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(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)

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DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Tab settings ⇨ ⇨ ⇨

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

1. Name of conveying party(ies):

ATLAS SNOWSHOE COMPANY, INC.

- ☐ Individual(s)
- ☐ Association
- ☐ General Partnership
- ☐ Limited Partnership
- ☒ Corporation-State (California)
- ☐ Other

Additional name(s) of conveying party(ies) attached? ☐ Yes ☐ No

2. Name and address of receiving party(ies)

Name: ATLAS ACQUISITION COMPANY, LLC

Internal Address:

Street Address: 52 River Road

City: Stowe State: VT Zip: 05672

- ☐ Individual(s) citizenship
- ☐ Association
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Corporation-State
- ☒ Other Limited Liability Company of Delaware

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(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment
- ☐ Merger
- ☐ Security Agreement
- ☐ Change of Name
- ☒ Other Asset Purchase Agreement

Execution Date: March 3, 1999

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
2390080

Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Jean A. Burns

Internal Address:

Street Address: Gibson, Dunn & Crutcher LLP

1801 California St., Suite 4100

City: Denver State: CO Zip: 80202

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....$ 25.00

- ☒ Enclosed
- ☒ Authorized to be charged to deposit account for any deficiency of fees

8. Deposit account number:

50-0792

(Attach duplicate copy of this page if paying by deposit account)

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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.

Jean A. Burns — Name of Person Signing

Signature

November 6, 2003 — Date

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

CERTIFICATE OF MAILING

I hereby certify that this document was placed in the U.S. Mail, first class, postage pre-paid and addressed to: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on the 6th day of November, 2003:

by

Jean A. Burns

FINAL
EXECUTED

ASSET PURCHASE AGREEMENT

BY AND AMONG

ATLAS ACQUISITION COMPANY, LLC

TUBBS SNOWSHOE COMPANY, LLC

ATLAS SNOWSHOE COMPANY, INC.

AND

PERRY KLEBAHN

ASSET PURCHASE AGREEMENT

TABLE OF CONTENTS

Disclosure Schedule

Schedule 1.1.(a)	-	Leased Real Property
Schedule 1.1.(d)	-	Personal Property Leases
Schedule 1.1.(f)	-	Assumed Contracts (Not Otherwise Scheduled)
Schedule 3.4	-	Purchase Price Allocation
Schedule 4.3	-	Violation, Conflict, Default
Schedule 4.4	-	Financial Statements
Schedule 4.5.(b)	-	Tax Returns (Exceptions to Representations)
Schedule 4.5.(c)	-	Tax Audits
Schedule 4.5.(f)	-	Tax, Other
Schedule 4.6	-	Accounts Receivable (Aged Schedule)
Schedule 4.7	-	Inventory Off Premises
Schedule 4.8	-	Certain Changes
Schedule 4.9	-	Off-Balance Sheet Liabilities
Schedule 4.10	-	Litigation Matters
Schedule 4.11(a)	-	Non-Compliance with Laws
Schedule 4.11(b)	-	Licenses and Permits
Schedule 4.11(c)	-	Environmental Matters (Exceptions to Representations)
Schedule 4.12(a)(i)	-	Pre-Closing Liens
Schedule 4.12(a) (ii)	-	Post-Closing Liens
Schedule 4.13	-	Insurance
Schedule 4.14.(d)	-	Sales Commitments
Schedule 4.14.(e)	-	Service Contracts
Schedule 4.14.(h)	-	Loan Agreements, etc.
Schedule 4.14.(i)	-	Guarantees
Schedule 4.14(k)	-	Material Contracts
Schedule 4.15	-	Labor Matters
Schedule 4.16(a)	-	Employee Plans/Agreements
Schedule 4.17	-	Employment Compensation
Schedule 4.18	-	Trade Rights
Schedule 4.19(a)	-	Major Customers
Schedule 4.19(b)	-	Major Suppliers
Schedule 4.19(c)	-	Dealers and Distributors
Schedule 4.20	-	Product Warranty, Warranty Expense and Liability Claims
Schedule 4.21	-	Bank Accounts
Schedule 4.22(a)	-	Contracts with Affiliates
Schedule 4.22(c)	-	Obligations of and to Affiliates
Schedule 4.23	-	Year 2000 Compliance Matters

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement") dated March 3, 1999, by and among TUBBS SNOWSHOE COMPANY, LLC, a Delaware limited liability company ("Tubbs"), ATLAS ACQUISITION COMPANY, LLC, a Delaware limited liability company ("Buyer") and a wholly owned subsidiary of Tubbs and ATLAS SNOWSHOE COMPANY, INC. ("Company") and PERRY KLEBAHN ("Shareholder"). Shareholder is a party to this Agreement only for the purposes of Shareholder's covenants set forth in Section 11.2 below.

RECITALS

A. Company is engaged in manufacture and sale of snowshoes and related products and accessories (the "Business").

B. Company's facilities consist of leased facilities located at 1830 Harrison Street, San Francisco, California (the "Facilities").

C. Buyer desires to purchase from Company, Tubbs desires to cause Buyer to purchase from Company, Company desires to sell to Buyer and the Board of Directors of Company has recommended and Shareholder has agreed that Company sell, the business and substantially all of the property and assets of Company.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows.

1. PURCHASE AND SALE OF ASSETS

1.1. Assets to be Transferred. Subject to the terms and conditions of this Agreement, on the Closing Date (as hereinafter defined) Company shall sell, transfer, convey, assign, and deliver to Buyer, and Buyer shall, and Tubbs shall cause Buyer to, purchase and accept all of the business, rights, claims and assets (of every kind, nature, character and description, whether real, personal or mixed, whether tangible or intangible, whether accrued, contingent or otherwise, and wherever situated) of Company, together with all rights and privileges associated with such assets and with the business of the Company, other than the Excluded Assets (as hereinafter defined) (collectively the "Purchased Assets"). The Purchased Assets shall include, but not be limited to, the following:

1.1. (a) Leased Real Property. All of the leases of real property with respect to real property leased by Company, including the leases (the "Real Property Leases") described on Schedule 1.1(a) with respect to the real property described thereon (the "Leased Real Property").

1.1. (b) Personal Property. All machinery, equipment, vehicles, tools, supplies, spare parts, furniture and all other personal property (other than personal property leased pursuant to Personal Property Leases as hereinafter defined) owned, utilized or held for use by Company on the Closing Date.

1.1. (c) Inventory. All inventories of raw materials, work-in-process and finished goods (including all such in transit), and service and repair parts, supplies and components held for resale by Company on the Closing Date, together with related packaging materials (collectively the "Inventory").

1.1. (d) Personal Property Leases. All leases of machinery, equipment, vehicles, furniture and other personal property leased by Company, including all such leases (the "Personal Property Leases") described in Schedule 1.1(d).

1.1. (e) Trade Rights. All the Company's interest in any Trade Rights. As used herein, the term "Trade Rights" shall mean and include: (i) all trademark rights, business identifiers, trade dress, service marks, trade names, and brand names; (ii) all copyrights and all other rights associated therewith and the underlying works of authorship; (iii) all patents and all proprietary rights associated therewith; (iv) all contracts or agreements granting any right, title, license or privilege under the intellectual property rights of any third party; (v) all inventions, mask works and mask work registrations, know-how, discoveries, improvements, designs, trade secrets, shop and royalty rights, employee covenants and agreements respecting intellectual property and non-competition and all other types of intellectual property; and (vi) all registrations of any of the foregoing, all applications therefor, all goodwill associated with any of the foregoing, and all claims for infringement or breach thereof.

1.1. (f) Contracts. All the Company's rights in, to and under all contracts, purchase orders and sales orders (hereinafter "Contracts") of Company, including, but not limited to, all such Contracts listed in Schedule 1.1(a), 1.1(d) and 1.1(f). To the extent that any Contract for which assignment to Buyer is provided herein is not assignable without the consent of another party, this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. Company and Buyer agree to use their reasonable best efforts (without any requirement on the part of Buyer to pay any money or agree to any change in the terms of any such Contract) to obtain the consent of such other party to the assignment of any such Contract to Buyer in all cases in which such consent is or may be required for such assignment. If any such consent shall not be obtained, Company agrees to cooperate with Buyer in any reasonable arrangement designed to provide for Buyer the benefits intended to be assigned to Buyer under the relevant Contract, including enforcement at the cost and for the account of Buyer of any and all rights of Company against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise. If and to the extent that such arrangement cannot be made, Buyer, upon

notice to Company, shall have no obligation pursuant to Section 2.1 or otherwise with respect to any such Contract and any such Contract shall not be deemed to be a Purchased Asset hereunder.

1.1. (g) Computer Software. All computer source codes, programs and other software of Company, including all machine readable code, printed listings of code, documentation and related property and information of Company.

1.1. (h) Literature. All sales literature, promotional literature, catalogs and similar materials of Company.

1.1. (i) Records and Files. All records and files of Company of every kind including, without limitation, invoices, customer and vendor lists, blueprints, specifications, designs, drawings, and operating and marketing plans, and all other documents, tapes, discs, programs or other embodiments of information of Company.

1.1. (j) Notes and Accounts Receivable. All notes, drafts and accounts receivable of Company.

1.1. (k) Cash. All cash of Company.

1.1. (l) Licenses; Permits. All licenses, permits, approvals, certifications and listings of Company.

1.1. (m) Corporate Name. The name "Atlas Snowshoe Company, Inc." and all rights to use or allow others to use such name.

1.1. (n) General Intangibles. All prepaid items, all causes of action arising out of occurrences before or after the Closing, and other intangible rights and assets.

1.2. Excluded Assets. The provisions of Section 1.1 notwithstanding, Company shall not sell, transfer, assign, convey or deliver to Buyer, and Buyer will not purchase or accept the following assets of Company (collectively the "Excluded Assets"):

1.2. (a) Consideration. The consideration delivered by Buyer to Company pursuant to this Agreement.

1.2. (b) Corporate Franchise. Company's franchise to be a corporation, its certificate of incorporation, corporate seal, stock books, minute books and other corporate records having exclusively to do with the corporate organization and capitalization of Company. Buyer shall have reasonable access to such books and records and may make excerpts therefrom and copies thereof.

2. ASSUMPTION OF LIABILITIES

2.1. Liabilities to be Assumed. As used in this Agreement, the term "Liability" shall mean and include any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured. Subject to the terms and conditions of this Agreement, on the Closing Date, Buyer shall assume and agree to perform and discharge the following, and only the following Liabilities of Company (collectively the "Assumed Liabilities"):

2.1. (a) Balance Sheet Liabilities. The accounts payable and accrued Liabilities reflected or reserved against on the Recent Balance Sheet (as hereinafter defined), but only in the amounts so reflected or reserved to the extent not paid or discharged prior to Closing and commercial liabilities of a similar kind and nature incurred since the date of the Recent Balance Sheet in the ordinary course of business and consistent with past practice.

2.1. (b) Indebtedness for Borrowed Money. The indebtedness for borrowed money from Union Bank of California, N.A. and California Economic Development Lending Initiative ("CEDLI") reflected or reserved against on the Recent Balance Sheet, as such indebtedness has increased or decreased in the ordinary course of business since the date of the Recent Balance Sheet, provided that with respect to term indebtedness for borrowed money from Union Bank of California, N.A. and CEDLI, the amount being assumed by Buyer shall not exceed $254,000.

2.1. (c) Contractual Liabilities. Company's Liabilities arising from and after the Closing Date under and pursuant to the following Contracts:

(i) All Contracts described in any of Schedules 1.1. (a), 1.1. (d), 1.1 (f), 4.14(d), 4.14(e), 4.14 (h) or 4.14(k).

