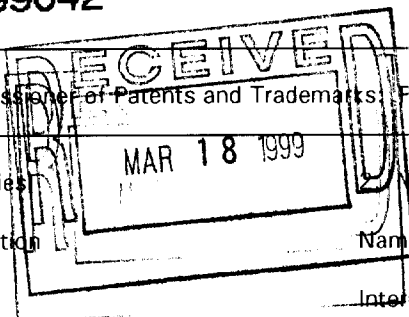
03-30-1999



100999042

APPLICATION FORM COVER SHEET
TRADEMARKS ONLY

ATTY. DOCKET NO. 864/4,5,8,10



To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies) Powertec Industrial Corporation Name and address of receiving party(ies) Name: Pacific Scientific Company
Internal Address: Same as Street Address

Individual Association
 General Partnership Limited Partnership
 Corporation - North Carolina
 Other limited liability company
Additional name(s) of conveying party(ies) attached? Yes No

Street Address: 110 Fordam Road
City/State/Zip: Wilmington, MA 01887

3-18-99

3. Nature of Conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other
Effective Date July 30, 1993

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State California
 Other Florida limited liability company
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address attached? Yes No

D

4. Application Number(s) or patent number(s):
A. Trademark Application No.(s) _____ B. Trademark Registration No.(s) _____
1,767,339 1,862,348
1,783,989 2,116,500
Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed
Name: J. Scott Evans, Esq.
ADAMS LAW FIRM, P.A.
2180 Two First Union Plaza
301 S. Tryon St.
Charlotte, NC 28282

6. Total Number of applications and registrations involved: 4

7. Total Fee (37 C.F.R. 3.41) \$115.00
 Enclosed
 Authorized to be charged to deposit for deficiencies

8. Deposit Account No. 01-0265

03/29/1999 DNGUYEN 00000200 1767339
01 FC:481 40.00 DP
02 FC:482 75.00 DP

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

J. Scott Evans, Esq. [Signature] 3-16-99
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 53

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Assistant Commissioner for Trademarks, Box Assignments, Washington, D.C. 20231 on 3-16-99 Date of Signature: [Signature]

Signature: [Signature]
J. Scott Evans N.C Bar No. 22,714

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of the 30 day of July, 1993, by and among POWERTEC INDUSTRIAL CORPORATION, a North Carolina corporation (the "Company"), each of the holders of shares of capital stock of the Company as set forth on Exhibit A hereto (individually a "Seller" and collectively, the "Sellers"), and PACIFIC SCIENTIFIC COMPANY, a California corporation ("Purchaser").

RECITALS

A. The Company is engaged in the business of manufacturing and selling brushless motors and drives at its principal place of business in Rock Hill, South Carolina.

B. The Sellers own 100% of the issued and outstanding capital stock and rights to acquire capital stock of the Company. The Company owns 100% of the capital stock of Wermex Corporation, a Texas corporation having its principal place of business in El Paso, Texas ("Wermex"), and Wermex owns 22,996 shares of the 23,000 issued and outstanding shares of Series A common stock and 94,953 of the 94,953 issued and outstanding shares of Series B common stock of Bobinas del Sur, S.A. de C.V. ("Bobinas del Sur"), a Mexican corporation, having its principal place of business in Juarez, Mexico (individually, a "Subsidiary" and together "the Subsidiaries").

C. The Sellers desire to sell and assign to Purchaser, and Purchaser desires to acquire from Sellers, all of the issued and outstanding capital stock and rights to acquire capital stock of the Company on the terms and subject to the conditions set forth in this Agreement.

THEREFORE, in consideration of the foregoing and of the covenants and agreements hereinafter set forth, the Company, the Sellers and Purchaser agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed to them in Article I:

1.1 Accounting Terms. Unless expressly stated otherwise herein, any accounting term used in the

Acquisition Agreements shall have the meaning such term has pursuant to GAAP.

1.2 Accounts Receivable means all of the accounts receivable of the Company and the Subsidiaries.

1.3 Acquisition Agreements means this Agreement and all other documents and agreements required to be executed or delivered by any party pursuant to the provisions of this Agreement or any other Acquisition Agreement and the Confidentiality Letters.

1.4 Agreement means this Stock Purchase Agreement together with all Exhibits and Schedules referred to herein.

1.5 Business means the business of manufacturing, selling, servicing and repairing brushless motors and drives and contract work for other manufacturers as presently conducted by the Company, which is the sole business of the Company.

1.6 Books and Records means all files, papers, literature, personnel records of Employees, catalogues, manuals, drawings and designs, sales and purchase order records, business plans, books of account, books and records, share registers and, to the extent legally transferable to Purchaser, copies of computer programs and software including copies of the "source code" and "object code" thereof and all manuals and documentation therefor related to the Business.

1.7 Closing means the occurrence of the events contemplated by Article IX of this Agreement.

1.8 Closing Date means July 30, 1993, or such other date as the parties may agree in writing, upon which the Closing shall occur.

1.9 Company's Accountants means McGladrey & Pullen, Charlotte, North Carolina.

1.10 Company's Knowledge means the actual knowledge of any of Dr. Walter E. Rudisch, Jacqueline D. Rudisch and Roy Brown, after conducting a reasonable and due inquiry of the employees and agents of the Company with respect to the matters as to which such knowledge relates.

1.11 Confidentiality Letters means the letters dated June 30, 1993, from the Company to Purchaser and from Purchaser to the Company, setting forth certain obligations

to maintain information received from the other in confidence.

1.12 Consent(s) means the consents and approvals of all individuals, corporations, partnerships, governmental agencies and other entities whose consent or approval is required for the execution, delivery or performance of any Acquisition Agreements or for the transfer to Purchaser of the full benefit of the rights and obligations of the Company to the Business.

1.13 Consulting Agreements means the consulting agreements in the form of Exhibit B attached hereto to be entered into between Purchaser and each of Dr. Walter E. Rudisch and Jacqueline D. Rudisch at the Closing.

1.14 Contracts means all oral or written contracts, purchase orders and customer orders, leases, operating leases, capital leases, license agreements and other agreements to which the Company or either of the Subsidiaries is, or on the Closing Date will be, a party and which are to be performed, satisfied or discharged on or after the Closing.

1.15 Contract Rights means all rights of the Company under the Contracts.

1.16 Employee Benefit Plans means all employment contracts, and employee benefit plans and arrangements, whether oral or written, qualified or non-qualified including without limitation, pension and welfare plans, withdrawal, termination, severance or lay-off plans or arrangements, bonus plans, stock option plans, health and life insurance policies and benefits, vacation and sick leave policies and all other agreements or arrangements providing for remuneration or benefits to employees or former employees of the Company or for which the Company has responsibility, listed on Schedule 1.16.

1.17 Employment Agreements means the employment agreements in the form of Exhibit C attached hereto to be entered into between the Company and each of the Key Employees at the Closing.

1.18 Environmental Law(s) means all federal, state, local and foreign environmental laws, statutes, rules, regulations, orders and ordinances, as amended, including but not limited to those regulating the emission or discharge of pollutants under the Clean Air Act, 42 U.S.C. 7401 et seq., or the Clean Water Act, 33 U.S.C. 1251 et seq., those pertaining to the storage of petroleum or other regulated substances in underground storage tanks and

to the generation, use, handling, treatment, storage, sampling, transport, cleanup, decontamination or disposal of any Hazardous Materials, and those regarding releases or threatened releases of Hazardous Materials into the environment.

1.19 Environmental Liability of Purchaser means any liability or obligation of the Company under any applicable Environmental Law or under any applicable state or foreign common law with respect to the environment which arises after the Closing Date, which shall include, without limitation, any liability, cost or other obligation arising from the discharge, release, disposal or abandonment by the Company or any other person of Hazardous Materials on, under or from the Leased Real Estate and for the removal, cleanup or containment thereof and (ii) any liability, cost or other obligation arising from the discharge, seepage, migration or other release of any Hazardous Material on, under or from the Leased Real Estate after the Closing Date which occurs naturally or is caused by the Company, any of its agents or affiliates or any other person; it being acknowledged and agreed that any change or increase after the Closing Date in the types or quantities of any Hazardous Material present, on or under the Leased Real Estate shall not by itself demonstrate or establish that a discharge, release, disposal or abandonment by the Company of Hazardous Materials on or under the Leased Real Estate has occurred after the Closing Date.

1.20 Environmental Liability of Sellers means any liability or obligation of the Company under any applicable Environmental Law or under any applicable state or foreign common law with respect to the environment, which shall include, without limitation, (i) any liability or obligation for the disposal, removal, clean up or containment of Hazardous Materials discharged, released or disposed of by the Company or any other person on, under or from the Leased Real Estate on or prior to the Closing Date, and (ii) any liability, cost or other obligation arising from the discharge, seepage, migration or other release of any Hazardous Material on, under or from the Leased Real Estate on or prior to the Closing Date which occurs naturally or is caused by the Company, any of its agents or affiliates or any other person; provided, that Environmental Liability of Sellers shall not include any liability or obligation arising with respect to any event or condition occurring on the Other Real Estate of which the Sellers had no knowledge at or prior to the Closing Date.

1.21 ERISA means the Employee Retirement Income Security Act of 1974, as amended.

1.22 Exhibits mean Exhibits A through G hereto and made a part hereof.

1.23 Final Inventory Reconciliation. See Section 10.1.

1.24 Financial Statements means the Year-end Financial Statements and the Interim Financial Statements.

1.25 GAAP means United States generally accepted accounting principles.

1.26 Hazardous Materials means any hazardous substances, hazardous materials, hazardous wastes, toxic substances, and petroleum or petroleum derivatives as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601 et seq. ("CERCLA"), the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6900 et seq. ("RCRA"), the Toxic Substances Control Act, as amended, 15 U.S.C. 2601 et seq. ("TSCA") and all regulations promulgated pursuant to such statutes, and as defined in or cognizable under any other applicable Environmental Law or regulation.

1.27 Intangible Property means all items of intangible personal property (other than Proprietary Rights) of the Company and the Subsidiaries, including but not limited to goodwill.