(ii) All other Contracts entered into by Company in the ordinary course of its business which are not required to be listed in any of Schedules 1.1(a), 1.1(d), 1.1(f), 4.14(d), 4.14(e), 4.14(h) or 4.14(k) and do not involve performance over a period of more than 12 months after the Closing Date.

The Contracts described in subsections 2.1(c) (i) and (ii) above are hereinafter collectively described as the "Assumed Contracts."

2.1. (d) Liabilities Under Permits and Licenses. Company's Liabilities arising from and after the Closing Date under any permits or licenses listed in Schedule 4.11.(b) and assigned to Buyer at the Closing.

2.2. Liabilities Not to be Assumed. Except as and to the extent specifically set forth in Section 2.1, Buyer is not assuming any Liabilities of Company and all such Liabilities shall be and remain the responsibility of Company. Notwithstanding the provisions of Section 2.1, Buyer is not assuming and Company shall not be deemed to have transferred to Buyer the following Liabilities of Company:

2.2. (a) Certain Contracts. The Liabilities of Company under and pursuant to the following contracts and leases:

(i) Atlas Snowshoe Company, Inc. Shareholder Agreement, dated January 2, 1995 between Company and Shareholder;

(ii) Option Exercise Agreement and General Release Agreement, dated March 3, 1999, between Company and Dean Schorno;

(iii) Option Exercise Agreement and General Release Agreement, dated March 3, 1999, between Company and Daniel Emerson;

(iv) Option Exercise and General Release Agreement, dated March 3, 1999, between Company and Michael McDonald; and

(v) Early Termination Agreements with Michael McDonald and Jim Bois D'Enghoen.

2.2. (b) Taxes Arising from Transaction. Any taxes applicable to, imposed upon or arising out of the sale or transfer of the Purchased Assets to Buyer and the other transactions contemplated by this Agreement, including but not limited to any income, transfer, sales, use, gross receipts or documentary stamp taxes.

2.2. (c) Income and Franchise Taxes. Any Liability of Company for Federal income taxes and any state or local income, profit or franchise taxes (and any penalties or interest due on account thereof) for the period prior to the Closing Date.

2.2. (d) Insured Claims. Any Liability of Company arising solely out of events occurring prior to the Closing Date insured against, to the extent such Liability is or will be paid by an insurer.

2.2. (e) Product Liability. Any Liability of Company arising out of or in any way relating to or resulting from any product sold prior to the Closing Date (including any Liability of Company for claims made for injury to person, damage to property or other damage, whether made in product liability, tort, breach of warranty or otherwise), except only that Buyer is assuming Company's Liabilities under and pursuant to Company's standard written product warranty on products currently produced by the Company as set forth in Schedule 4.20, to the extent of the reserve

carried on the Recent Balance Sheet as increased or decreased in the ordinary course of business since the date of the Recent Balance Sheet.

2.2. (f) Litigation Matters. Any Liability with respect to any action, suit, proceeding, arbitration, investigation or inquiry, whether civil, criminal or administrative ("Litigation"), whether or not described in Schedule 4.10 arising out of events occurring solely prior to the Closing Date.

2.2. (g) Infringements. Any Liability to a third party for infringement of such third party's Trade Rights arising out of events occurring prior to the Closing Date.

2.2. (h) Transaction Expenses. All Liabilities incurred by Company in connection with this Agreement and the transactions contemplated herein.

2.2. (i) Liability For Breach. Liabilities of Company for any breach or failure to perform any of Company's covenants and agreements contained in, or made pursuant to, this Agreement, or, prior to the Closing, any other contract, whether or not assumed hereunder, including breach arising from assignment of contracts hereunder without consent of third parties.

2.2. (j) Liabilities to Affiliates. Liabilities of Company to its present and former Affiliates, except obligations for compensation for services rendered as an employee pursuant to plans or practices disclosed in Schedule 4.16(a). For purposes of this Agreement, the term "Affiliate" shall mean and include all shareholders, directors and officers of Company' the spouse of any such person; any person who would be the heir or descendant of any such person if he or she were not living; and any entity in which any of the foregoing has a direct or indirect interest (except through ownership of less than 5% of the outstanding shares of any entity whose securities are listed on a national securities exchange or traded in the national over-the-counter market).

2.2. (k) Violation of Laws or Orders. Liabilities of Company for any violation of or failure to comply with any statute, law, ordinance, rule or regulation (collectively, "Laws") or any order, writ, injunction, judgment, plan or decree (collectively, "Orders") of any court, arbitrator, department, commission, board, bureau, agency, authority, instrumentality or other body, whether federal, state, municipal, foreign or other (collectively, "Government Entities").

2.2. (l) 1997 Equity Incentive Plan. Liabilities of Company under or pursuant to the 1997 Equity Incentive Plan, including Liabilities of Company under any Awards (as defined in such plan) granted under or pursuant to the 1997 Equity Incentive Plan, including under and pursuant to any Incentive Stock Option

Agreements pursuant to the Atlas Snowshoe Company, Inc. 1997 Equity Incentive Plan.

3. PURCHASE PRICE – PAYMENT

3.1. Definitions. As used in this Agreement, the following terms shall have the following meanings and values:

"Fiscal 2000 EBIT" shall mean earnings (or loss) of Buyer of the Business before interest expense and income and franchise taxes for the fiscal year April 1, 1999 through March 31, 2000 determined in accordance with generally accepted accounting principles.

"Fiscal 2001 EBIT" shall mean earnings (or loss) of Buyer of the Business before interest expense and income and franchise taxes for the fiscal year April 1, 2000 through March 31, 2001 determined in accordance with generally accepted accounting principles.

"Maximum Purchase Price" shall mean $6,300,000 plus the assumption of the Assumed Liabilities.

"Contingent Purchase Price Amount" shall mean the aggregate amounts, if any, payable by Buyer to Company pursuant to subsection 3.3(c) below.

For the purposes of computing Fiscal 2000 EBIT and Fiscal 2001 EBIT, Buyer shall account for the Business as a separate business entity and shall continue the business of the sale of snowshoes and related products and accessories diligently and in a manner substantially the same as such Business was operated before the Closing Date with such changes as Buyer deems necessary or appropriate in its judgment.

3.2. Purchase Price. The purchase price (the "Purchase Price") for the Purchased Assets shall be (i) the assumption of the Assumed Liabilities, plus (ii) the sum $3,900,000, plus (iii) the amount, if any, of the Contingent Purchase Price Amount.

3.3. Payment of Purchase Price. Up to the Maximum Purchase Price shall be paid by Buyer as follows:

3.3. (a) Assumption of Liabilities. At the Closing, Buyer shall deliver to Company such documents and instruments as are reasonably required to evidence the assumption of the Assumed Liabilities.

3.3. (b) Cash to Company. At the Closing, Buyer shall deliver to Company the sum of $3,900,000.

3.3. (c) Payment of Contingent Purchase Price Amount.

(i) Payment For Fiscal 2000 Performance. If Fiscal 2000 EBIT is $1,133,000 or more, Buyer shall pay to Company as additional purchase price the amount of $1,400,000. If Fiscal 2000 EBIT is $934,000 or less then no amount shall be payable pursuant to this subsection (i). If Fiscal 2000 EBIT shall be more than $934,000 but less than $1,133,000 Buyer shall pay to Company as additional purchase price the amount determined as follows: (x) $1,400,000, multiplied by (y) a fraction, the numerator of which shall be the amount of Fiscal 2000 EBIT in excess of $934,000 and the denominator of which shall be $199,000.

(ii) Payment for Fiscal 2001 Performance.

(A) If Company is entitled to the payment from Buyer to Company of $1,000,000 or more pursuant to subsection 3.3(c)(i) above then the following provisions shall apply with respect to Fiscal 2001 Performance: if Fiscal 2001 EBIT is $1,246,000 or more, Buyer shall pay to Company as additional purchase price the amount of $1,000,000. If Fiscal 2001 EBIT is $1,133,000 or less, then no amount shall be payable pursuant to this subsection (ii). If Fiscal 2001 EBIT shall be more than $1,133,000 but less than $1,246,000, Buyer shall pay to Company as additional purchase price, the amount determined as follows: (x) $1,000,000, multiplied by (y) a fraction, the numerator of which shall be the amount of Fiscal 2001 EBIT in excess of $1,133,000 and the denominator of which shall be $113,000.

(B) If Company is entitled to the payment from Buyer to Company of less than $1,000,000 pursuant to subsection 3.3(c)(i) above, then the following provision shall apply with respect to Fiscal 2001 Performance: if Fiscal 2001 EBIT is $1,133,000 or more, Buyer shall pay to Company as additional purchase price the amount of $1,000,000. If Fiscal 2001 EBIT is $934,000 or less, then no amount shall be payable pursuant to this subsection (ii). If Fiscal 2001 EBIT shall be more than $934,000 but less than $1,133,000, Buyer shall pay to Company as additional purchase price, the amount determined as follows: (x) $1,000,000, multiplied by (y) a fraction, the numerator of which shall be the amount of Fiscal 2001 EBIT in excess of $934,000 and the denominator of which shall be $199,000.

(iii) Any amounts payable to Company pursuant to Subsections 3.3(c)(i) or (ii) are herein in the aggregate referred to as the "Contingent Purchase Price Amount."

(iv) Reduction in Contingent Purchase Price Amount. The foregoing provisions of Section 3.3(c) notwithstanding, in the event, as contemplated by Section 10.4 hereof, that Shareholder invests in Horizon Tubbs Investment, LLC, a Delaware limited liability company, at or prior to Closing, then the Contingent Purchase Price Amount shall be reduced dollar for dollar by the dollar amount invested by Shareholder in Horizon Tubbs Investment, LLC at or prior to Closing. The reduction provided for in this subsection shall reduce the first payments of the Contingent Purchase Price Amount due to Company.

3.3. (d) Determination/Payment. Amounts payable pursuant to subsection 3.3(c) shall be paid within five (5) days following completion of the financial statements of Buyer for the applicable fiscal year as set forth in this Section 3.3(d). In determining amounts payable pursuant to subsection 3.3(c) the financial statement of Buyer of the Business shall be prepared in accordance with generally accepted accounting principles on a basis consistent with Company's historical practices. Buyer shall prepare and deliver a copy of such financial statements to Company not later than ninety (90) days after March 31, 2000 and March 31, 2001. Buyer agrees to cause the Business following the acquisition by Buyer to be accounted for on a separate basis.

3.3. (e) Method of Payment. All payments under this Section 3.3 shall be made in the form of certified or bank cashier's check payable to the order of the recipient or, at the recipient's option, by wire transfer of immediately available funds to an account designated by the recipient not less than 48 hours prior to the time for payment specified herein.

3.4. Allocation of Purchase Price. The aggregate Purchase Price (including the assumption by Buyer of the Assumed Liabilities) shall be allocated among the Purchased Assets for tax purposes in accordance with Schedule 3.7. Company and Buyer will follow and use such allocation in all tax returns, filings or other related reports made by them to any governmental agencies. To the extent that disclosures of this allocation are required to be made by the parties to the Internal Revenue Service ("IRS") under the provisions of Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code") or any regulations thereunder, Buyer and Company will disclose such reports to the other prior to filing with the IRS.

4. REPRESENTATIONS AND WARRANTIES OF COMPANY

Company makes the following representations and warranties to Buyer, each of which is true and correct on the date hereof, shall remain true and correct to and including the Closing Date, shall be unaffected by any investigation heretofore or hereafter made by Buyer, or any knowledge of Buyer other than as specifically disclosed in the Disclosure Schedule

delivered to Buyer at the time of the execution of this Agreement, and shall survive the Closing of the transactions provided for herein.

4.1. Corporate.

4.1. (a) Organization. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

4.1. (b) Corporate Power. Company has all requisite corporate power and authority to own, operate and lease its properties, to carry on its business as and where such is now being conducted, to enter into this Agreement and the other documents and instruments to be executed and delivered by Company pursuant hereto and to carry out the transactions contemplated hereby and thereby.

4.1. (c) Qualification. Company is duly licensed or qualified to do business as a foreign corporation, and is in good standing, in each jurisdiction wherein the character of the properties owned or leased by it, or the nature of its business, makes such licensing or qualification necessary, or is subject to no material liability as a result of any such failure or failure to be so licensed or qualified.

4.1. (d) No Subsidiaries. Company does not own any interest in any corporation, partnership or other entity.

4.2. Authority. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Company pursuant hereto and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors and shareholders of Company. No other or further corporate act or proceeding on the part of Company is necessary to authorize this Agreement or the other documents and instruments to be executed and delivered by Company pursuant hereto or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes, and when executed and delivered, the other documents and instruments to be executed and delivered by Company pursuant hereto will constitute, valid binding agreements of Company, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally. This Agreement constitutes, and when executed and delivered, the other documents and instruments to be executed and delivered by Shareholder pursuant hereto will constitute, valid and binding agreements of Shareholder enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

4.3. No Violation. Except as set forth on Schedule 4.3, neither the execution and delivery of this Agreement or the other documents and instruments to be executed and delivered by Company pursuant hereto, nor the consummation by Company of the transactions contemplated hereby and thereby (a) will violate any applicable Law or Order,

(b) will require any authorization, consent, approval, exemption or other action by or notice to any Government Entity (including, without limitation, under any "plant-closing" or similar law), or (c) subject to obtaining the consents referred to in Schedule 4.3, will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien (as defined in Section 4.12.(a)) upon any of the assets of Company under, any term or provision of Articles of Incorporation or By-laws of Company or of any contract, commitment, understanding, arrangement, agreement or restriction of any kind or character to which Company is a party or by which Company or any of its assets or properties may be bound or affected.

4.4. Financial Statements. Included as Schedule 4.4 are true and complete copies of the financial statements of Company consisting of (i) balance sheets of Company as of December 31, 1997, 1996, and 1995, and the related statements of income and cash flows for the years then ended (including the notes contained therein or annexed thereto), which financial statements have been reported on, and are accompanied by, the signed, unqualified opinions of Schorno, Murray and Company, certified public accountants for Company for such years, and (ii) an unaudited balance sheet of Company as of December 31, 1998 (the "Recent Balance Sheet"), and the related unaudited statements of income for the twelve (12) months then ended (including the notes and schedules contained therein or annexed thereto). All of such financial statements (including all notes and schedules contained therein or annexed thereto) are true, complete and accurate, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, for the absence of footnote disclosure) applied on a consistent basis, have been prepared in accordance with the books and records of Company, and fairly present, in accordance with generally accepted accounting principles, the assets, liabilities and financial position, the results of operations and cash flows of Company as of the dates and for the years indicated.

4.5. Tax Matters.

4.5. (a) Provision For Taxes. The provision made for taxes on the Recent Balance Sheet is sufficient for the payment of all federal, state, foreign, county, local and other income, ad valorem, excise, profits, franchise, occupation, property, payroll, sales, use, gross receipts and other taxes (and any interest and penalties) and assessments, whether or not disputed at the date of the Recent Balance Sheet, and for all years and periods prior thereto. Since the date of the Recent Balance Sheet, Company has not incurred any taxes other than taxes incurred in the ordinary course of business consistent in type and amount with past practices of Company.

4.5. (b) Tax Returns Filed. Except as set forth on Schedule 4.5(b), all federal, state, foreign, county, local and other tax returns required to be filed by or on behalf of Company have been timely filed and when filed were true and correct in all material respects, and the taxes shown as due thereon were paid or adequately accrued. Company has duly withheld and paid all taxes which it is required to

withhold and pay relating to salaries and other compensation heretofore paid to the employees of Company.

4.5. (c) Tax Audits. The federal and state income tax returns of Company have been audited by the Internal Revenue Service and appropriate state taxing authorities for the periods and to the extent set forth in Schedule 4.5.(c), and Company has not received from the Internal Revenue Service or from the tax authorities of any state, county, local or other jurisdiction any notice of underpayment of taxes or other deficiency which has not been paid nor any objection to any return or report filed by Company. There are outstanding no agreements or waivers extending the statutory period of limitations applicable to any tax return or report.

4.5. (d) Consolidated Group. Company has never been a member of an affiliated group of corporations that filed a consolidated tax return.

4.5. (e) Subchapter S. Company and its shareholder(s) have filed a valid election under Subchapter S of the Internal Revenue Code and such has not been revoked or terminated. Such election has been in effect since Company's inception.

4.5. (f) Other. Except as set forth in Schedule 4.5.(f), since in inception Company has not (i) filed any consent or agreement under Section 341(f) of the Code, (ii) applied for any tax ruling, (iii) entered into a closing agreement with any taxing authority, (iv) filed an election under Section 338(g) or Section 338(h)(10) of the Code (nor has a deemed election under Section 338(e) of the Code occurred), (v) made any payments, or been a party to an agreement (including this Agreement) that under any circumstances could obligate it to make payments that will not be deductible because of Section 280G of the Code, or (vi) been a party to any tax allocation or tax sharing agreement.

4.6. Accounts Receivable. All accounts receivable of Company reflected on the Recent Balance Sheet, and as incurred in the normal course of business since the date thereof, represent arm's length sales actually made in the ordinary course of business; are collectible (net of the reserves shown on the Recent Balance Sheet for doubtful accounts) in the ordinary course of business without the necessity of commencing legal proceedings; are subject to no counterclaim or setoff; and are not in dispute. Schedule 4.6 contains an aged schedule of accounts receivable included in the Recent Balance Sheet.

4.7. Inventory. All inventory of Company reflected on the Recent Balance Sheet consists of a quality and quantity usable and saleable in the ordinary course of business within twelve (12) months after Closing, had a commercial value at least equal to the value shown on such balance sheet and is valued in accordance with generally accepted accounting principles at the lower of cost (on a FIFO basis) or market. All inventory purchased since the date of such balance sheet consists of a quality and quantity usable and saleable in the ordinary course of business within twelve (12) months after Closing. Except as set forth in Schedule

4.7, all inventory of Company is located on premises owned or leased by Company as reflected in this Agreement. All work-in-process is of a quality ordinarily produced in accordance with the requirements of the orders to which such work-in-process is identified, and will require no rework with respect to services performed prior to Closing, except to the extent labor attributable to such rework has been reasonably taken into consideration in valuing the work-in-process.

4.8. Absence of Certain Changes. Except as and to the extent set forth in Schedule 4.8, since December 31, 1998 there has not been:

4.8. (a) No Adverse Change. Any adverse change in the financial condition, assets, Liabilities, business, prospects or operations of Company;

4.8. (b) No Damage. Any loss, damage or destruction, whether covered by insurance or not, affecting Company's business or properties;

4.8. (c) No Increase in Compensation. Any increase in the compensation, salaries or wages payable or to become payable to any employee or agent of Company (including, without limitation, any increase or change pursuant to any bonus, pension, profit sharing, retirement or other plan or commitment), or any bonus or other employee benefit granted, made or accrued;

4.8. (d) No Labor Disputes. Any labor dispute or disturbance, other than routine individual grievances which are not material to the business, financial condition or results of operations of Company;

4.8. (e) No Commitments. Any commitment or transaction by Company (including, without limitation, any borrowing or capital expenditure) other than in the ordinary course of business consistent with past practice;

4.8. (f) No Dividends. Any declaration, setting aside, or payment of any dividend or any other distribution in respect of Company's capital stock; any redemption, purchase or other acquisition by Company of any capital stock of Company, or any security relating thereto; or any other payment to any shareholder of Company as such a shareholder except for distributions to Shareholder in an amount which, together with other amounts previously distributed to Shareholder for such purpose, do not exceed an amount sufficient to pay state and federal income taxes payable by Shareholder resulting from the inclusion in Shareholder's taxable income of Company's income for the year 1998;

4.8. (g) No Disposition of Property. Any sale, lease or other transfer or disposition of any properties or assets of Company, except for the sale of inventory items in the ordinary course of business;

4.8. (h) No Indebtedness. Any indebtedness for borrowed money incurred, assumed or guaranteed by Company other than changes in the amount outstanding under the line of credit with Union Bank of California in the ordinary course of business;

4.8. (i) No Liens. Any Lien made on any of the properties or assets of Company;

4.8. (j) No Amendment of Contracts. Any entering into, amendment or termination by Company of any contract, or any waiver of material rights thereunder, other than in the ordinary course of business;

4.8. (k) Loans and Advances. Any loan or advance (other than advances to employees in the ordinary course of business for travel and entertainment in accordance with past practice) to any person including, but not limited to, any officer, director or employee of Company, or any shareholder or Affiliate;

4.8. (l) Credit. Any grant of credit to any customer or distributor on terms or in amounts more favorable than those which have been extended to such customer or distributor in the past, any other change in the terms of any credit heretofore extended, or any other change of Company's policies or practices with respect to the granting of credit; or

4.8. (m) No Unusual Events. Any other event or condition not in the ordinary course of business of Company.

4.9. Absence of Undisclosed Liabilities. Except as and to the extent specifically disclosed in the Recent Balance Sheet, or in Schedule 4.9, Company does not have any Liabilities other than commercial liabilities and obligations incurred since the date of the Recent Balance Sheet in the ordinary course of business and consistent with past practice and none of which has or will have a material adverse effect on the business, financial condition or results of operations of Company. Except as and to the extent described in the Recent Balance Sheet or in Schedule 4.9, Company has no knowledge of any basis for the assertion against Company of any Liability and Company has no knowledge of any circumstances, conditions, happenings, events or arrangements, contractual or otherwise, which may give rise to Liabilities, except commercial liabilities and obligations incurred in the ordinary course of Company's business and consistent with past practice.

4.10. No Litigation. Except as set forth in Schedule 4.10 there is no Litigation pending or threatened against Company, its directors (in such capacity), its business or any of its assets, nor does Company know, or have reason to know, of any basis for any Litigation. Schedule 4.10 also identifies all Litigation to which Company or any of its directors have been parties since January 1, 1994. Except as set forth in Schedule 4.10, neither Company nor its business or assets is subject to any Order.

4.11. Compliance With Laws and Orders.

4.11. (a) Compliance. Except as set forth in Schedule 4.11.(a), Company (including each and all of its operations, practices, properties and assets) is in compliance in all material respects with all applicable Laws and Orders, including, without limitation, those applicable to discrimination in employment, occupational safety and health, trade practices, competition and pricing, product warranties, zoning, building and sanitation, employment, retirement and labor relations, product advertising and the Environmental Laws as hereinafter defined. Except as set forth in Schedule 4.11.(a), Company has not received notice of any violation or alleged violation of, and is subject to no Liability for past or continuing violation of, any Laws or Orders. All reports and returns required to be filed by Company with any Government Entity have been filed, and were accurate and complete when filed.

4.11. (b) Licenses and Permits. Company has all licenses, permits, approvals, authorizations and consents of all Government Entities and all certification organizations required for the conduct of the business (as presently conducted and as proposed to be conducted) and operation of the Facilities. All such licenses, permits, approvals, authorizations and consents are described in Schedule 4.11.(b), are in full force and effect and are assignable to Buyer in accordance with the terms hereof. Except as set forth in Schedule 4.11.(b), Company (including its operations, properties and assets) is and has been in compliance with all such permits and licenses, approvals, authorizations and consents.