1.28 Interest Rate. See Section 10.1.

1.29 Interim Financial Statements means the unaudited draft consolidated and consolidating balance sheet as of June 30, 1993 (reviewed and approved by Purchaser and Purchaser's Accountants) and related notes thereto, unaudited consolidated statement of income and statement of cash flows of the Company and the Subsidiaries as of and for the six-month period ended June 30, 1993 attached hereto as Schedule 1.29.

1.30 Inventories means the items of tangible personal property of the Company, whether on or off site or in transit, that are (a) held for sale in the ordinary course of business ("finished goods"), (b) are in process of production for such sale ("work in process"), or (c) are to be currently consumed either directly or indirectly in the production of goods or services to be available for sale ("raw materials").

1.31 Inventory Reconciliation. See Section 10.1.

1.32 Key Employees means the Employees listed on Schedule 1.32.

1.33 Lease means the lease agreement between WER Capital Corporation and the Company of the Company's headquarters plant and facilities in Rock Hill, South Carolina, in the form attached hereto as Exhibit D.

1.34 Leased Real Estate means all the real property and leasehold improvements leased by the Company or a Subsidiary and as described in Schedule 1.34.

1.35 Non-Compete Agreement means the agreement not to compete in the form of Exhibit E attached hereto to be entered into between Purchaser and Dr. Walter E. Rudisch at the Closing.

1.36 Notice. See Section 4.23.

1.37 Notice of Disagreement. See Section 10.1(c).

1.38 Options means the 81,000 outstanding options granted by the Company to purchase shares of capital stock of the Company.

1.39 Other Real Estate means all the Leased Real Estate except for the Rock Hill Real Estate.

1.40 Payment Date. See Section 10.1.

1.41 Permits means all governmental and regulatory licenses, permits and approvals material to the conduct of the Business.

1.42 Permitted Exceptions means those liens, claims, security interests or other encumbrances, if any, identified on Schedule 1.42.

1.43 Personal Property means all items of tangible personal property of whatever kind or nature relating to or used by the Company in connection with the Business, wherever located, including but not limited to all machinery, equipment, demos, tools, dies, jigs, patterns, molds, trade fixtures, spare parts, vehicles, leased or owned, brochures and sales and marketing literature, furniture and furnishings, supplies owned or leased by Sellers including, without limitation the assets capitalized on the Company's balance sheet as listed on Schedule 1.43.

1.44 Post-Closing Adjustment means the adjustment in the Preliminary Purchase Price to be made pursuant to Section 10.1.

1.45 Preliminary Purchase Price means the amount paid by Purchaser to Sellers at Closing in consideration of the Shares as set forth in Section 3.2(a).

1.46 Product Warranties means all warranties given by the Company to its customers with respect to products manufactured and sold by the Company prior to the Closing Date.

1.47 Proprietary Information means all know how, trade secrets, customer lists, supplier lists, sales techniques, formulae, processes, and other confidential information developed or used by the Company.

1.48 Proprietary Rights means all patents, copyrights, trademarks, trade names, service marks, licenses and logos of the Company and applications therefor owned, acquired or used by the Company including, but not limited to those listed on Schedule 1.48 and all goodwill associated therewith.

1.49 Purchase Price means the Preliminary Purchase Price minus the Post-Closing Adjustment, if any.

1.50 Purchaser's Accountants means Deloitte & Touche, Costa Mesa, California,

1.51 Purchaser's Counsel means Paul, Hastings, Janofsky & Walker, New York, New York.

1.52 Purchaser's Knowledge means the actual knowledge of Richard V. Plat, Senior Vice President of Purchaser, after conducting a reasonable and due inquiry of the employees and agents of Purchaser with respect to the matters as to which such knowledge relates.

1.53 Purchaser's Losses. See Section 11.2.

1.54 Refund Amount. See Section 10.1.

1.55 Required Consent Contracts means those Contracts listed on Schedule 1.55 which require a consent to a change in control of the Company.

1.56 Rock Hill Real Estate means the real estate located in Rock Hill, South Carolina described in the Lease.

1.57 Schedules means the schedules attached hereto, and any schedules added to this Agreement pursuant to Section 6.7.

1.58 Sellers' Counsel means Robinson, Bradshaw & Hinson, P.A., Charlotte, North Carolina.

1.59 Seller's Knowledge means with respect to each Seller, the Company's Knowledge and the actual knowledge of such Seller.

1.60 Sellers' Losses. See Section 11.1.

1.61 Share Certificates of Subsidiaries means the share certificates representing ownership of the capital stock of Wermex and Bobinas del Sur described in Section 4.2.

1.62 Shareholder Percentage means the respective percentage interest of each individual Seller in any indemnification payments to be made or received pursuant to Article XI hereof. Shareholder Percentages are set forth opposite the names of each individual Seller on Exhibit A hereto.

1.63 Shareholder Representative means Dr. Walter E. Rudisch, acting in his capacity of Shareholder Representative pursuant to this Agreement. Each of the Sellers hereby appoints Dr. Walter E. Rudisch as his, her or its attorney-in-fact with respect to all matters arising under this Agreement, including executing amendments thereto, executing Acquisition Agreements, receipt of the Preliminary Purchase Price for the account of each individual Seller in the account designated by the Shareholder Representative pursuant to Section 3.2 hereof, payment of the Post-Closing Adjustment, if any, delivery of Schedules or amendments to Schedules to be attached hereto and made a part hereof, and delivery of all properties, documents or things to be delivered by Sellers at the Closing, including the Shares (duly endorsed for transfer to Purchaser by each individual Seller) and any and all Closing certificates required or reasonably requested by Purchaser hereunder, with all power and authority to act for each individual Seller, and for all Sellers as a group, hereunder as if each were acting alone or all were acting together.

1.64 Shareholders Agreement means the Shareholders Agreement dated September 1, 1988, among the Company and the Shareholders of the Company listed therein, as amended.

1.65 Shares means all of the issued and outstanding shares of capital stock of the Company as more specifically described on Exhibit A hereto.

1.66 Tax or Taxes means all federal, state, county, local, foreign and other taxes and other governmental impositions, including any interest, additions to tax, and penalties with respect thereto, and including expenses associated with contesting any proposed adjustment relating to any of the foregoing.

1.67 Vendors' Warranties means all rights under or pursuant to all warranties, representations and guarantees made by suppliers in connection with products or services furnished to the Company.

1.68 Year-end Financial Statements means the unaudited consolidated financial statements of the Company and the Subsidiaries as of and for the year ended December 31, 1990, which include a balance sheet, a statement of operations and a statement of cash flows and related notes thereto and the audited consolidated financial statements of the Company and the Subsidiaries as of and for the years ended December 31, 1991 and December 31, 1992, which include a balance sheet, a statement of operations, a statement of cash flows and notes related thereto, all attached hereto as Schedule 1.68.

ARTICLE II

SALE AND PURCHASE OF SHARES

Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Sellers shall sell, transfer, assign, convey, and deliver to Purchaser, and Purchaser shall purchase and acquire from Sellers, free and clear of any and all liens, claims, security interests and encumbrances of any kind, good, valid and marketable title in and to all of the Shares.

ARTICLE III

PURCHASE PRICE

3.1 Consideration for Shares.

In consideration for its purchase of the Shares, Purchaser shall pay to Sellers the Purchase Price in the manner set forth in Section 3.2, in the amounts set

forth opposite the name of each individual Seller on Exhibit A hereto which amounts total \$13,921,199.00.

3.2 Payment of Consideration.

(a) On the Closing Date, Purchaser shall cause to be transferred by cashier's check or bank wire transfer to an account designated by Sellers acting through the Shareholder Representative the Preliminary Purchase Price of Thirteen Million Nine Hundred Twenty-One Thousand One Hundred and Ninety-Nine U.S. Dollars (U.S. \$13,921,199) in immediately available funds.

(b) When and as provided in Section 10.1 below, the payment of the Post-Closing Adjustment shall be made by the Shareholder Representative by wire transfer in immediately available funds.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF
THE COMPANY AND THE SELLERS

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, the Company and the Sellers hereby severally make the following representations and warranties to Purchaser, each of which shall be true and correct on and as of the date hereof and as of the Closing Date:

4.1 Corporate Status. The Company and each of the Subsidiaries are corporations duly organized, validly existing and in good standing under the laws of the jurisdictions in which they are incorporated, with full power and authority, corporate and other, to own, lease and operate their respective properties and assets and conduct the Business as it now is being conducted. The Company and each of the Subsidiaries are duly qualified to transact business as corporations in good standing in each jurisdiction in which the nature of the Business makes such qualification necessary, except where their failure to be so qualified would not have a material adverse effect on the Company. The jurisdictions of organization and qualification are set forth in Schedule 4.1 hereto.

4.2 Shares. The Company's authorized capital stock consists of 2,000,000 shares of common stock, of which 1,825,503 shares are issued and outstanding and 81,000 Options are outstanding. The ownership (both legal and beneficial) of the Shares is as set forth on Exhibit A hereto, and except for the Options there are no outstanding

options, warrants or rights to acquire the capital stock of the Company, and there are no contracts or commitments to issue any such options, warrants or rights.

Wermex's authorized capital stock consists of 100,000 shares of common stock, of which 1,000 shares are issued and outstanding. The Company owns of record and beneficially all of the issued and outstanding capital stock of Wermex.

Bobinas del Sur's authorized capital stock consists of 23,000 shares of Series A common stock, of which 23,000 shares are issued and outstanding and 94,953 shares of Series B common stock of which 94,953 are issued and outstanding. Wermex owns of record or beneficially 23,000 shares of the Series A common stock and 94,953 of the Series B common stock of Bobinas del Sur.

Other than Wermex and Bobinas del Sur, Sellers have no subsidiaries, direct or indirect.

There are no outstanding options, warrants or rights to acquire any shares of the capital stock of Wermex or Bobinas del Sur, and there are no contracts or commitments to issue any such options, warrants or rights.