4.11. (c) Environmental Matters. The applicable Laws relating to pollution or protection of the environment, including Laws relating to emissions, discharges, generation, storage, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic, hazardous or petroleum or petroleum-based substances or wastes ("Waste") into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Waste including, without limitation, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act and the Comprehensive Environmental Response Compensation Liability Act ("CERCLA"), as amended, and their state and local counterparts are herein collectively referred to as the "Environmental Laws". Without limiting the generality of the foregoing provisions of this Section 4.11., Company is in full compliance with all limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulations, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder. Except as set forth in Schedule 4.11.(c), there is no Litigation nor any demand, claim, hearing or notice of violation pending or threatened against Company relating in any way to the Environmental Laws or any Order issued, entered, promulgated or approved

thereunder. Except as set forth in Schedule 4.11.(c), there are no past or present events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans which may interfere with or prevent compliance or continued compliance with the Environmental Laws or with any Order issued, entered, promulgated or approved thereunder, or which may give rise to any Liability, including, without limitation, Liability under CERCLA or similar state or local Laws, or otherwise form the basis of any Litigation, hearing, notice of violation, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release by Company into the environment, of any Waste.

4.12. Title to and Condition of Properties.

4.12. (a) Marketable Title. Company has good and marketable title, or leasehold interest in the case of assets which are leased, to all the Purchased Assets, free and clear of all mortgages, liens (statutory or otherwise), security interests, claims, pledges, licenses, equities, options, conditional sales contracts, assessments, levies, easements, covenants, reservations, restrictions, rights-of-way, exceptions, limitations, charges or encumbrances of any nature whatsoever (collectively, "Liens") except those described in Schedule 4.12.(a)(i). Except for requirements for obtaining consents to assignment of the Real Property Lease, Personal Property Lease and Contracts, none of the Purchased Assets are subject to any restrictions with respect to the transferability thereof and Company has complete and unrestricted power and right to sell, assign, convey and deliver the Purchased Assets to Buyer as contemplated hereby. At Closing, Buyer will receive good and marketable title to all the Purchased Assets, free and clear of all Liens of any nature whatsoever except those described in Schedule 4.12.(a)(ii).

4.12. (b) Condition. All tangible assets constituting Purchased Assets hereunder are in good operating condition and repair, free from any defects (except such minor defects as do not interfere with the use thereof in the conduct of the normal operations of Company), have been maintained consistent with the standards generally followed in the industry and are sufficient to carry on the business of Company as conducted during the preceding 12 months. All buildings, plants and other structures owned or otherwise utilized by Company are in good condition and repair and have no structural defects or defects affecting the plumbing, electrical, sewerage, or heating, ventilating or air conditioning systems.

4.12. (c) Real Property. Schedule 1.1.(a) sets forth all real property, used or occupied by Company (the "Real Property"). Company has the legal right to use and occupy the Real Property and improvements located thereon as the same are now constituted. Company has no notice or knowledge of any (i) Order requiring repair, alteration, or correction of any existing condition affecting any Real Property or the systems or improvements thereat, (ii) condition or defect which could give rise to an

order of the sort referred to in "(i)" above, or (iii) underground storage tanks, or any structural, mechanical, or other defects of material significance affecting any Real Property or the systems or improvements thereat (including, but not limited to, inadequacy for normal use of mechanical systems or disposal or water systems at or serving the Real Property).

4.12. (d) No Condemnation or Expropriation. Neither the whole nor any portion of the Purchased Assets is subject to any Order to be sold or is being condemned, expropriated or otherwise taken by any Government Entity with or without payment of compensation therefor, nor to the best of Company's knowledge has any such condemnation, expropriation or taking been proposed.

4.13. Insurance. Set forth in Schedule 4.13 is a complete and accurate list and description of all policies of fire, liability, product liability, workers compensation, health and other forms of insurance presently in effect with respect to the business and properties of Company, true and correct copies of which have heretofore been delivered to Buyer. Schedule 4.13 includes, without limitation, the carrier, the description of coverage, the limits of coverage, retention or deductible amounts, amount of annual premiums, date of expiration and the date through which premiums have been paid with respect to each such policy, and any pending claims in excess of $5,000. All such policies are valid, outstanding and enforceable policies and provide insurance coverage for the properties, assets and operations of Company, of the kinds, in the amounts and against the risks customarily maintained by organizations similarly situated; and no such policy (nor any previous policy) provides for or is subject to any currently enforceable retroactive rate or premium adjustment (except the general liability and workers compensation insurance), loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events arising prior to the date hereof. Schedule 4.13 indicates each policy as to which (a) the coverage limit has been reached or (b) the total incurred losses to date equal 75% or more of the coverage limit. No notice of cancellation or termination has been received with respect to any such policy, and Company has no knowledge of any act or omission of Company which could result in cancellation of any such policy prior to its scheduled expiration date. Company has not been refused any insurance with respect to any aspect of the operations of the business nor has its coverage been limited by any insurance carrier to which it has applied for insurance or with which it has carried insurance during the last three years. Company has duly and timely made all claims it has been entitled to make under each policy of insurance. Since October 1, 1996 all products liability and general liability policies maintained by or for the benefit of Company have been "occurrence" policies and not "claims made" policies. There is no claim by Company pending under any such policies as to which coverage has been questioned, denied or disputed by the underwriters of such policies, and Company knows of no basis for denial of any such claim under any such policy. Company has not received any written notice from or on behalf of any insurance carrier issuing any such policy that insurance rates therefor will hereafter be substantially increased (except to the extent that insurance rates may be increased for all similarly situated risks) or that there will hereafter be a cancellation or an increase in a deductible (or an increase in premiums in order to maintain

an existing deductible) or nonrenewal of any such policy. Such policies are sufficient in all material respects for compliance by Company with all requirements of law and with the requirements of all material contracts to which Company is a party.

4.14. Contracts and Commitments.

4.14. (a) Real Property Leases. Except as set forth in Schedule 1.1.(a), Company has no leases of real property.

4.14. (b) Personal Property Leases. Except as set forth in Schedule 1.1.(d), Company has no leases of personal property involving consideration or other expenditure in excess of $25,000 or involving performance over a period of more than 12 months.

4.14. (c) Purchase Commitments. Company has no purchase commitments for inventory items or supplies that, together with amounts on hand, constitute in excess of twelve (12) months normal usage, or which are at an excessive price.

4.14. (d) Sales Commitments. Except as set forth in Schedule 4.14(d), Company has no sales contracts or commitments except those made in the ordinary course of business, at arm's length, and no such contracts or commitments are for a sales price which would result in a loss to the Company.

4.14. (e) Contracts for Services. Except as set forth in Schedule 4.14(e), Company has no agreement, understanding, contract or commitment (written or oral) with any officer, employee, agent, consultant, distributor, dealer or franchisee that is not cancelable by Company on notice of not longer than 30 days without liability, penalty or premium of any nature or kind whatsoever.

4.14. (f) Powers of Attorney. Except for trademark and patent attorneys, the Company has not given a power of attorney, which is currently in effect, to any person, firm or corporation for any purpose whatsoever.

4.14. (g) Collective Bargaining Agreements. Company is not a party to any collective bargaining agreements with any unions, guilds, shop committees or other collective bargaining groups. Copies of all such agreements have heretofore been delivered to Buyer.

4.14. (h) Loan Agreements. Except as set forth in Schedule 4.14.(h), Company is not obligated under any loan agreement, promissory note, letter of credit, or other evidence of indebtedness as a signatory, guarantor or otherwise.

4.14. (i) Guarantees. Except as disclosed on Schedule 4.14.(i), Company has not guaranteed the payment or performance of any person, firm or corporation,

agreed to indemnify any person or act as a surety, or otherwise agreed to be contingently or secondarily liable for the obligations of any person.

4.14. (j) Contracts Subject to Renegotiation. Company is not a party to any contract with any governmental body which is subject to renegotiation.

4.14. (k) Other Material Contracts. Company has no lease, license, contract or commitment of any nature or involving performance over a period of more than twelve (12) months, or which is otherwise individually material to the operations of Company, except as explicitly described in Schedule 4.14.(k) or in any other Schedule.

4.14. (l) No Default. Company is not in default under any lease, contract or commitment, nor has any event or omission occurred which through the passage of time or the giving of notice, or both, would constitute a default thereunder or cause the acceleration of any of Company's obligations or result in the creation of any Lien on any of the assets owned, used or occupied by Company. To the best knowledge of Company, no third party is in default under any lease, contract or commitment to which Company is a party, nor has any event or omission occurred which, through the passage of time or the giving of notice, or both, would constitute a default thereunder or give rise to an automatic termination, or the right of discretionary termination, thereof.

4.15. Labor Matters. Except as set forth in Schedule 4.15, within the last five years Company has not experienced any labor disputes, union organization attempts or any work stoppage due to labor disagreements in connection with its business. Except to the extent set forth in Schedule 4.15, (a) Company is in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and is not engaged in any unfair labor practice; (b) there is no unfair labor practice charge or complaint against Company pending or threatened; (c) there is no labor strike, dispute, request for representation, slowdown or stoppage actually pending or threatened against or affecting Company nor any secondary boycott with respect to products of Company; (d) no question concerning representation has been raised or is threatened respecting the employees of Company; (e) no grievance which might have a material adverse effect on Company, nor any arbitration proceeding arising out of or under collective bargaining agreements, is pending and no such claim therefor exists; and (f) there are no administrative charges or court complaints against Company concerning alleged employment discrimination or other employment related matters pending or threatened before the U.S. Equal Employment Opportunity Commission or any Government Entity.

4.16. Employee Benefit Plans.

4.16. (a) Disclosure. Schedule 4.16.(a) sets forth all pension, thrift, savings, profit sharing, retirement, incentive bonus or other bonus, medical, dental, life,

accident insurance, benefit, employee welfare, disability, group insurance, stock purchase, stock option, stock appreciation, stock bonus, executive or deferred compensation, hospitalization and other similar fringe or employee benefit plans, programs and arrangements, and any employment or consulting contracts, "golden parachutes," collective bargaining agreements, severance agreements or plans, vacation and sick leave plans, programs, arrangements and policies, including, without limitation, all "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), all employee manuals, and all written or binding oral statements of policies, practices or understandings relating to employment, which are provided to, for the benefit of, or relate to, any persons ("Company Employees") employed by or previously employed by Company. The items described in the foregoing sentence are hereinafter sometimes referred to collectively as "Employee Plans/Agreements," and each individually as an "Employee Plan/Agreement."

4.16. (b) Schedule 4.16(a) sets forth each Employee Plan/Agreement and, if applicable, identifies (i) each Employee Plan/Agreement which is a "pension plan" (as defined in Section 3(2) of ERISA) (the "Pension Plans"), and denotes those Pension Plans intended to be qualified under Section 401(a) of the Code (the "Qualified Plans"), (ii) each Employee Plan/Agreement which is a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA) (a "Multiemployer Plan") and (iii) each Employee Plan/Agreement which is a "welfare plan" (as defined in Section 3(1) of ERISA) (the "Welfare Plans"), maintained for the benefit of employees or former employees of Company or to which Company contributes on behalf of its employees or former employees (collectively, the "Employee Benefit Plans").

4.16. (c) Each Employee Plan/Agreement complies in all material respects with applicable Laws, and the IRS has issued favorable determination letters to the effect that the forms of Qualified Plans (or predecessor plans) satisfy the requirements of Section 401(a) and related Sections of the Code. To the best of Company's knowledge, there are no facts or circumstances that would jeopardize or adversely affect in any material respect the qualification under Code Section 401(a) of any Qualified Plan. No Employee Plan/Agreement is a plan which is established and maintained outside the United States primarily for the benefit of individuals substantially all of whom are nonresident aliens.