4.3 Status of the Shares. All of the Shares have been duly and validly issued, are fully paid and nonassessable, and have been offered and sold in compliance with all applicable federal and state securities laws. None of the Shares has been issued in violation of the preemptive rights of any present or former shareholder of the Company.

4.4 Title to Shares. Each of the Sellers has good, valid and marketable title to the Shares listed opposite his, her or its name on Exhibit A hereto, free and clear of all restrictions, claims, liens, charges and encumbrances whatsoever, except as set forth in the Shareholders Agreement which shall be terminated prior to the Closing Date. Each of the Sellers has full right, power and authority to sell, transfer and deliver such Shares to Purchaser, and, upon delivery of the certificate or certificates therefor pursuant to the terms hereof, and Purchaser's acceptance thereof, will transfer to Purchaser good, valid and marketable title thereto free and clear of any restriction, claims, lien, charge or encumbrance whatsoever.

4.5 Due Authorization. The execution, delivery and performance by the Company and Sellers of the Acquisition Agreements and the transactions contemplated

hereby and thereby have been duly and validly authorized and approved by all necessary shareholder, corporate and individual action on the part of Sellers and the Company.

4.6 Authority of the Company and the Sellers.

The Company and Sellers have the power and authority to enter into and perform their respective obligations under the Acquisition Agreements to which they are parties. Neither the execution and delivery nor the performance by the Company or Sellers of any of their respective obligations under any Acquisition Agreement will conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, in any material respect, any statute, indenture, mortgage, deed of trust, note, or other agreement or instrument to which the Company or either of the Subsidiaries or any of the Sellers individually is a party, under the Company's or either of the Subsidiary's articles of incorporation or bylaws, under any order, judgment, decree, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, either of the Subsidiaries, any of their respective properties or any of Sellers, or under any provision of law, except for any conflict, breach or default which is not material and adverse to the Company. Neither the execution or delivery nor the performance by the Company, Sellers or either of the Subsidiaries of any of their respective obligations under any Acquisition Agreement has resulted or will result in a material adverse effect upon the Company.

4.7 Consent. No Consent or filing or registration is required of or with any person or entity in order to permit the execution, delivery and performance by Sellers or the Company of their obligations hereunder and the consummation of the transactions contemplated hereby, other than the Consents required under the Required Consent Contracts. Schedule 1.55 sets forth all of the Required Consent Contracts, none of which would have a material adverse effect upon the Company if consents were not obtained.

4.8 Enforceability. This Agreement is, and as of the Closing Date each of the other Acquisition Agreements to which the Sellers or the Company is a party or by which any of them may be affected, will be valid and binding obligations of the Sellers or the Company enforceable in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, fraudulent conveyance and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.9 Governmental Orders; Compliance with Laws.

Neither the Sellers nor the Company nor either of the Subsidiaries is a party or subject to or bound by any law, judgment, order, writ, injunction, ruling, or decree of any jurisdiction, court or governmental body that will or is likely to affect adversely in any material respect the performance by Sellers or the effect upon the Company or the Subsidiaries of any Acquisition Agreement. Neither the Company nor either of the Subsidiaries is in violation of (a) any judgment, order, injunction, award or decree relating to the Business or (b) any law, ordinance, rule or regulation or any other requirement of any governmental body, court or arbitrator relating to the Business, except for any such violation which does not materially and adversely affect the Company, and except for matters relating to the environment disclosed in Schedule 4.24.

4.10 Taxes. Within the times and in the manner prescribed by laws, the Company and the Subsidiaries have filed all Tax returns required by law and have paid all Taxes due and payable. The amounts booked as provisions for Taxes on the Interim Financial Statements are sufficient (under tax rates in force as of June 30, 1993 without regard to any subsequent change in legislation affecting applicable tax rates) for payment of all unpaid Taxes of the Company through June 30, 1993. The Company's Tax returns for the calendar years December 31 in each of the years 1990, 1991 and 1992, together with copies of all notices and correspondences from and with taxing authorities since the date of incorporation of the Company, are attached hereto as Schedule 4.10.

4.11 Ownership of Assets. Except for Permitted Exceptions, the Company and the Subsidiaries have good and marketable title to their respective properties and assets, free and clear of any liens, claims, debts, security interests judgments, mortgages or other encumbrances of any kind. The Company has all of the property and assets necessary to operate the Business as it is now being conducted.

4.12 Contracts. Neither the Company nor the Subsidiaries is a party to any material oral contract relating to the Business. Schedule 4.12 contains a true, correct and complete list of the Contracts to which the Company or the Subsidiaries are parties which individually involve consideration in excess of \$5,000 and which are not unilaterally cancelable by the Company or the Subsidiaries without penalty or premium on no more than thirty (30) days notice. Schedule 1.55 contains a true, correct and complete list of the Required Consent Contracts. The Company has

provided Purchaser with true and complete copies of all such written Contracts and Required Consent Contracts.

With respect to each Contract listed in Schedule 4.12 and Required Consent Contract listed in Schedule 1.55, except as set forth on Schedule 4.12, (i) each such Contract is valid, binding and in full force and effect, (ii) neither the Sellers nor the Company nor the Subsidiaries is in default under any such Contract nor does there exist any condition or event which after notice, lapse of time or both would constitute a default by the Company or the Subsidiaries to any such Contract, (iii) to Seller's Knowledge, no other party to any such Contract is in default, or alleged to be in default, under any such Contract, (iv) to Sellers' Knowledge, there does not exist any condition or event which, after notice, lapse of time or both would constitute a default by any other party to any such Contract, (v) neither the Company nor the Subsidiaries has received notice of the election of any party to any such Contract to cancel, terminate or not to renew such Contract whether in accordance with the terms of any such Contract or otherwise and (vi) except for Required Consent Contracts, none of the Contracts requires the Consent of the other party thereto for the continuation of such Contract after the Closing.

4.13 Pending Litigation. Except as set forth in Schedule 4.13, there is no claim, action, suit, litigation or proceeding of any nature pending or, to the Seller's Knowledge, threatened which could materially affect the Company or the Business in any court or before any federal, state, county or municipal, domestic or foreign, department, commission, board, bureau, agency or other governmental instrumentality, nor before any private or public arbitration tribunal, nor is there any governmental, administrative or other investigation or proceeding underway or, to Seller's Knowledge, threatened against or involving, in any material respect, the Company or the Business. To Seller's Knowledge, the Company is not aware of any realistic basis for any such action, suit, litigation, arbitration, investigation or other proceeding.

4.14 Pending Product Claims.

(a) Schedule 4.14(a) lists all material product liability and Product Warranty claims pending or, to the Seller's Knowledge, threatened as to any products manufactured by the Company or the Subsidiaries.

(b) Except as disclosed in Schedule 4.14(b), there are no Product Warranties or guarantees applicable to products manufactured or sold by the Company

or the Subsidiaries in connection with the Business except warranties imposed by applicable laws, including the Uniform Commercial Code, and the Company furnishes no other warranties or guarantees in connection with the products manufactured or sold with respect to the Business. Except for matters disclosed in Schedule 4.14(a), the accrual for warranty expense reflected in the Company's books of account is adequate.

4.15 Inventories. Except as set forth in Schedule 4.15, neither the Company nor the Subsidiaries has disposed of any Inventories since June 30, 1993 except in the ordinary course of business. The Inventories are good and usable in the ordinary course of business other than obsolete, slow-moving or damaged items, the reserves for which, reflected in the Interim Financial Statements, are adequate as of June 30, 1993.

4.16 Accounts Receivable. The Accounts Receivable have been duly earned or accrued, are not subject to any claim, set-off or deduction, represent valid, uncontested and unconditional obligations owing to the Company or the Subsidiaries and except as shown on Schedule 4.16, are collectible within one hundred twenty (120) days from the invoice date in the ordinary course of business in the full book amounts thereof (net of applicable reserves). Reserves for uncollectible accounts reflected in the Interim Financial Statements are adequate as of June 30, 1993.

4.17 Proprietary Rights and Information. Except for Permitted Exceptions, the Company and the Subsidiaries have good and valid title to, or valid licenses for, all Proprietary Information, Proprietary Rights and Intangible Property, free and clear of all liens, claims, encumbrances and security interests. The Company and the Subsidiaries have acquired or maintain all patents, copyrights, trademarks, trade names, service marks, logos, licenses and all rights with respect to the foregoing used in the Business. Except as set forth in Schedule 4.17, neither the Company nor the Subsidiaries has received notice that any of them are, and to Seller's Knowledge none of them are, infringing upon any such intangible rights owned by others. To Seller's Knowledge the Proprietary Information, Proprietary Rights or Intangible Property is not being infringed upon by others. Schedule 1.48 is a true and complete list of all patents, copyrights, trademarks, trade names, service marks, licenses, and logos of the Company and the Subsidiaries and applications therefor owned, acquired or used by the Company or the Subsidiaries in connection with the Business.

4.18 Personal Property. Except as set forth on Schedule 4.18, all Personal Property owned or leased by the Company and the Subsidiaries is located on the Leased Real Estate. The items of Personal Property used in the operation of the Business at present are, in the aggregate, in good repair and operating condition, ordinary wear and tear excepted.

4.19 Leased Real Property. The only real properties owned or leased by the Company or a Subsidiary are the Leased Real Estate described on Schedule 1.34. There are no subleases, subtenancies or third party occupancy agreements relating to the Leased Real Estate.

4.20 Permits. The Company and the Subsidiaries possess all Permits, and all of such Permits are set forth in Schedule 4.20 and are in full force and effect, and to Seller's Knowledge, none of the transactions contemplated hereby shall cause the Permits to no longer be in full force and effect after the Closing. Neither the Company nor the Subsidiaries have received notice of and there are no material violations by the Company or the Subsidiaries of any such Permits or any material claims or proceedings, pending or to Seller's Knowledge threatened, challenging the compliance with, validity of or seeking to discontinue any such Permits.