4.16. (d) Full payment will be made to each Employee Plan/Agreement of all contributions (including all employer contributions and employee salary reduction contributions) that are required under the terms thereof and under ERISA or the Code to be made on or prior hereto.

4.16. (e) Each Employee Plan/Agreement has been administered substantially in accordance with its terms. In addition, each Employee Plan/Agreement complies, and has been administered substantially in accordance with, any applicable provisions

of ERISA and the rulings and regulations promulgated thereunder (including the continuation coverage requirements of group health plans under Section 4980B of the Code and Sections 601, et seq. of ERISA ("COBRA")), and all other applicable Laws; and all reports, returns and other documentation that are required to have been filed with the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation ("PBGC") or any other governmental agency (federal, state or local) have been filed on a timely basis, in each instance in which the failure to file such reports, returns and other documents would result in any material liability or obligation to Company. No lawsuits or complaints to or by any person or governmental authority have been filed or, to the knowledge of Company, are contemplated or threatened, with respect to any Employee Plan/Agreement.

4.16. (f) Neither Company nor any affiliate which is treated as a single employer with Company under ERISA has received a notice of, or incurred, any withdrawal liability with respect to a "multiemployer plan" (as defined in ERISA Section 3(37)).

4.16. (g) With respect to each Employee Benefit Plan (including, without limitation, the Employee Plans/Agreements) that is subject to the provisions of Title IV of ERISA and with respect to which Company or any of its assets may, directly or indirectly, be subject to any Liability, contingent or otherwise, or the imposition of any Lien (whether by reason of the complete or partial termination of any such plan, the funded status of any such plan, any "complete withdrawal" (as defined in Section 4203 of ERISA) or "partial withdrawal" (as defined in Section 4205 of ERISA) by any person from any such plan, or otherwise):

(i) no such plan has been terminated so as to subject, directly or indirectly, any assets of Company to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA;

(ii) no proceeding has been initiated or threatened by any person (including the Pension Benefit Guaranty Corporation ("PBGC")) to terminate any such plan;

(iii) no condition or event currently exists or currently is expected to occur that could subject, directly or indirectly, any assets of Company to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA, whether to the PBGC or to any other person or otherwise on account of the termination of any such plan;

(iv) if any such plan were to be terminated as of the Closing Date, no assets of Company would be subject, directly or indirectly, to any liability, contingent or otherwise, or the imposition of any lien under Title IV of ERISA;

(v) no "reportable event" (as defined in Section 4043 of ERISA) has occurred with respect to any such plan; and

(vi) no such plan which is subject to Section 302 of ERISA or Section 412 of the Code has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code, respectively), whether or not waived.

4.16. (h) Company has not incurred any material liability with respect to any Welfare Plan or for "welfare benefits" (as defined in Code Section 419) that was not fully reflected in the Recent Balance Sheet (other than liabilities for sick leave and short term disability benefits, which are recognized as a part of normal payroll expense as incurred).

4.16. (i) There have been no "prohibited transactions" within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code for which a statutory or administrative exemption does not exist with respect to any Employee Plan/Agreement, and no event or omission has occurred in connection with which Company or any of its assets or any Employee Plan/Agreement, directly or indirectly, could be subject to any liability under ERISA, the Code or any other Law or Order applicable to any Employee Plan/Agreement, or under any agreement, instrument, Law or Order pursuant to or under which Company has agreed to indemnify or is required to indemnify any person against liability incurred under any such Law or Order.

4.16. (j) The funds available under each Employee Plan/Agreement which is intended to be a funded plan equal or exceed the amounts required to be paid, or which would be required to be paid if such Employee Plan/Agreement were terminated, on account of rights vested or accrued as of the Closing Date (using the actuarial methods and assumptions then used by Company's actuaries in connection with the funding of such Employee Plan/Agreement).

4.16. (k) Company is not and never has been a member of a controlled group of corporations as defined in Section 414(b) of the Code or in common control with any unincorporated trade or business as determined under Section 414(c) of the Code. Company is not and never has been a member of an "affiliated service group" within the meaning of Section 414(m) of the Code. There are not and never have been any leased employees within the meaning of Section 414(n) of the Code who perform services for Company, and no individuals are expected to become leased employees with the passage of time.

4.16. (l) With respect to each Employee Plan/Agreement, all payments due from Company to date have been made and all amounts properly accrued to date as

liabilities of Company which have not been paid have been properly recorded on the books of Company and are reflected in the Recent Balance Sheet.

4.16. (m) No Employee Plan/Agreement provides benefits, including, without limitation, death or medical benefits (whether or not insured) with respect to current or former Company employees beyond their retirement or other termination of service other than (i) coverage mandated by applicable law, (ii) death or retirement benefits under any Employee Plan/Agreement that is an employee pension benefit plan, (iii) deferred compensation benefits accrued as liabilities on the books of Company (including the Recent Balance Sheet), (iv) disability benefits under any Employee Plan/ Agreement that is an employee welfare benefit plan and which have been fully provided for by insurance or otherwise or (v) benefits in the nature of severance pay.

4.16. (n) The consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former employee of Company to severance pay, unemployment compensation or any other payment, except as expressly provided in this Agreement, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any such employee or former employee or (iii) result in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

4.16. (o) There has been delivered to Buyer, with respect to each Employee Plan/Agreement:

(i) True, correct and complete copies of the Employee Plan/Agreement and all amendments thereto;

(ii) a copy of the annual report, if required under ERISA, with respect to each such Employee Plan/Agreement for the last two years;

(iii) a copy of the summary plan description, together with each summary of material modifications, required under ERISA with respect to such Employee Plan/Agreement, all material employee communications relating to such Employee Plan/Agreement, and, unless the Employee Plan/Agreement is embodied entirely in an insurance policy to which Company is a party, a true and complete copy of such Employee Plan/Agreement;

(iv) if the Employee Plan/Agreement is funded through a trust or any third party funding vehicle (other than an insurance policy), a copy of the trust or other funding agreement and the latest financial statements thereof; and

(v) the most recent determination letter received from the Internal Revenue Service with respect to each Employee Plan/Agreement that is intended to be a "qualified plan" under Section 401 of the Code.

With respect to each Employee Plan/Agreement for which an annual report has been filed and delivered to Buyer pursuant to clause (i) of this Section 4.16.(n), no material adverse change has occurred with respect to the matters covered by the latest such annual report since the date thereof.

4.16. (p) Company has no announced plan or legally binding commitment to create any additional Employee Plans/Agreements or to amend or modify any existing Employee Plan/Agreement.

4.17. Employment Compensation. Schedule 4.17 contains a true and correct list of all employees to whom the Company is paying compensation, including bonuses and incentives, at an annual rate in excess of Fifty Thousand Dollars ($50,000) for services rendered or otherwise; and in the case of salaried employees such list identifies the current annual rate of compensation for each employee and in the case of hourly or commission employees identifies certain reasonable ranges of rates and the number of employees falling within each such range.

4.18. Trade Rights. Schedule 4.18 lists all Trade Rights of the type described in clauses (i), (ii), (iii) or (iv) of Section 1.1.(e) in which Company now has any interest, specifying whether such Trade Rights are owned, controlled, used or held (under license or otherwise) by Company, and also indicating which of such Trade Rights are registered. All Trade Rights shown as registered in Schedule 4.18 have been properly registered, all pending registrations and applications have been properly made and filed and all annuity, maintenance, renewal and other fees relating to registrations or applications are current. In order to conduct the business of Company, as such is currently being conducted or proposed to be conducted, Company does not require any Trade Rights that it does not already have. Company is not infringing and has not infringed any Trade Rights of another in the operation of the business of Company, nor, to the best knowledge of Company, is any other person infringing the Trade Rights of Company. Company has not granted any license or made any assignment of any Trade Right listed on Schedule 4.18, and no other person has any right to use any Trade Right owned or held by Company. Company does not pay any royalties or other consideration for the right to use any Trade Rights of others. There is no Litigation pending or threatened to challenge Company's right, title and interest with respect to its continued use and right to preclude others from using any Trade Rights of Company. All Trade Rights of Company are valid, enforceable and in good standing, and to the best knowledge of Company, there are no equitable defenses to enforcement based on any act or omission of Company.

4.19. Major Customers and Suppliers.

4.19. (a) Major Customers. Schedule 4.19(a) contains a list of the 10 largest customers, including distributors, of Company for each of the two (2) most recent fiscal years (determined on the basis of the total dollar amount of net sales) showing the total dollar amount of net sales to each such customer during each such year.

Company has no knowledge or information of any facts indicating, nor any other reason to believe, that any of the customers listed on Schedule 4.19(a) will not continue to be customers of the business of Company after the Closing at substantially the same level of purchases as heretofore.

4.19. (b) Major Suppliers. Schedule 4.19.(b) contains a list of the 10 largest suppliers to Company for each of the two (2) most recent fiscal years (determined on the basis of the total dollar amount of purchases) showing the total dollar amount of purchases from each such supplier during each such year. Company has no knowledge or information of any facts indicating, nor any other reason to believe, that any of the suppliers listed on Schedule 4.19.(b) will not continue to be suppliers to the business of Company after the Closing and will not continue to supply the business with substantially the same quantity and quality of goods at competitive prices.

4.19. (c) Dealers and Distributors. Schedule 4.19.(c) contains a list by product line of all sales representatives, dealers, distributors and franchisees of Company, together with representative copies of all sales representative, dealer, distributor and franchise contracts and policy statements, and a description of all substantial modifications or exceptions.

4.20. Product Warranty and Product Liability. Schedule 4.20 contains a true, correct and complete copy of Company's standard warranty or warranties for sales of Products (as defined below) and, except as stated therein, there are no warranties, commitments or obligations with respect to the return, repair or replacement of Products. Schedule 4.20 sets forth the estimated aggregate annual cost to Company of performing warranty obligations for customers for each of the three (3) preceding fiscal years and the current fiscal year to the date of the Recent Balance Sheet. Schedule 4.20 contains a description of all product liability claims and similar Litigation relating to Products manufactured or sold, or services rendered, which are presently pending or which to Company's knowledge are threatened, or which have been asserted or commenced against Company within the last three (3) years, in which a party thereto either requests injunctive relief or alleges damages whether or not covered by insurance. To the best knowledge of Company, there are no defects in design, construction or manufacture of Products which would adversely affect performance or create an unusual risk of injury to persons or property. Except as set forth in Schedule 4.20, none of the Products has been the subject of any replacement, field fix, retrofit, modification or recall campaign and, to Company's knowledge, no facts or conditions exist which could reasonably be expected to result in such a recall campaign. The Products have been designed and manufactured so as to meet and comply with all governmental standards and specifications in effect at the time of manufacture, and have received all governmental approvals necessary to allow their sale and use. As used in this Section 4.20, the term "Products" means any and all products currently or at any time previously manufactured, distributed or sold by Company, or by any predecessor of Company under any brand name or mark under which products are or have been manufactured, distributed or sold by Company.

4.21. Bank Accounts. Schedule 4.21 sets forth the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which Company maintains a safe deposit box, lock box or checking, savings, custodial or other account of any nature, the type and number of each such account and the signatories therefore, a description of any compensating balance arrangements, and the names of all persons authorized to draw thereon, make withdrawals therefrom or have access thereto.

4.22. Affiliates' Relationships to Company.

4.22. (a) Contracts With Affiliates. All leases, contracts, agreements or other arrangements between Company and any Affiliate are described on Schedule 4.22.(a).

4.22. (b) No Adverse Interests. No Affiliate has any direct or indirect interest in (i) any entity which does business with Company or is competitive with Company's business, or (ii) any property, asset or right which is used by Company in the conduct of its business.

4.22. (c) Obligations. All obligations of any Affiliate to Company, and all obligations of Company to any Affiliate, are listed on Schedule 4.22.(c).

4.23. Year 2000 Compliance. Except as identified on Schedule 4.23, to the best knowledge of Company, none of the personal property, equipment or assets owned or utilized by Company, including but not limited to computer software, databases, hardware, controls and peripherals, has characteristics or qualifies that may cause it to fail to (i) operate and produce data on and after January 1, 2000 (including taking into account that such year is a leap year), or use data based on time periods on and after January 1, 2000 (including taking into effect that such year is a leap year), accurately and without delay, interruption or error relating to the fact that the time at which and the date on which such software is operating is on or after 12:00 a.m. on January 1, 2000 (including taking into account that such year is a leap year) and/or (ii) accept, calculate, process, maintain, store and output, accurately and without delay, interruption or error, all times or dates, or both, whether before, on or after 12:00 a.m. January 1, 2000 (including taking into account that such year is a leap year), and any time periods determined or to be determined based on such times or date or both (a "Year 2000 Defect"). Except as identified on Schedule 4.23, to the best knowledge of Company, none of the property or assets owned or utilized by Company will fail to perform or require any repair, rewrite, conversion or other adaptation because of, or due in any way to, a Year 2000 Defect. No products sold by Company contain a Year 2000 Defect. Company has no obligations under warranty agreements, service agreements or otherwise to rectify a Year 2000 Defect of any customer of Company or to indemnify any customer of Company in the event Company experiences a Year 2000 Defect. Company has no knowledge that a distributor, vendor or supplier of Company may experience a Year 2000 Defect that would have a material adverse effect on the Business. Schedule 4.23 sets forth the measures

Company has taken to identify potential Year 2000 Defects of Company and of customers, suppliers, distributors and vendors of Company.

4.24. Assets Necessary to Business. The Purchased Assets include all property and assets (except for the Excluded Assets), tangible and intangible, and all leases, licenses and other agreements, which are necessary to permit Buyer to carry on, or currently used or held for use in, the business of Company as presently conducted.

4.25. No Brokers or Finders. Neither Company nor any of its directors, officers, employees, shareholder or agents have retained, employed or used any broker or finder in connection with the transactions provided for herein or the negotiation thereof.

4.26. Disclosure. No representation or warranty by Company in this Agreement, nor any statement, certificate, schedule, document or exhibit hereto furnished or to be furnished by or on behalf of Company pursuant to this Agreement or in connection with transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading. All statements and information contained in any certificate, instrument, Disclosure Schedule or document delivered by or on behalf of Company shall be deemed representations and warranties by the Company.

5. REPRESENTATIONS AND WARRANTIES OF BUYER AND TUBBS

Buyer and Tubbs, jointly and severally, makes the following representations and warranties to Company and the Shareholder, each of which is true and correct on the date hereof, shall remain true and correct to and including the Closing Date, shall be unaffected by any investigation heretofore or hereafter made by Company or any notice to Company, and shall survive the Closing of the transactions provided for herein.

5.1. Limited Liability Company.

5.1. (a) Organization. Buyer and Tubbs are both limited liability companies duly organized, validly existing and in good standing under the laws of the State of Delaware.

5.1. (b) Power. Buyer and Tubbs have all requisite limited liability company power to enter into this Agreement and the other documents and instruments to be executed and delivered by Buyer and Tubbs and to carry out the transactions contemplated hereby and thereby.

5.2. Authority. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Buyer and Tubbs pursuant hereto and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors of Buyer and Tubbs. No other limited liability company act or proceeding on the part of Buyer, Tubbs or their members is necessary to authorize this

Agreement or the other documents and instruments to be executed and delivered by Buyer and Tubbs pursuant hereto or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes, and when executed and delivered, the other documents and instruments to be executed and delivered by Buyer and Tubbs pursuant hereto will constitute, valid and binding agreements of Buyer and Tubbs, respectively, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

5.3. No Violation. Neither the execution and delivery of this Agreement or the other documents and instruments to be executed and delivered by Buyer or Tubbs pursuant hereto, nor the consummation by Buyer and Tubbs of the transactions contemplated hereby and thereby (a) will violate any applicable Law or Order, (b) will, except in connection with fulfilling obligations under and pursuant to Sections 10.4 and 10.5, require any authorization, consent, approval, exemption or other action by or notice to any Government Entity, or (c) subject to obtaining the consents from lenders under loan agreements, will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any lien upon any of the assets of Buyer or Tubbs under, any term or provision of the Certificate of Formation or Limited Liability Company Agreement of Company or Tubbs or of any contract, commitment, understanding, arrangement, agreement or restriction of any kind or character to which Company or Tubbs is a party or by which Company or Tubbs or any of its assets or properties may be bound or affected.

5.4. No Brokers or Finders. Neither Buyer, Tubbs nor any of their directors, officers, employees or agents have retained, employed or used any broker or finder in connection with the transactions provided for herein or the negotiation thereof.

5.5. Disclosure. No representation or warranty by Buyer or Tubbs in this Agreement, nor any statement, certificate, schedule, document or exhibit hereto furnished or to be furnished by or on behalf of Buyer pursuant to this Agreement or in connection with transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading.

6. EMPLOYEES - EMPLOYEE BENEFITS

6.1. Affected Employees. "Affected Employees" shall mean employees of the Company who are employed by Buyer immediately after the Closing.

6.2. Retained Responsibilities. Company agrees to satisfy, or cause its insurance carriers to satisfy, all claims for benefits, whether insured or otherwise (including, but not limited to, workers' compensation, life insurance, medical and disability programs), under Company's employee benefit programs brought by, or in respect of, Affected Employees and

other employees and former employees of the Company, which claims arise out of events occurring on or prior to the Closing Date, in accordance with the terms and conditions of such programs or applicable workers' compensation statutes without interruption as a result of the employment by Buyer of any such employees after the Closing Date.

6.3. Payroll Tax. Company agrees to make a clean cut-off of payroll and payroll tax reporting with respect to the Affected Employees paying over to the federal, state and city governments those amounts respectively withheld or required to be withheld for periods ending on or prior to the Effective Time. Company also agrees to issue, by the date prescribed by IRS Regulations, Forms W-2 for wages paid through the Effective Time. Except as set forth in this Agreement, Buyer shall be responsible for all payroll and payroll tax obligations after the Effective Time for Affected Employees.

6.4. Termination Benefits. Buyer shall be solely responsible for, and shall pay or cause to be paid, severance payments and other termination benefits, if any, to Affected Employees who may become entitled to such benefits by reason of any events occurring after Closing. If any action on the part of Company prior to the Closing, or if the sale to Buyer of the business and assets of Company pursuant to this Agreement or the transactions contemplated hereby, or if the failure by Buyer to hire as a permanent employee of Buyer any employee of Company, shall directly or indirectly result in any Liability (i) for severance payments or termination benefits or (ii) by virtue of any state, federal or local "plant-closing" or similar law, such Liability shall be the sole responsibility of Company, and Company shall indemnify and hold harmless Buyer against such Liability.

6.5. Employee Benefit Plans.

6.5. (a) Defined Contribution Plans. Within 90 days after the Closing Date, Buyer shall elect, with respect to each employee pension benefit plan that is not a defined benefit plan ("defined contribution plan") maintained by Company for any Affected Employee, either (i) or (ii).

(i) If this option is elected by Buyer, Company shall vest and make non-forfeitable as of the Closing Date the interest of each Affected Employee in each such defined contribution plan.

(ii) If this option is elected by Buyer, as soon as practicable after receipt by Buyer of a favorable determination letter with respect to a successor plan of any such defined contribution plan that is established by Buyer ("successor defined contribution plan"), Company shall transfer to such successor defined contribution plan the account of any Affected Employee still existing in such defined contribution plan. Pending such transfer, Company shall: (1) maintain the accounts of such Affected Employees on the same basis as other employees; (2) accept new funds into the accounts of such Affected Employees; and (3) make payments from the accounts of such Affected

Employees to or for the benefit of the Affected Employees as Buyer may direct.

6.5. (b) Defined Benefit Plans. Within 90 days after the Closing Date, Buyer shall elect, with respect to each employee pension benefit plan that is a defined benefit plan maintained by Company for any Affected Employee, either (i) or (ii).

(i) If this option is elected by Buyer, Company shall vest and make non-forfeitable the accrued benefit of each Affected Employee. For purposes of this subparagraph (i), the accrued benefit of each Affected Employee will, for purposes of benefits earned, be determined at the Closing Date and for all other purposes, including subsidies payable on early retirement and death of an Affected Employee prior to commencement of benefits, based on the combined pre- and post-Closing Date service rendered to Company and Buyer and the age at termination from the service of Buyer and shall be computed on a basis no less favorable than that provided by the defined benefit plan of Company covering each Affected Employee as it existed on the Closing Date.

(ii) If this option is elected by Buyer, Company shall cause to be transferred to a defined benefit plan established by Buyer that is a successor defined benefit plan ("successor defined benefit plan") to the plan of Company, all liabilities of the Company plan with respect to Affected Employees, determined as of the Closing Date, and assets the amounts of which are determined as of the Closing Date as follows: (1) using actuarial assumptions that are deemed reasonable by actuaries for Company and for Buyer (or, if the actuaries cannot agree, by a third actuary selected by them), subtract from the assets of the funding vehicle of each of Company's defined benefit plans that covers one or more Affected Employees the accrued liability in respect of any retired, deceased or terminated vested participant; and (2) multiply the remaining assets by a fraction, the numerator of which is the present value of the accrued benefits of Affected Employees and the denominator of which is the present value of the accrued benefits of all participants, other than those referred to in clause (1) above, with both determined as of the Closing Date, using actuarial assumptions determined in the manner provided in clause (1) above. This amount is the "Closing Date Pension Liability." The actual transfer of funds representing the Closing Date Pension Liability to the successor defined benefit plan shall be made as soon as practicable after the successor defined benefit plan receives a favorable determination from the Internal Revenue Service. The amount of such transfer shall be the amount of the Closing Date Pension Liability, increased on the last business day of each month following the Closing Date by interest on the amount in clause (2) above computed and determined on the basis of the number of days in that month after the Closing Date and before the date of

funds transfer and at the base rate of Fleet Mutual Bank as of the last business day of such month, reduced by benefit payments made to or in respect of Affected Employees by Company's defined benefit plan during each such month.

6.5. (c) Delivery of Records. Company shall deliver to Buyer not less than 10 days prior to the Closing Date, with respect to each Employee Plan/Agreement, information adequate to determine the liability thereunder, whether or not contingent, to any Affected Employee or other employee or former employee who is or was employed by Company and with respect to whom Buyer may have any liability, and any beneficiary or dependent of any such Affected Employee, employee or former employee, together with data, records and other documentation adequate to determine the existence and amount of such liability. Delivery of such data, records and other documentation shall be made in machine readable form, if existing, and shall be made by Company or any other person at the time providing or who has provided services with respect to the Employee Plan/Agreement. Company or persons designated by Company prior to the Closing Date will have reasonable access after the Closing Date to such items.

6.5. (d) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any of Company's employees, former employees, collective bargaining representatives, job applicants, any association or group of such persons or any Affected Employees any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement, including, without limitation, any rights of employment.

7. OTHER MATTERS

7.1. Consulting and Noncompetition Agreement. At the Closing, Company shall cause to be delivered to Buyer a Consulting and Noncompetition Agreement, substantially in the form of Exhibit A hereto, duly executed by Perry Klebahn.