4.21 Employees. Schedule 4.21 contains a complete and correct list of the name and title of each employee of the Company and each of the Subsidiaries and the compensation and bonuses paid to each such employee from January 1, 1992 to December 31, 1992. Since December 31, 1992, no compensation and bonuses in excess of that reflected in Schedule 4.21 have been paid or raises given to any such employee other than in the ordinary course of business and in amounts consistent with the Company's past practice. Except as set forth in Schedule 4.21, to Seller's Knowledge, no such employee or eligible dependent thereof has any material medical problems or condition; it being understood that Seller's knowledge of any such medical problems is limited to the actual knowledge of the Company and the Sellers, and knowledge of the Company and the Sellers acquired based on a review of the medical and personnel files.

4.22 Employee Benefits. Schedule 1.16 is a true and complete list of all Employee Benefit Plans. None of the plans constitutes a multi-employer plan as defined in Section 4001(a)(3) of ERISA. The Company has provided Purchaser with copies of plan documents or plan summaries as to each such plan listed on Schedule 1.16.

4.23 Occupational Safety and Health. Except as disclosed in Schedule 4.23, neither Sellers nor the Subsidiaries have received any notice, citation, claim, assessment or proposed assessment (collectively, "Notice"), nor to Seller's Knowledge does any Notice exist, as to or alleging that any of the activities of the Business are in violation of any federal, state or local, foreign or domestic, occupational safety or health laws and no such violation presently exists which would materially and adversely affect the Business. Neither the Company nor either of the Subsidiaries is a party to any pending dispute with respect to compliance with any federal, state or local occupational safety and health laws as such laws apply to the activities of the Business.

4.24 Environmental Protection. Neither the Company nor the Subsidiaries are currently subject to any order or, to Seller's Knowledge, investigations under the Environmental Laws requiring the remediation of Hazardous Materials on or originating from the Leased Real Estate, or on contiguous property to the Leased Real Estate. Except as so disclosed in Schedule 4.24:

(a) No Hazardous Material (i) has been released, treated, deposited, spilled, discharged, or disposed of on, under or from, the Rock Hill Real Estate (or to Seller's Knowledge, the Other Real Estate or any property adjoining the Leased Real Estate or any property affected by Hazardous Materials originating from the Leased Real Estate) in material violation of any applicable Environmental Law, (ii) has been released, treated, deposited, spilled, discharged, or disposed of on or under any real estate used in the past by the Company or its Subsidiaries, (iii) is presently maintained, used, disposed of or generated by the Company or the Subsidiaries in material violation of any applicable Environmental Law or common law, foreign or domestic, (iv) is required by any applicable Environmental Law to be eliminated, removed, treated or mitigated by the Company or the Subsidiaries, given the nature of its present condition, location, nature, material or maintenance, or (v) is of a type, location, material, nature or condition which requires special notification to third parties by the Company or the Subsidiaries under any applicable Environmental Law or common law, foreign or domestic.

(b) No notice, citation, summons or order has been received by the Company or the Subsidiaries, no notice has been given by the Company or the Subsidiaries and, to Seller's Knowledge, no complaint has been filed, no penalty has been assessed and no investigation or review is pending or threatened by any governmental entity, with respect to (i) any alleged violation by the Company or the

Subsidiaries of any Environmental Law or (ii) any alleged failure by the Company or the Subsidiaries to have any environmental permit, certificate, license, approval, registration or authorization required in connection with the Business, or (iii) any use, possession, generation, treatment, storage, recycling, transportation, release or disposal by or on behalf of the Company or the Subsidiaries of any Hazardous Material.

(c) Neither the Company nor the Subsidiaries has received any request for information, notice of claim, demand or notification that they are or that indicates that any of them may be a "potentially responsible party" with respect to any investigation or remediation of any threatened or actual release of any Hazardous Material.

(d) No above-ground or underground storage tanks for Hazardous Materials or underground sumps, clarifiers or basins, are required for the operation of the Business or are located on the Rock Hill Real Estate or, to the Company's Knowledge, are located on the Other Real Estate.

(e) No notice has been received by the Company or the Subsidiaries with respect to the listing or proposed listing of the Leased Real Estate on the National Priorities List promulgated pursuant to CERCLA, CERCLIS or any similar state list of sites requiring investigation or cleanup.

4.25 Financial Statements. The Company and Sellers have furnished to Purchaser true and correct copies of the Year-end Financial Statements and Interim Financial Statements. The Year-end Financial Statements and Interim Financial Statements have been prepared in all respects in conformity with GAAP, except that the Company has not implemented Financial Accounting Standards Board pronouncement No. 109, and except that the statements of income and cash flow included in the Interim Financial Statements do not include footnotes or account for period-end adjustments. The Company and Sellers believe the Year-end Financial Statements and the Interim Financial Statements fairly present in all material respects the consolidated financial condition of the Company and the Subsidiaries as of the respective dates thereof and for the respective periods covered thereby. The Company and the Subsidiaries have not failed to file reports or returns which are required to be filed by any federal, state or local or foreign law, or regulation. The Company and the Subsidiaries have duly paid or accrued on the Company's or the Subsidiaries' books of account all Taxes, duties and

charges pursuant to such reports and returns or assessed against the Company or the Subsidiaries as of the Closing Date, and the assessment of any additional Taxes, that by law should have been paid or accrued in accordance with GAAP, as of the Closing Date, is not expected.

4.26 Commissions and Fees. Neither Sellers, the Company nor the Subsidiaries have incurred any other obligation or liability, contingent or otherwise, for brokers' commissions, finder's fees or other like payments in connection with the transactions contemplated by the Acquisition Agreements.

4.27 Operations in the Ordinary Course of Business; No Material Adverse Changes. Since June 30, 1993, the Business of the Company and the Subsidiaries has been conducted in the ordinary course of business and the Company and the Subsidiaries have not: (a) experienced any material adverse change in the Business, their operations or financial condition; (b) suffered any damage, destruction or casualty loss whether covered by insurance or not, materially and adversely affecting the Business, their operations or their financial condition; (c) entered into any material agreement, commitment or transaction, including without limitation any expenditure or pledging of accounts receivable except as indicated on Schedule 4.27; (d) made any change in their accounting methods, principles or practices; (e) increased the compensation, including bonuses, due or paid to any employees other than increases made in accordance with past practices; (f) canceled or compromised any material debt or claim or waived or released any material right; (g) encountered any labor difficulties; (h) sold, transferred or leased any of their assets except in the ordinary course of business; or (i) committed to do any of the foregoing.

4.28 Suppliers and Customers. Schedule 4.28 contains a true and complete list of the 25 largest suppliers and customers-measured by dollar volume of sales of the Company which supply or have supplied materials to or purchased products from the Company in 1991 and in 1992. Neither the Company nor the Subsidiaries have received any notice that any customer, supplier or independent contractor of the Company intends to terminate its business relationship with the Company.

4.29 Insurance. Schedule 4.29 lists all policies of insurance maintained by the Company and the Subsidiaries, which insurance is of types and in amounts customary for similarly situated firms in the Company's industry.

4.30 Related Party Transactions. Other than the Lease and other than as set forth in Schedule 4.30, there are no contracts, arrangements or commitments between the Company or the Subsidiaries and (a) any person who controls, is controlled by or is under common control with the Company, (b) any shareholder, officer or director of the Company or the Subsidiaries, or (c) any person who is related by blood or marriage to any person described in (a) or (b).

4.31 Absence of Certain Changes. Except for the purchase of the Options by the Company and except as set forth in Schedule 4.31, since June 30, 1993, there has not been:

(a) any change which had or may have, either singly or in the aggregate, a material adverse effect on the business or assets of the Company and the Subsidiaries;

(b) any declaration, setting aside or payment by the Company of dividends or any other distribution by the Company of assets or liabilities of any kind or any other payments or distributions of any kind in respect of the capital stock of the Company, or any direct or indirect redemption, purchase or other acquisition of such capital stock;

(c) any debt, liability or obligation incurred by the Company or the Subsidiaries except current liabilities incurred, and liabilities under contracts entered into, in the ordinary course of business, none of which would have a material adverse effect on the business or assets of the Company and the Subsidiaries;

(d) any mortgage, pledge or subjection to lien of any kind of any assets, tangible or intangible, of the Company and the Subsidiaries other than pursuant to purchase money liens on property and assets acquired in the ordinary course of business;

(e) any purchase, sale, pledge, lease, transfer or other disposition of any material contract, lease or asset of the Company and the Subsidiaries, or any cancellation, discharge or satisfaction of any obligations, debts or claims, or waiver or release of any material rights, of the Company and the Subsidiaries, except in the ordinary course of business;

(f) any sale, assignment, pledge, lease, transfer or other disposition by the Company or the Subsidiaries of any interest in any franchise, patent,

trademark, trade name, copyright or license, except in the ordinary course of business;

(g) any transaction by the Company or the Subsidiaries except in the ordinary course of business or as contemplated by this Agreement, none of which would have a material adverse effect on the business or assets of the Company and the Subsidiaries;

(h) any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the business or assets of the Company and the Subsidiaries, with materiality for purposes of this covenant being agreed to mean damage, destruction or loss in the aggregate in excess of \$50,000;

(i) any labor dispute materially and adversely affecting the business or assets of the Company or the Subsidiaries;

(j) any increase in the compensation payable or to become payable or in the benefits available to any officer or employee of the Company or the Subsidiaries under any employment, bonus or pension plan or other contract or commitment other than normal merit increases under established policies;

(k) any change in the authorized, issued or outstanding capital stock of the Company, any pledge, hypothecation or other encumbrance of any shares of such capital stock, or any issuance of any option, warrant or other right to acquire, or security convertible into, shares of such capital stock;

(l) any actual or threatened cancellations by customers or suppliers of the Company or the Subsidiaries of any material contracts for the purchase or sale of goods or services;

(m) any material increase in workers' compensation claims;

(n) any material change in any accounting principle or method or election for federal or state income tax purposes used by the Company and the Subsidiaries; or

(o) any entering into or renewal of any agreement, or otherwise any obligation incurred, to do any of the foregoing.