7.2. Noncompetition. Subject to the Closing, and as an inducement to Buyer to execute this Agreement and complete the transactions contemplated hereby, and in order to preserve the goodwill associated with the business of Company being acquired pursuant to this Agreement, Company hereby covenants and agrees that for a period of five (5) years from the Closing Date, Company will not, directly or indirectly:

(i) engage in, continue in or carry on any business which competes with the business of the manufacture and/or sale of snowshoes and/or related products and accessories or is substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm or other form of business organization which is so engaged;

(ii) consult with, advise or assist in any way, whether or not for consideration, any corporation, partnership, firm or other business organization which is now or becomes a competitor of Buyer in any aspect with respect to the business of the manufacture and/or sale of snowshoes and/or related products and accessories including, but not limited to, advertising or otherwise endorsing the products of any such competitor; soliciting customers or otherwise serving as an intermediary for any such competitor; loaning money or rendering any other form of financial assistance to or engaging in any form of business transaction on other than an arm's length basis with any such competitor;

(iii) hire, offer to hire, or solicit for employment any Affected Employee without the prior consent of Buyer, until such person has been separated from employment by the Buyer for at least 180 days; or

(iv) engage in any practice the purpose of which is to evade the provisions of this covenant not to compete or to commit any act which adversely affects the business of the manufacture and/or sale of snowshoes and/or related products and accessories, Purchased Assets or Assumed Liabilities;

provided, however, that the foregoing shall not prohibit the ownership of securities of corporations which are listed on a national securities exchange or traded in the national over-the-counter market in an amount which shall not exceed 5% of the outstanding shares of any such corporation. The parties agree that the geographic scope of this covenant not to compete shall extend to the United States and Canada. The parties agree that Buyer may sell, assign or otherwise transfer this covenant not to compete, in whole or in part, to any person, corporation, firm or entity that purchases all or part of the business or the Purchased Assets being acquired by Buyer hereunder. In the event a court of competent jurisdiction determines that the provisions of this covenant not to compete are excessively broad as to duration, geographical scope or activity, it is expressly agreed that this covenant not to compete shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such over broad provisions shall be deemed, without further action on the part of any person, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable in such jurisdiction.

7.3. Confidential Information. Neither Company nor Shareholder shall at any time subsequent to the Closing, except as explicitly requested by Buyer, use for any purpose, disclose to any person, or keep or make copies of documents, tapes, discs, programs or other information storage media ("records") containing, any confidential information concerning the Business, the Purchased Assets, or the Assumed Liabilities, all such information being deemed to be transferred to the Buyer hereunder; provided that Company and Shareholder may use, disclose or keep copies of such records for the purposes of defending any claims or

audits, making any claims, filing taxes or as required by law, court, governmental entity or any other similar events. For purposes hereof, "confidential information" shall mean and include, without limitation, all Trade Rights in which Company has an interest, all customer and vendor lists and related information, all information concerning Company's processes, products, costs, prices, sales, marketing and distribution methods, properties and assets, liabilities, finances, employees, all privileged communications and work product, and any other information not previously disclosed to the public directly by Company. The foregoing provisions shall not apply to any information which is an "Excluded Asset" as defined in Section 1.2, or which relates solely to one or more Excluded Assets. Company hereby consents to Buyer's consultation with legal, accounting and other professional advisors to Company concerning advice rendered to Company prior to the Closing regarding the Business, the Purchased Assets or the Assumed Liabilities, excluding, however, the negotiation and drafting of this Agreement and the transactions entered into pursuant hereto.

7.4. Product Liability Matters. At least five (5) days prior to the Closing, Buyer shall communicate to Company a quote from an insurance company insuring against claims for personal injury and property damage arising out of or resulting from any products sold by Company prior to the Closing Date in an amount of not less than $1 Million for individual occurrence and $2 Million in the aggregate per year for a period of six (6) years following the Closing, with a deductible not exceeding $10,000 along with its decision on whether it will obtain such insurance. If such decision is to obtain the insurance, then at the Closing, Company shall remit to Buyer the dollar amount of the incremental increase in premiums occasioned by such additional insurance.

7.5. Use of Company's Name. Following the Closing, neither Company nor any Affiliate shall, without the prior written consent of Buyer, make any use of the name "Atlas, Atlas Snowshoe Company, Inc." or any other name confusingly similar thereto, except as may be necessary for Company to pay its liabilities, prepare tax returns and other reports, and to otherwise wind up and conclude its business.

8. FURTHER COVENANTS OF COMPANY

8.1. Access to Information and Records. During the period prior to the Closing:

8.1. (a) Company shall, and shall cause its officers, employees, agents, accountants and advisors to, furnish to Buyer, its officers, employees, agents, independent accountants and advisors, at reasonable times and places, all information in their possession concerning Company as may be requested, and give such persons access to all of the properties, books, records, contracts and other documents of or pertaining to Company that Company or its officers, employees, agents, independent accountants or advisors shall have in their custody.

8.1. (b) With the prior consent of Company in each instance (which consent shall not be unreasonably withheld), Buyer and its officers, employees, agents,

independent accountants and advisors, shall have access to vendors, customers, and others having business dealings with Company for the purpose of performing Buyer's due diligence investigation.

8.2. Bank Accounts. Not less than ten (10) days prior to the Closing, Company shall provide to Buyer a list of each bank in which Company has an account or safe deposit box, the name and number of each such account or box and the names of all persons authorized to draw thereon or who have access thereto, with the amounts they are authorized to draw.

8.3. Conduct of Business Pending the Closing. From the date hereof until the Closing, except as otherwise approved in writing by the Buyer:

8.3. (a) No Changes. Company will carry on its business diligently and in the same manner as heretofore and will not make or institute any changes in its methods of purchase, sale, management, accounting or operation.

8.3. (b) Maintain Organization. Company will take such action as may be necessary to maintain, preserve, renew and keep in favor and effect the existence, rights and franchises of Company and will use its best efforts to preserve the business organization of Company intact, to keep available to Buyer the present officers and employees, and to preserve for Buyer its present relationships with suppliers and customers and others having business relationships with Company.

8.3. (c) No Breach. Company will not do or omit any act, or permit any omission to act, which may cause a breach of any material contract, commitment or obligation, or any breach of any representation, warranty, covenant or agreement made by Company herein, or which would have required disclosure on Schedule 4.8 had it occurred after the date of the Recent Balance Sheet and prior to the date of this Agreement.

8.3. (d) No Material Contracts. No contract or commitment will be entered into, and no purchase of raw materials or supplies and no sale of goods or services (real, personal, or mixed, tangible or intangible) will be made, by or on behalf of Company, except contracts, commitments, purchases or sales which are in the ordinary course of business and consistent with past practice, are not material to the Company (individually or in the aggregate) and would not have been required to be disclosed in the Disclosure Schedule had they been in existence on the date of this Agreement.

8.3. (e) No Corporate Changes. Company shall not amend its Articles of Incorporation or By-laws or make any changes in authorized or issued capital stock.

8.3. (f) Maintenance of Insurance. Company shall maintain all of the insurance in effect as of the date hereof.

8.3. (g) Maintenance of Property. Company shall use, operate, maintain and repair all property of Company in a normal business manner.

8.3. (h) Interim Financials. Company will provide Buyer with interim monthly financial statements and other management reports as and when they are available.

8.3. (i) No Negotiations. Until the Closing, neither Company nor Shareholder will directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective buyer, commence, or conduct presently ongoing, negotiations with any other party or enter into any agreement with any other party concerning the sale of Company, Company's assets or business or any part thereof or any equity securities of Company (an "acquisition proposal"), and Company and Shareholder shall immediately advise Buyer of the receipt of any acquisition proposal.

8.4. Change of Corporate Name. Concurrently with the Closing, Company shall change its corporate name to a new name bearing no resemblance to its present name so as to permit the use of its present name by Buyer.

8.5. Consents. Company and Buyer will use their best efforts prior to Closing to obtain all consents necessary for the consummation of the transactions contemplated hereby.

8.6. Other Action. Until the Closing, Company and Buyer shall use their best efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the parties' obligations to consummate the transactions contemplated in this Agreement.

8.7. Disclosure. Until the Closing, Company shall have a continuing obligation to promptly notify Buyer in writing with respect to any matter hereafter arising or discovered which, if existing or known at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule, but no such disclosure shall cure any breach of any representation or warranty which is inaccurate.

9. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

Each and every obligation of Buyer and Tubbs to be performed on the Closing Date shall be subject to the satisfaction prior to or at the Closing of each of the following conditions:

9.1. Representations and Warranties True on the Closing Date. Each of the representations and warranties made by Company in this Agreement, and the statements contained in the Disclosure Schedule or in any instrument, list, certificate or writing delivered by Company pursuant to this Agreement, shall be true and correct in all material respects when made and shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing

Date, except for any changes permitted by the terms of this Agreement or consented to in writing by Buyer.

9.2. Compliance With Agreement. Company shall have in all material respects performed and complied with all of their agreements and obligations under this Agreement which are to be performed or complied with by them prior to or on the Closing Date, including the delivery of the closing documents specified in Section 12.1.

9.3. Absence of Litigation. No Litigation shall have been commenced or threatened, and no investigation by any Government Entity shall have been commenced, against Buyer, Company or any of the affiliates, officers or directors of any of them, with respect to the transactions contemplated hereby.

9.4. Financing. Tubbs shall have obtained equity and debt financing, on terms reasonably satisfactory to Tubbs in an amount sufficient to finance the transaction provided for herein and the continuing operations of Buyer.

9.5. Consents and Approvals. All approvals, consents and waivers that are required to effect the transactions contemplated hereby shall have been received, and executed counterparts thereof shall have been delivered to Buyer not less than two (2) business days prior to the Closing. Notwithstanding the foregoing, receipt of the consent of any third party to the assignment of a Contract which is not (and is not required to be) disclosed in the Disclosure Schedule shall not be a condition to Buyer's obligation to close, provided that the aggregate of all such Contracts does not represent a material portion of Company's sales or expenditures. After the Closing, Company will continue to use its best effects to obtain any such consents or approvals.

9.6. Estoppel Certificates. Company shall have delivered to Buyer on or prior to the Closing Date an estoppel certificate or status letter from the landlord under each lease of real property which estoppel certificate or status letter will certify (i) the lease is valid and in full force and effect; (ii) the amounts payable by Company under the lease and the date to which the same have been paid; (iii) whether there are, to the knowledge of said landlord, any defaults thereunder, and, if so, specifying the nature thereof; and (iv) that the transactions contemplated by this Agreement will not constitute default under the lease and that the landlord consents to the assignment of the lease to Buyer.

9.7. Key Employees. Buyer shall be reasonably satisfied that Company's key employees will continue in the employment of Buyer after the Closing on terms and conditions reasonably satisfactory to Buyer, which terms and conditions shall not be materially less favorable than those presently existing for such employees with the Company.

10. CONDITIONS PRECEDENT TO COMPANY'S OBLIGATIONS

Each and every obligation of Company and Shareholder to be performed on the Closing Date shall be subject to the satisfaction prior to or at the Closing of the following conditions:

10.1. Representations and Warranties True on the Closing Date. Each of the representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects when made and shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made or given on and as of the Closing Date.

10.2. Compliance With Agreement. Buyer shall have in all material respects performed and complied with all of Buyer's agreements and obligations under this Agreement which are to be performed or complied with by Buyer prior to or on the Closing Date, including the delivery of the closing documents specified in Section 12.2.

10.3. Absence of Litigation. No Litigation shall have been commenced or threatened, and no investigation by any Government Entity shall have been commenced, against Buyer, Company or any of the affiliates, officers or directors of any of them, with respect to the transactions contemplated hereby.