4.32 Disclosure. To the Seller's knowledge, no representation or warranty of the Seller contained in this

Agreement, and no statement contained in any certificate or schedule furnished to the Purchaser pursuant hereto, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances in which made.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Sellers and the Company to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser hereby makes the following representations and warranties, each of which shall be true and correct on and as of the date hereof and as of the Closing Date:

5.1 Corporate Status. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California with full power and authority (corporate and other) to own, lease and operate its properties and to own the Shares to be acquired hereunder.

5.2 Due Authorization. The execution, delivery and performance by Purchaser of the Acquisition Agreements, and the consummation of the transactions contemplated thereby, in accordance with their terms, have been duly and validly authorized and approved by all necessary corporate action on the part of the Purchaser.

5.3 Authority of Purchaser. Purchaser has the corporate power and authority to enter into and perform its obligations under the Acquisition Agreements to which it is a party. Neither the execution and delivery nor the performance by Purchaser of its obligations under any Acquisition Agreement will conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, note or other agreement or instrument to which Purchaser is a party, under Purchaser's Articles of Incorporation or Bylaws or any order, judgment, decree, rule or regulation of any court or governmental agency or body having jurisdiction over Purchaser or any of its properties, or under any provision of law except for any conflict, breach or default which is not material and adverse to the Purchaser.

5.4 Enforceability. This Agreement is, and as of the Closing Date the other Acquisition Agreements to

which Purchaser is a party will be, valid and binding agreements of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, fraudulent conveyance and other laws of general applicability related to or affecting creditors' rights and to general equity principles.

5.5 Consents. Except as set forth in Schedule 5.5, no Consent is required of any person or entity in order to permit the execution, delivery and performance by Purchaser of the Acquisition Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby.

5.6 Commissions and Fees. Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' commissions, finders' fees or other like payments in connection with the transactions contemplated by the Acquisition Agreements.

5.7 Governmental Orders. Purchaser is not a party or subject to or bound by any law, judgment, order, writ, injunction, ruling, or decree of any jurisdiction, court or governmental body that will or is likely to affect adversely in any material manner the performance by Purchaser of the Acquisition Agreements.

5.8 Pending Litigation. Except as set forth in Schedule 5.8, there is no claim, action, suit, litigation or proceeding of any nature or any governmental, administrative or other investigation pending or, to Purchaser's Knowledge, threatened against or affecting the Purchaser in any material respect in any court or before any federal, state, county or municipal department, commission, board, bureau, agency or other governmental instrumentality, or before any private or public arbitration tribunal, which would materially adversely affect Purchaser's acquisition of the Shares.

5.9 Best Efforts. Purchaser agrees to use its best efforts and take all reasonable actions to bring about its timely performance of this Agreement and all other agreements contemplated hereby.

5.10 Acknowledgement of Limited Inquiry of Certain Sellers. Purchaser hereby acknowledges that the representations and warranties made herein and in the other Acquisition Agreements by the Sellers, other than Dr. Walter E. Rudisch and Jacqueline D. Rudisch, (the "Nonmanagement Sellers") are not based upon any inquiry made by the Nonmanagement Sellers as to the truth or falsity of such

representations and warranties (except with respect to the representations and warranties made in Section 4.4) and are based solely upon the representations and warranties of the Company contained herein and therein. Purchaser acknowledges that the Nonmanagement Sellers' failure to conduct any such inquiry shall not be deemed reckless or otherwise establish scienter (as such term is used in describing the elements of a claim under Rule 10b-5 of the Securities and Exchange Act of 1934, as amended or similar law). Purchaser further acknowledges that it has been permitted an opportunity to conduct a due diligence investigation of the Company and that independent accountants retained by the Purchaser have examined the books and records of the Company as of June 30, 1993.

ARTICLE VI

CONDUCT OF BUSINESS PRIOR TO CLOSING

From and after the date hereof, through and including the Closing Date, each Seller severally, and not jointly, and the Company covenant and agree with Purchaser as follows:

6.1 Conduct of Business. The Company shall operate the Business in the usual, ordinary and normal course, and shall maintain the Books and Records in the same manner as prior to the date hereof. The Company shall use best efforts to maintain and preserve the good will of the customers, suppliers and others having business relations with the Company.

6.2 Material Changes. Except for purchase orders or sales orders and other transactions entered into in the ordinary course of the Business, without the prior written consent of Purchaser, neither the Company nor the Subsidiaries shall (a) enter into any material contracts (other than the Lease) or materially modify or cancel any existing Contracts, (b) become indebted to any person or entity or become obligated to guaranty any indebtedness of any person or entity, (c) make any change in any management or supervisory personnel, (d) enter into any contract of employment with, or increase the compensation paid or payable to, or enter into any new arrangements with any employees or agents or pay or become committed to pay any of the foregoing any bonuses or other special compensation other than in the ordinary course of business, (e) make any single capital expenditure in an amount exceeding \$10,000, or any capital expenditures which in the aggregate exceed \$25,000; (f) sell, transfer, assign or encumber, or agree to sell, transfer, assign or encumber, any of the Business or

the assets of the Company, except for sales of Inventories in the ordinary course of business, (g) cancel or compromise any material debt or claim or waive or release any material right, (h) make any change in their accounting methods, principles or practices, (i) commit to do any of the foregoing. Neither the Company nor the Subsidiaries shall take any action that would adversely affect Sellers' or the Company's ability to execute, deliver or perform any of the Acquisition Agreements or that would cause any document delivered by the Sellers or the Company to Purchaser pursuant to the terms of any Acquisition Agreement, or any representation or warranty made by Sellers or the Company herein or in any other Acquisition Agreements, to not be true in all material respects at the Closing.

6.3 Best Efforts. The Company shall use its best efforts upon the request of Purchaser to obtain all Consents and to cause the Permits to remain in effect at the Closing (and Purchaser shall cooperate with the Company in such manner as the Company reasonably may request). The Company shall use its best efforts to retain intact the employee complement of the Business. Such Seller and the Company agree to use their best efforts and take all reasonable actions to bring about its timely performance of its obligations under the Acquisition Agreements and all other agreements contemplated hereby and thereby.

6.4 Maintenance of Personal Property and Leased Real Estate. The Company and the Subsidiaries shall maintain the Personal Property and the Leased Real Estate, in their present respective conditions, ordinary wear and tear and insured casualty loss excepted, and the Company and the Subsidiaries shall perform or cause to be performed all ordinary and regular maintenance and repairs with respect thereto.

6.5 Right of Inspection: Access to Books. Such Seller and the Company shall afford to Purchaser and its authorized representatives, Purchaser's Counsel and Purchaser's Accountants the right at any time during normal business hours following the date hereof, upon reasonable notice to Sellers and the Company, to inspect the assets and properties of the Business and the records of the Company and the Subsidiaries, including, without limitation, the Books and Records, and shall afford them reasonable access to the Company's and the Subsidiaries' offices, employees and the Company's Accountants as Purchaser reasonably shall deem necessary or desirable, and such Seller, the Company and the Subsidiaries shall cooperate with Purchaser (in such manner as Purchaser may reasonably request) in its investigation of the Business; provided, however, that the Company shall not be required to disclose any source code to

any proprietary software. The Company also shall afford to Purchaser and its authorized representatives such access to all books, records, permits, files and reports maintained by all governmental authorities relating to the Leased Real Estate or any other real or personal property leased or owned by the Company or the Subsidiaries, as Purchaser shall reasonably request.

6.6 Notification of Material Adverse Events.

Such Seller or the Company shall promptly notify Purchaser in writing of any event following the date hereof of which such Seller or the Company is or becomes aware that will or is likely to have a material adverse effect on the financial condition or prospects of the Business, the financial condition of the Company or the performance by such Seller or the Company of the Acquisition Agreements.

6.7 Attachment or Amendment of Schedules.

From time to time, but not less than five (5) days prior to Closing, the Company and the Shareholder Representative shall notify Purchaser of the content of any Schedules, or amendments to Schedules which may be required by subsequent events and upon Purchaser's acceptance in writing of the content of such Schedules or amendments to Schedules, they shall be attached hereto and become a part hereof.

6.8 Insurance.

The Company shall cause to be continued in full force and effect all insurance listed on Schedule 4.29 through the Closing.

6.9 Physical Inventory.

On and as of July 1, 1993, the Company will have conducted a physical inventory of the Inventory, including raw materials, work in process and finished goods, which physical inventory will have been observed by Purchaser's Accountants (the "Physical Inventory"). Results of such inventory shall be delivered to the Shareholder Representative by August 15, 1993.

ARTICLE VII

CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATIONS

7.1 Obligations to be Satisfied on or Prior to Closing Date. The obligations of Purchaser under this Agreement shall be subject to the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived in writing by Purchaser at its option:

(a) Accuracy of Representations and Warranties. Each of the representations and warranties made by Sellers and the Company in the Acquisition Agreements

shall be true, correct and complete in all material respects on the Closing Date as though such representations and warranties had been made on such date unless expressly made as of some other date, in which case such representation and warranty shall continue to be true as of such other date.

(b) Compliance with Agreement. Sellers and the Company shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under this Agreement and the other Acquisition Agreements which are to be performed or complied with by Sellers or the Company, on or before the Closing Date.

(c) Transfer of Permits. Effective as of the Closing, the Purchaser shall have the benefit of all of the Permits identified in Schedule 4.20.

(d) No Adverse Proceedings. No suit or proceeding shall have been instituted or threatened against the Sellers, the Company or the Subsidiaries or Purchaser which, in the reasonable opinion of Purchaser, could (i) restrict or prohibit the consummation of the transactions contemplated hereby or (ii) have a material adverse effect on the Company or the Business.

(e) Closing Documents. Sellers or the Company shall have delivered to Purchaser all certificates, agreements, opinions and other documents required to be delivered by Sellers or the Company at the Closing pursuant to Article IX hereof, in the form attached to the Agreement as Exhibits or such certificates, agreements, opinions and other documents delivered to Purchaser on the Closing Date shall be reasonably satisfactory to Purchaser and Purchaser's Counsel.

(f) Lease Agreement. The Company and WER Capital Corporation shall have executed and mutually delivered the Lease.

(g) Consulting Agreements. Dr. Walter E. Rudisch and Jacqueline D. Rudisch shall each have executed and delivered to the Company the Consulting Employment Agreements.

(h) Non-Compete Agreement. Dr. Walter E. Rudisch shall have executed and delivered to the Company the Non-Compete Agreement.

(i) Employment Agreements. The Key Employees shall have executed and delivered to the Company the Employment Agreements.

(j) Share Certificates of Subsidiaries.

The Share Certificates of Subsidiaries shall have been delivered to Purchaser. Legal title to the four (4) shares (the "Bobinas Shares") of Series A Common Stock of Bobinas del Sur beneficially but not legally owned by Wermex and legally held one each by Dr. Walter E. Rudisch, Jacqueline Rudisch, Roy Brown and Robert Wall shall have been transferred to Richard V. Plat, properly endorsed in blank for transfer and delivered to Purchaser. The value allocated to the Bobinas Shares for the purposes of this transaction is 32¢ per share or a total of \$1.28.

(k) Payment of Outstanding Loans. All of the Sellers shall have paid in full any monetary obligations owing to the Company.

(l) Purchaser's Due Diligence. Purchaser shall have completed its due diligence review of the Company and the Business and shall be satisfied with the results thereof.

(m) Board Approval. The Board of Directors of Purchaser shall have approved the transactions contemplated by this Agreement and shall have authorized or ratified the execution of this Agreement.

(n) Letter from Auditors. Purchaser shall have received from Purchaser's Accountants a draft report on the Company's balance sheet as of June 30, 1993 and a letter summarizing the steps which must be taken to complete the audit of such balance sheet and Purchaser shall be satisfied with such draft report and letter.

(o) Board Resignations. Each of the members of the Board of Directors of the Company and each of the Subsidiaries shall have submitted their resignations effective at Closing.

(p) Approval of Documentation. The form and substance of all certificates, instruments, opinions and other documents requested by and delivered to Purchaser under this Agreement shall be satisfactory in all reasonable respects to Purchaser and Purchaser's Counsel.

(q) Rights Relating to Shares. All rights, options or commitments of any nature whatsoever for the issuance or purchase of Shares or any security convertible into or exchangeable for Shares or any other securities of the Company by any person or entity shall have been exercised, waived or cancelled (without the Company incurring any financial liability or obligation).

(r) Purchase of Options. The Company shall have purchased all of the outstanding Options.

(s) Material Adverse Change. The Company and the Subsidiaries shall not have suffered any material adverse change in the Business, operations or conditions or any damages, destruction or casualty loss, whether or not covered by insurance, materially and adversely affecting the Business, its operations or condition.

7.2 Procedure Upon Failure to Satisfy Conditions Prior to Closing Date. In the event that, in Purchaser's opinion, any of the conditions precedent set forth in Section 7.1, above, have not been satisfied as of the Closing Date, Purchaser shall notify the Shareholder Representative in writing indicating its election to (a) waive such condition precedent, or (b) terminate this Agreement pursuant to Section 12.1. In lieu of the foregoing, Purchaser and Sellers may agree to consummate the transactions contemplated by this Agreement on such additional or modified terms as are agreed to in writing by Purchaser and Sellers.

ARTICLE VIII

CONDITIONS PRECEDENT TO SELLERS' OBLIGATIONS

8.1 Obligations to be Satisfied on or Prior to Closing Date. The obligations of the Sellers under this Agreement shall be subject to the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived in writing by Sellers at their option:

(a) Accuracy of Representations and Warranties. Each of the representations and warranties made by Purchaser in the Acquisition Agreements shall be true, correct and complete in all material respects on the Closing Date as though such representations and warranties had been made on such date, unless expressly made as of some other date, in which case such representation and warranty shall continue to be true as of such other date.

(b) Compliance with Agreement. Purchaser shall have performed and complied in all material respects with all of the terms, covenants, conditions and obligations under the Acquisition Agreements which are to be performed or complied with by Purchaser on or before the Closing Date.

(c) No Adverse Proceedings. No suit or proceeding shall have been instituted or threatened against Sellers, the Company or Purchaser which in the reasonable

opinion of Sellers or the Company could restrict, prohibit or rescind the consummation of the transactions contemplated hereby.

(d) Closing Documents. Purchaser shall have delivered all certificates, agreements, opinions and other documents required to be delivered by Purchaser at the Closing pursuant to Article IX hereof, and the form and substance of all such certificates, agreements, opinions and other documents delivered to Sellers on the Closing Date shall be reasonably satisfactory to Sellers and Sellers' Counsel.

(e) Non-Compete Agreement. Dr. Walter E. Rudisch shall have executed and delivered to the Company the Non-Compete Agreement.

(f) Payment for Non-Compete Agreement. Purchaser shall have paid the sum of Six Hundred Thousand Dollars (\$600,000) to Dr. Walter E. Rudisch pursuant to the Non-Compete Agreement.

(g) Lease Agreement. The Company and WER Capital Corporation shall have executed and mutually delivered the Lease.

(h) Consulting Agreements. Dr. Walter E. Rudisch and Jacqueline D. Rudisch shall each have executed and delivered to the Company the Consulting Employment Agreements.

(i) Employment Agreements. The Key Employees shall have executed and delivered to the Company the Employment Agreements.

(j) Release of Bank Guaranty. Dr. Walter E. Rudisch and Jacqueline D. Rudisch shall have been released from their guaranty obligation of the Company's indebtedness to Rock Hill National Bank.

(k) Approval of Documentation. The form and substance of all certificates, instruments, opinions and other documents, delivered to the Sellers under this Agreement shall be satisfactory in all respects to the Sellers and Sellers' Counsel.

8.2 Procedure Upon Failure to Satisfy Conditions Prior to Closing Date. In the event that, in any Seller's opinion, any of the conditions precedent set forth in Section 8.1, above, have not been satisfied as of the Closing Date, the Shareholder Representative shall notify Purchaser in writing indicating the Sellers' election to

(a) waive such condition precedent, or (b) terminate this Agreement pursuant to Section 12.1, below. In lieu of the foregoing, Purchaser and Sellers may agree to consummate the transactions contemplated by this Agreement on such additional or modified terms as are agreed to in writing by Purchaser and Sellers.

ARTICLE IX

CLOSING

9.1 Time and Place. The Closing shall take place on the Closing Date at the offices of Sellers' Counsel in Charlotte, North Carolina, or at such other place as the parties may agree in writing.

9.2 Closing Transactions. All documents and other instruments required to be delivered at the Closing shall be regarded as having been delivered simultaneously, and no document or other instrument shall be regarded as having been delivered until all have been delivered.

9.3 Deliveries by Sellers to Purchaser. At the Closing, Sellers shall deliver or cause to be delivered to Purchaser:

(a) Certificates duly endorsed for transfer representing the Shares;

(b) The legal opinions of Sellers' Counsel (including the supporting legal opinions of Texas and Mexico counsel, as necessary) in substantially the form attached hereto as Exhibit F;

(c) Certificate of good standing for the Company and Wermex issued by the appropriate officials of the jurisdictions in which each are incorporated.

(d) A certificate executed by Dr. Walter E. Rudisch and Jacqueline D. Rudisch dated the Closing Date certifying that all representations and warranties of the Company and the Sellers, respectively, contained in any Acquisition Agreement, including the information contained in the Schedules, as amended, are true and correct in all material respects on and as of the Closing Date, unless expressly made as of some other date, in which case such representation and warranty shall continue to be true as of such other date, and that the conditions specified in Section 7.1(b) have been satisfied as of the Closing Date;

(e) Executed copies prepared for mailing to each party to a Required Consent Contract where such party's Consent is necessary to continue the Company's rights and obligations under such Contract after the Closing, of a written request that such party provide such Consent to the Company as soon as possible.

(f) Such other instruments and documents as are (i) required by any other provisions of this Agreement or (ii) reasonably necessary in the opinion of Purchaser to effect the performance of the Acquisition Agreements by Sellers and the Company.

9.4 Deliveries by Purchaser to Sellers. At the Closing, Purchaser shall deliver or cause to be delivered to Sellers:

(a) Preliminary Purchase Price specified in Section 3.2(a);

(b) The legal opinion of Purchaser's Counsel in substantially the form attached hereto as Exhibit G;

(c) Certificate of good standing for Purchaser issued by the Secretary of State of the State of California;

(d) A certificate of Purchaser executed by an executive officer of Purchaser, dated the Closing Date, certifying that all representations and warranties of Purchaser contained in any Acquisition Agreement are true and correct in all material respects on and as of the Closing Date, unless expressly made as of some other date, in which case such representation and warranty shall continue to be true as of such other date, and that the conditions required by Section 8.1(b) to be complied with or performed by Purchaser have been complied with or performed in all material respects;

(e) A copy of all resolutions duly adopted by the Board of Directors of Purchaser authorizing the execution and delivery of the Acquisition Agreements and the consummation of the transactions contemplated thereby, duly certified as of the Closing Date by the Secretary of Purchaser;

(f) Such other instruments and documents as are (i) required by any other provisions of this Agreement or (ii) reasonably necessary in the opinion of Sellers to effect the performance of the Acquisition Agreements by Purchaser.

ARTICLE X

POST-CLOSING OBLIGATIONS

10.1 Post-Closing Adjustment.

(a) Sellers shall prepare a reconciliation of the Physical Inventory with the Inventory value shown in the Interim Financial Statements no later than August 15, 1993 (the "Inventory Reconciliation"). A copy thereof shall be delivered to Purchaser and Purchaser's Accountants as soon as practicable but in no event later than 15 days following the Closing.

(b) If Purchaser does not notify Sellers in writing of any objection to the Inventory Reconciliation within fifteen (15) days of receipt thereof, no Post Closing Adjustment will be required.

(c) If within fifteen (15) days of receipt thereof, Purchaser notifies Sellers of a disagreement with the Inventory Reconciliation ("Notice of Disagreement"), such notification shall be in writing and in sufficient detail to permit Sellers and the Company's Accountants to evaluate Purchaser's objections. If the parties and their respective accountants are unable to reach agreement within fifteen (15) days from the Notice of Disagreement, the disputed points shall be submitted to final and binding arbitration by KPMG Peat Marwick as such arbitrator. Any such arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association and shall be conducted in Charlotte, North Carolina.

(d) The determination of the arbitrator shall be final and shall determine the Final Inventory Reconciliation.

(e) The fees and expenses of the arbitrator shall be divided equally by Sellers and Purchaser.

(f) If the net Inventory value reflected on the Final Inventory Reconciliation is less than that reflected on the Interim Financial Statements, then the Sellers shall refund the difference (the "Refund Amount") to Purchaser within five (5) business days (the "Payment Date") of the date that the Inventory Reconciliation is deemed the Final Inventory Reconciliation pursuant to Section 10.1(b) or the date that the parties resolve their disagreement with respect to the Inventory Reconciliation by amicable resolution or arbitration, together with simple interest at

the per annum prime rate of interest of Nationsbank of North Carolina, N.A. (the "Interest Rate") as of the Closing Date from the Closing Date on the actual days elapsed based on a 365 day year. If the Refund Amount is not paid on the Payment Date, then the interest on the Refund Amount shall increase to two and one-half (2½) times the Interest Rate as of the Closing Date. Each Seller shall be liable only for the payment of such Seller's Shareholder Percentage of the Refund Amount plus accrued interest, if any, on such portion of the Refund Amount.

10.2 Further Assurance and Assistance. After the Closing Date, Sellers and Purchaser shall, from time to time, upon the reasonable request of the other party and without further consideration thereof, execute, acknowledge and deliver in proper form any instrument necessary or reasonably desirable to consummate the transactions contemplated by the Acquisition Agreements.

10.3 Confidentiality. Other than in connection with any governmental audit or investigation or as required by law, Sellers shall, and shall cause their agents and representatives to, hold in confidence and not disclose to any third party or use any confidential information set forth in the Books and Records, any proprietary information Sellers possess with respect to the Company or the Business, or any of Purchaser's proprietary information, without the prior written consent of Purchaser, which consent may be withheld by Purchaser in its sole discretion.

10.4 Assignment and Assumption of Required Consent Contracts. With respect to the Required Consent Contracts, Sellers shall use their reasonable best efforts to obtain a Consent from the other party thereto.

10.5 Employment of Employees.

(a) It is the intention of the parties that the individuals listed on Schedule 4.21 will continue to be employees of the Company after the Closing and except as provided for in this Section 10.5, will be subject to Purchaser's employment policies thereafter. The Sellers, the Company and the Purchaser agree to use their best efforts to accomplish these objectives.

(b) The parties acknowledge and agree that the Company shall provide the accrued vacation benefits reflected in the Interim Financial Statements and that none of such benefits shall be paid in cash at the Closing.

(c) Purchaser shall give all employees credit, for vesting purposes only, in Purchaser's Employee Benefit Plans for service with the Company.

(d) The covenants and agreements of Purchaser and Sellers set forth in this Section 10.5 shall not be deemed to create for any employee employment with the Company, or Purchaser, on any basis other than an "at will" basis.

ARTICLE XI

INDEMNIFICATION

11.1 Indemnification By Purchaser. Purchaser shall indemnify and hold harmless Sellers from and against all liability, obligation, claim, loss, cost, damage and expense, including reasonable attorneys' fees and accountants' fees incurred in prosecuting or defending any claim for any such liability, loss or damage (collectively, "Sellers' Losses"), arising out of or resulting from:

(a) The untruth or inaccuracy of any representation or breach of warranty by Purchaser contained in any Acquisition Agreement (but excluding any such misrepresentation or breach of warranty which Sellers expressly waive in writing on or before the Closing Date);

(b) Any loss, damage, claim or liability incurred by Sellers arising from the operation of the Business after the Closing Date;

(c) Any liability arising out of any acts or omissions of Purchaser or any fiduciaries or trustees of any employee benefit plan of the Company as defined in Section 3.3 of ERISA occurring after the Closing Date in connection with the operation or administration of any such employee benefit plan of the Company;

(d) Any Tax with respect to the Company or the Business arising from taxable periods or portions thereof beginning after the Closing Date;

(e) The nonfulfillment of any covenant or agreement by Purchaser contained in any Acquisition Agreement; and

(f) Any Environmental Liabilities of Purchaser.

11.2 Indemnification by Sellers. Each Seller, severally and not jointly, shall indemnify and hold harmless Purchaser and all of its officers, directors, employees, shareholders and agents from and against all liabilities, obligations, claims, losses, costs, damages and expenses, including reasonable attorneys' fees and accountants' fees incurred in prosecuting or defending any claim for any such liability, loss or damage (collectively, "Purchaser's Losses") arising out of or resulting from:

(a) The untruth or inaccuracy of any representation or breach of warranty by such Seller contained in any Acquisition Agreement excluding any such misrepresentation or breach of warranty which Purchaser expressly waived in writing on or before the Closing Date;

(b) Any income, franchise or any other Tax imposed on income or gain realized by such Seller as a result of the transactions contemplated hereby;

(c) Any Tax with respect to the Company or the Business for taxable years or portions thereof ending on or before the Closing Date;

(d) Any liability resulting from the failure of the Company to provide on or prior to the Closing Date all notices required by COBRA;

(e) Any liability arising out of any acts or omissions of the Company or any fiduciaries or trustees of any Employee Benefits Plan of the Company as defined in Section 3(3) of ERISA occurring prior to the Closing Date in connection with the operation or administration of any such employee benefit plan of the Company;

(f) The nonfulfillment of any covenant or agreement by the Company or such Seller contained in any Acquisition Agreement;

(g) Any Environmental Liabilities of Sellers; and

(h) any failure of the Company to qualify to transact business in any jurisdiction in which the Company is or was required to qualify to transact business on or before the Closing Date (without regard to any minimums or other limitations described in Section 11.5);

11.3 Procedure for Indemnification.

(a) If Purchaser or any Seller shall claim indemnification hereunder arising from any claim or demand

of a third party, the party seeking indemnification (the "indemnitee") shall promptly notify the party from whom indemnification is sought (the "indemnitor") in writing of the basis for such claim or demand, setting forth the nature of the claim or demand in reasonable detail. The indemnitor shall have the right to compromise or, if appropriate, defend at its own cost and through counsel of its own choosing, any claim for indemnification. The failure of the indemnitee to so notify the indemnitor shall not relieve the indemnitor of any indemnification obligation hereunder unless the indemnitor shall have been materially prejudiced thereby. In the event the indemnitor undertakes to compromise or defend any such claim or demand, it shall promptly notify the indemnitee in writing of its intention to do so and shall give the indemnitee such security in that regard as the indemnitee reasonably may request. The indemnitee shall fully cooperate with the indemnitor and its counsel in the defense or compromise of such claim or demand, provided that all reasonable out-of-pocket expenses incurred by indemnitee shall be paid by indemnitor. After the assumption of the defense by the indemnitor, the indemnitor shall not be liable for any legal or other expenses subsequently incurred by the indemnitee, in connection with such defense, other than reasonable costs of investigation, but the indemnitee may participate in such defense at its own expense. If the indemnitor fails or refuses to undertake such defense within thirty (30) days after receiving notice that a claim has been made, the indemnitee shall have the right to assume and control the defense of such claim in such manner as it reasonably deems appropriate, at the sole cost and expense of the indemnitor. No settlement of a third party claim or demand defended by the indemnitee shall be made without the written consent of the indemnitor. The indemnitor shall not, except with the written consent of the indemnitee, consent to the entry of a judgment or settlement which does not include as an unconditional term thereof, the giving by the claimant or plaintiff to the indemnitee of an unconditional release from all liability in respect of such third party claim or demand.

(b) If either party shall claim indemnification hereunder for any claim other than third party claims, the indemnitee shall promptly notify the indemnitor in writing of the basis for such claim, setting forth the nature and amount of the damages (including interest) resulting from such claim in reasonable detail; and after determination of the validity therefor payment shall be made by the indemnitor.

(c) Interest shall accrue on the unpaid amount of all indemnification obligations hereunder at the

per annum prime rate of interest of NationsBank of North Carolina, N.A. in effect from time to time based on the actual number of days elapsed from the date each indemnification obligation becomes due and owing until paid in full and based on a 365 day year. If any indemnification payment for which indemnification is required hereunder is not made within two days of the date of a final non-appealable judgment or the date the respective parties have agreed to such indemnification payments, then such payment shall bear interest at a per annum rate of eighteen percent.

11.4 Period of Indemnity. The indemnities contained in this Article XI shall expire as follows:

(a) Purchaser's indemnification obligations

(i) under Sections 11.1(a) and 11.1(e) shall expire on the first anniversary of the Closing Date;

(ii) there shall be no limitation period with respect to Purchaser's indemnification obligations under Section 11.1 (b), (c), (d) and (f) which shall survive the Closing Date indefinitely, and

(b) Sellers' indemnification obligations,

(i) under Sections 11.2(a), 11.2(f) and 11.2(h) shall expire on the first anniversary of the Closing Date;

(ii) There shall be no limitation period with respect to Sellers' indemnification obligations under Sections 11.2 (b), (c), (d), (e), and (g) which shall survive the Closing Date indefinitely.

(c) Notwithstanding the foregoing, with respect to Sellers' Losses or Purchaser's Losses, as the case may be, as to which notice has been given pursuant to Section 11.3, the indemnification period shall be extended until the final resolution of such loss.

11.5 Limitation of Liability:

(a) Except as otherwise provided herein, no claim for indemnification under Section 11.1(a) and (e) and Section 11.2(a), (f) and (h) shall be asserted by any party hereto unless the amount of the losses, cost, damages or expenses with respect to such claim exceeds \$10,000 and no indemnification shall be required to be made by any indemnifying party with respect to any Loss of an indemnitee under this Article XI until the aggregate amount of the

indemnitee's Losses exceeds an amount equal to \$100,000 (the "Aggregate Amount"), and then only to the extent of the excess of such aggregate amount.

(b) Notwithstanding the foregoing paragraph (a), Purchaser shall make no claim for indemnification under Section 11.2 (b) or (c) unless the amount of Purchaser's Losses for such claim exceeds \$10,000, and in such event Sellers shall indemnify Purchaser for the full amount of any such Purchaser's Losses with respect to any such claims; provided, however, that any Purchaser's Losses of the type described in Section 11.2 (b) or (c) in an amount less than, equal to or greater than \$10,000 shall in any event be aggregated in the Aggregate Amount described in the foregoing paragraph (a).

(c) No Seller shall be liable for any claim for indemnification hereunder in excess of such Seller's Shareholder Percentage of such claim, and no Seller shall have any liability for claims for indemnification to the extent the amount of such claim, plus the aggregate amount of indemnification payments theretofore made by such Seller hereunder, exceeds such Seller's portion of the Purchase Price, as reflected on Exhibit A. Purchaser agrees and acknowledges that the aggregate Shareholder Percentage is 96.69% and that Purchaser shall have no indemnification right with respect to the remaining 3.31% of any claim.

11.6 Exclusive Remedy; Survival. The parties hereto agree that the remedies provided by this Article shall be exclusive with respect to the claims brought under Sections 11.1 and 11.2; provided, however, that the remedies provided in this Article shall not preclude any party from pursuing any other remedy not for a breach of contract such as relating to a cause of action in tort. The parties hereto agree that the representations and warranties of Purchaser and Sellers shall survive only to the extent provided in Section 11.4, and that the Sellers shall have no claim against the Company after the Closing Date based upon any breach of any representation or warranty of the Company contained herein.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Purchaser and Sellers;

(b) by written notice by either Purchaser, on the one hand, or Sellers on the other hand, if there has been a material misrepresentation or breach of warranty or breach of covenant on the part of the other party in the representations and warranties or covenants set forth in this Agreement;

(c) by written notice by either Purchaser or Sellers if the material adverse changes identified in 7.1(r) have occurred, or if the Closing has not occurred by August 31, 1993, provided that neither Purchaser nor Sellers will be entitled to terminate this Agreement pursuant to this subsection if its willful breach of this Agreement has prevented the consummation of the transactions contemplated hereby. A decision not to terminate the Agreement after notice of a material misrepresentation or breach of warranty or covenant prior to Closing, receipt of which notice is acknowledged in writing by Purchaser or Sellers, as the case may be, shall constitute a waiver thereof as provided in Sections 7.2 and 8.2; or

(d) by written notice by either Purchaser or Sellers upon any violation of the Confidentiality Letters by the Company or Purchaser, respectively.

12.2 Liability on Termination. In the event of termination of this Agreement as provided in Section 12.1, above, no party hereto shall have any liability hereunder of any nature whatsoever to the other (except for expenses as provided in Section 12.3 and obligations under the Confidentiality Letters), including any liability for damages.

12.3 Expenses. Except as otherwise specifically provided herein, each party shall pay its own expenses, including fees of counsel and accountants incurred in connection with the Acquisition Agreements and the transactions contemplated hereby and thereby; provided, however, that the Company shall not incur or pay the expenses of Sellers' Counsel or the Company's Accountants, or any other advisor or consultant to Sellers and the Company, in connection with the negotiation or preparation of this Agreement or the Acquisition Agreement or in connection with any of the actions to be taken hereunder, and all such expenses shall be paid by Sellers;

12.4 Survival. All representations, warranties, covenants and agreements made by Purchaser or Sellers in this Agreement and any other Acquisition Agreement or in any statement, deed, certificate, instrument or other document delivered pursuant hereto or thereto or otherwise in connection herewith or therewith -- each of which

representations, warranties, covenants and agreements is strictly relied upon -- shall survive the Closing.

12.5 Public Announcements. From and after the date hereof, except as Purchaser and Sellers may otherwise agree, neither Purchaser nor Sellers shall make any release of information regarding matters relating to the transactions contemplated hereby except (i) Purchaser and Sellers may each continue such communications with their respective employees, customers, licensees, suppliers, lenders and lessors as may be necessary or appropriate and not inconsistent with the best interests of the other party for the prompt consummation of the transactions contemplated by this Agreement or to obtain the necessary Consents under the Required Consent Contracts or (ii) as required by law; provided, however, that Purchaser and Sellers shall use their best efforts to consult with each other prior to making a public announcement regarding matters relating to the transactions contemplated by this Agreement.

12.6 Notices. All notices or other communications required or permitted by this Agreement shall be in writing and shall be deemed to have been duly given (i) upon receipt if delivered in person or by facsimile transmission if confirmed by return facsimile transmission (ii) one business day after delivery to the carrier if notice is sent by Federal Express or some other reputable overnight courier, or (iii) three days after such notice is mailed by certified or registered mail, return receipt requested, postage pre-paid, and addressed as follows:

(a) if to Purchaser:

Pacific Scientific Company
620 Newport Center Drive,
Suite 700
Newport Beach, CA 92658
Attention: Mr. Richard V. Plat,
Executive Vice President
Telephone No.: (714) 720-1714
FAX No.: (714) 720-1083

with a copy to:

Thomas R. Lamia, Esq.
Paul, Hastings, Janofsky & Walker
399 Park Avenue, 31st Floor
New York, NY 10022
Telephone No.: (212) 318-6015
FAX No.: (212) 319-4090

(b) if to Sellers or the Company:

Dr. Walter E. Rudisch
Shareholder Representative
5601 S.W. 136th Avenue
Fort Lauderdale, Florida 33330
Telephone No.: (305) 434-3106
FAX No.: (305) 434-3107

with a copy to:

Gibson L. Smith, Jr.
Robinson, Bradshaw & Hinson, P.A.
1900 Independence Center
101 N. Tryon Street
Charlotte, NC 28246
Attention:
Telephone No.: (704) 377-8306
FAX No.: (704) 378-4000

or such other addresses as may be specified by either party hereto pursuant to notice given by such party in accordance with the provisions of this Section 12.6.

12.7 Benefit of the Agreement. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns.

12.8 Headings. The heading used in this Agreement are for convenience only, shall not be deemed to constitute a part hereof, and shall not be deemed to limit, characterize or in any way affect the provisions of this Agreement.

12.9 Entire Agreement. The Acquisition Agreements, together with the Confidentiality Letters, contain the entire agreement and understanding of the parties with respect to the subject matter hereof, supersede all prior agreements of the parties relating to the subject matter hereof, including without limitation that certain letter of intent dated June 30, 1993 among the parties, as amended, and no other representations, promises, agreement or understandings regarding the subject matter hereof shall be of any force or effect unless in writing, executed by the party to be bound and dated on or subsequent to the date hereof.

12.10 Number. Wherever from the context it appears appropriate, each item stated in either the singular

or plural herein shall be deemed to include the other without otherwise changing the meaning thereof.

12.11 Modifications and Waivers. Except as specifically provided herein with regard to the power of the Shareholder Representative to bind the Sellers, no change, modification or waiver of any provision of this Agreement shall be valid or binding unless it is in writing dated subsequent to the date hereof and signed by the parties intended to be bound. No waiver of any breach, term or condition of this Agreement by any party shall constitute a subsequent waiver of the same or any other breach, term or condition.

12.12 Assignment. This Agreement may not be assigned by any party without prior written consent of the other parties except that Purchaser may assign its rights hereunder to any wholly owned subsidiary of Pacific Scientific Company.

12.13 Separable Provisions. If any provision of this Agreement shall be held invalid or unenforceable, the remainder nevertheless shall remain in full force and effect.

12.14 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.15 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

12.16 Recital, Schedules and Exhibits. The recitals, schedules and exhibits to this Agreement are incorporated herein and, by this reference, made a part hereof as if fully set forth at length herein.

12.17 No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and their respective permitted successors and assigns or personal representatives, any interest in, or any rights or remedies under or by reason of, this Agreement.

12.18 Termination of Shareholders Agreement. Each of the Sellers who is a party to the Shareholders Agreement agrees that effective as of the Closing Date the Shareholders Agreement shall terminate and no longer be of any force or effect, and further amend the Shareholders

Agreement to provide that the sale by the Sellers of their Shares to Purchaser as contemplated hereby shall not be subject to any of the restrictions set forth in the Shareholders Agreement and consent to such transfer.

12.19 Furniture and Artwork. Notwithstanding anything in this Agreement to the contrary, all of the Company's right, title and interest in the furniture and artwork listed on Schedule 12.19 shall be transferred jointly to Dr. Walter E. Rudisch and Jacqueline D. Rudisch; provided that the Company shall make no representation and warranty regarding its title to, or the status of title to, such furniture and artwork and that such transfer does not conflict with the terms of the lease relating to the property located at 3891 Marlette Road, York, South Carolina.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the date first above written.

SELLERS:

[Signature]
Dr. Walter E. Rudisch

[Signature]
Jacqueline D. Rudisch

[Signature]
Bernard Janis

Gerda Janis

Marvin Kimmel

Robert A. Kimmel

Steven J. Green

Joseph J. Dempsey, Jr.

Charles B. Moss, Jr.

Dieter Böhm

Herbert Götz

Gerhard Kummer

Horst Polchau

THE COMPANY:

POWERTEC INDUSTRIAL CORPORATION

By: [Signature]
Dr. Walter E. Rudisch,
President

PURCHASER:

PACIFIC SCIENTIFIC COMPANY

By: [Signature]
Richard V. Plat,
Senior Vice President

[signatures continued]

SCHEDULE 1.48

<u>Trademark</u>	<u>Application Serial No.</u>	<u>Registration No.</u>
DIGIMAX	741315,751	1,767,339
DIGI-TRAK	74/337,066	T.B.D.
BCD MAX	NEW APPLICATION IN PROGRESS	
COMM MAX	NEW APPLICATION IN PROGRESS	

RECEIVED
NOV 18 1998

PATENTS

DESCRIPTION

4,839,547

MOTOR FRAME AND MOTOR WITH INCREASED COOLING CAPACITY.

Inventors: Robert E. Lordo, Walter E. Rudisch

ADAMS LAW FIRM, P.A.