10.4. Investment Opportunity. Shareholder shall have been provided the opportunity to invest up to $200,000 in Horizon Tubbs Investment, LLC, a Delaware limited liability company, in exchange for Common Units at a purchase price of $215.00 per Common Unit, and otherwise on reasonable procedural terms and conditions as determined by the Board of Directors of Horizon Tubbs Investment, LLC. In the event that at or prior to Closing, Shareholder shall have purchased Common Units in Horizon Tubbs Investment, LLC as contemplated hereby, then at the Closing, Horizon Tubbs Investment, LLC shall, in addition to the Common Units purchased by Shareholder, issue to Shareholder an additional number of Common Units equal to the number of Common Units purchased by Shareholder.

10.5. Company Management Equity Participation. Dean Schorno, Daniel Emerson and Mike McDonald, present management of Company, shall have been provided with the opportunity to invest in Tubbs on terms and conditions substantially the same as present officers of Tubbs have invested in Tubbs.

11. INDEMNIFICATION

11.1. By Company. Subject to the terms and conditions of this Article 11, Company hereby agrees to indemnify, defend and hold harmless Buyer, and its directors, officers, employees and controlled and controlling persons (hereinafter "Buyer's Affiliates"), from and against all Claims (as defined below) asserted against, resulting to, imposed upon, or incurred by Buyer, Buyer's Affiliates or the business and assets transferred to Buyer pursuant to this Agreement, directly or indirectly, by reason of, arising out of or resulting from

11.1. (a) the inaccuracy or breach of any representation or warranty of Company or Shareholder contained in or made pursuant to this Agreement (regardless of whether such breach is deemed "material");

11.1. (b) any Claim of or against Company, the Purchased Assets or the business of Company not specifically assumed by Buyer pursuant hereto.

11.1. (c) The breach of any covenant of Company or Shareholder contained in or made pursuant to this Agreement (regardless of whether such breach is deemed "material").

As used in this Article 11, the term "Claim" shall include (i) all Liabilities; (ii) all losses, damages (including, without limitation, consequential damages), judgments, awards, penalties and settlements; (iii) all demands, claims, suits, actions, causes of action, proceedings and assessments, whether or not ultimately determined to be valid; and (iv) all costs and expenses (including, without limitation, interest (including prejudgment interest in any litigated or arbitrated matter), court costs and fees and reasonable expenses of attorneys and expert witnesses) of investigating, defending or asserting any of the foregoing or of enforcing this Agreement.

11.2. By Company and Shareholder. Subject to the terms and conditions of this Article 11, Company and Shareholder, jointly and severally, hereby agree to indemnify, defend and hold harmless Buyer, and its directors, officers, employees and controlled and controlling persons (hereinafter "Buyer's Affiliates"), from and against all Claims asserted against, resulting to, imposed upon, or incurred by Buyer, Buyer's Affiliates or the business and assets transferred to Buyer pursuant to this Agreement, directly or indirectly, by reason of, arising out of or resulting from

11.2. (a) the breach of any covenant of Company or Shareholder contained in Section 3.4, Article 6 (except Section 6.4), Article 7, Article 8, Section 11.2, Article 12, Article 14 and Sections 15.2 and 15.8 of this Agreement (regardless of whether such breach is deemed "material");

11.2. (b) any Claim brought by or on behalf of any broker or finder retained, employed or used by Company or any of its directors, officers, employees, Shareholder or agents in connection with the transactions provided for herein or the negotiation thereof, whether or not disclosed herein; or

11.2. (c) Any Claim with respect to any taxes applicable to, imposed upon or arising out of the sale or transfer of the Purchased Assets to Buyer and the other transactions contemplated by this Agreement, including but not limited to any income, transfer, sales, use, gross receipts or documentary stamp taxes.

11.2. (d) Any Claim with respect to any liability of Company for Federal income taxes and any state or local income, profit or franchise taxes (and any penalties or interest due on account therefor) for the period prior to the Closing Date.

11.3. By Buyer and Tubbs. Subject to the terms and conditions of this Article 11, Buyer and Tubbs, jointly and severally, hereby agree to indemnify, defend and hold harmless Company, its directors, officers, employees and controlling persons, from and against all Claims asserted against, resulting to, imposed upon or incurred by any such person, directly or indirectly, by reason of, arising out of or resulting from (a) the inaccuracy or breach of any representation or warranty of Buyer or Tubbs contained in or made pursuant to this Agreement (regardless of whether such breach is deemed "material"); (b) the breach of any covenant of Buyer or Tubbs contained in this Agreement (regardless of whether such breach is deemed "material"); (c) all Claims of or against Company specifically assumed by Buyer pursuant hereto; or (d) Claims for product liability for all products sold after the Closing Date.

11.4. Indemnification of Third-Party Claims. The following provisions shall apply to any Claim subject to indemnification which is (i) a suit, action or arbitration proceeding filed or instituted by any third party, or (ii) any other form of proceeding or assessment instituted by or before any Government Entity:

11.4. (a) Notice and Defense. The party or parties to be indemnified (whether one or more, the "Indemnified Party") will give the party from whom indemnification is sought (the "Indemnifying Party") prompt written notice of any such Claim, and the Indemnifying Party will undertake the defense thereof by representatives chosen by it, provided that the Indemnified Party may be represented by its own counsel at its own cost. The assumption of defense shall constitute an admission by the Indemnifying Party of its indemnification obligation hereunder with respect to such Claim, and its undertaking to pay directly all costs, expenses, damages, judgments, awards, penalties and assessments incurred in connection therewith. Failure to give such notice shall not affect the Indemnifying Party's duty or obligations under this Article 11, except to the extent the Indemnifying Party is prejudiced thereby. So long as the Indemnifying Party is defending any such Claim actively and in good faith, the Indemnified Party shall not settle such Claim. The Indemnified Party shall make available to the Indemnifying Party or its representatives all records and other materials required by them and in the possession or under the control of the Indemnified Party, for the use of the Indemnifying Party and its representatives in defending any such Claim, and shall in other respects give reasonable cooperation in such defense.

11.4. (b) Failure to Defend. If the Indemnifying Party, within a reasonable time after notice of any such Claim, fails to defend such Claim actively and in good faith, the Indemnified Party will (upon further notice) have the right to undertake the defense, compromise or settlement of such Claim or consent to the entry of a

judgment with respect to such Claim, on behalf of and for the account and risk of the Indemnifying Party, and the Indemnifying Party shall thereafter have no right to challenge the Indemnified Party's defense, compromise, settlement or consent to judgment.

11.4. (c) Indemnified Party's Rights. Anything in this Article 11 to the contrary notwithstanding, (i) if there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right to defend, compromise or settle such Claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all Liability in respect of such Claim.

11.5. Payment. The Indemnifying Party shall promptly pay the Indemnified Party any amount due under this Article 11. Upon judgment, determination, settlement or compromise of any third party Claim, the Indemnifying Party shall pay promptly on behalf of the Indemnified Party, and/or to the Indemnified Party in reimbursement of any amount theretofore required to be paid by it, the amount so determined by judgment, determination, settlement or compromise and all other Claims of the Indemnified Party with respect thereto, unless in the case of a judgment an appeal is made from the judgment. If the Indemnifying Party desires to appeal from an adverse judgment, then the Indemnifying Party shall post and pay the cost of the security or bond to stay execution of the judgment pending appeal. Upon the payment in full by the Indemnifying Party of such amounts, the Indemnifying Party shall succeed to the rights of such Indemnified Party, to the extent not waived in settlement, against the third party who made such third party Claim.

11.6. Limitations on Indemnification. Except for any willful or knowing breach or misrepresentation, as to which claims may be brought without limitation as to time or amount:

11.6. (a) Source and Amount Limitation. Amounts payable to Buyer and Buyer's Affiliates pursuant to Sections 11.1(a) and 11.1(b) shall be paid solely by offset against any amount due from Buyer to Company pursuant to subsection 3.3(c).

11.6. (b) Insurance Offset. The obligation of a party to indemnify any Claim under this Article 11 shall be reduced by the full amount of any insurance collected by the Indemnified Party with respect to such Claim and each party agrees to cooperate to maximize insurance payments to the extent possible.

11.6. (c) Time Limitation. No claim or action shall be brought under this Article 11 after the lapse of two (2) years following the Closing. Regardless of the foregoing, however, or any other provision of this Agreement:

(i) There shall be no time limitation on claims or actions brought pursuant to Sections 11.1(c) or 11.2(a) for breach of the covenants made by Shareholder or Company in or pursuant to Section 7.2 or 7.3 hereof.

(ii) Any claim or action brought pursuant to Section 11.2(c) or 11.2(d) may be brought at any time until the underlying tax obligation is barred by the applicable period of limitation under federal and state laws relating thereto (as such period may be extended by waiver).

(iii) Any claim made by a party hereunder by filing a suit or action in a court of competent jurisdiction or by a demand for arbitration in accordance with Article 14 hereof prior to the termination of the survival period for such claim shall be preserved despite the subsequent termination of such survival period.

11.7. No Waiver. The closing of the transactions contemplated by this Agreement shall not constitute a waiver by any party of its rights to indemnification hereunder, regardless of whether the party seeking indemnification has knowledge of the breach, violation or failure of condition constituting the basis of the Claim at or before the Closing, and regardless of whether such breach, violation or failure is deemed to be "material".

12. CLOSING

The closing of this transaction ("the Closing") shall take place at the offices of Graham & James LLP, One Maritime Plaza, San Francisco, California, at 10:00 A.M. on March 15, 1999, or at such later date on or before April 30, 1999 as Buyer shall designate upon not less than five (5) days notice to Company, or at such other time and place as the parties hereto shall agree upon. Such date is referred to in this Agreement as the "Closing Date".

12.1. Documents to be Delivered by Company. At the Closing, Company shall deliver to Buyer the following documents, in each case duly executed or otherwise in proper form:

12.1. (a) Bills of Sale. Bills of sale and such other instruments of assignment, transfer, conveyance and endorsement as will be sufficient in the opinion of Buyer and its counsel to transfer, assign, convey and deliver to Buyer the Purchased Assets as contemplated hereby.

12.1. (b) Compliance Certificate. A certificate signed by the chief executive officer of Company that each of the representations and warranties made by Company in this Agreement is true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made or given on and as of the Closing Date (except for any changes permitted by the terms of this Agreement or consented to in writing by Buyer), and that Company has

performed and complied with all of Company's and Shareholder's obligations under this Agreement which are to be performed or complied with on or prior to the Closing Date.

12.1. (c) Opinion of Counsel. A written opinion of Graham & James LLP, counsel to Company and Shareholder, dated as of the Closing Date, addressed to Buyer, substantially in the form of Exhibit B hereto.

12.1. (d) Consulting nd Noncompetition Agreements. The Consulting and Noncompetition Agreement referred to in Section 7.1, duly executed by Shareholder.

12.1. (e) Certified Resolutions. A certified copy of the resolutions of the Board of Directors and the Shareholder of Company authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement.

12.1. (f) Articles; By-laws. A copy of the By-laws of Company certified by the secretary of Company, and a copy of the Articles of Incorporation of Company certified by the Secretary of State of the state of incorporation of Company.

12.1. (g) Other Documents. All other documents, instruments or writings required to be delivered to Buyer at or prior to the Closing pursuant to this Agreement and such other certificates of authority and documents as Buyer may reasonably request.

12.2. Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Company the following documents, in each case duly executed or otherwise in proper form:

12.2. (a) Cash Purchase Price. To Company a certified or bank cashier's check (or wire transfer) as required by Section 3.3.(b) hereof.

12.2. (b) Assumption of Liabilities. Such undertakings and instruments of assumption as will be reasonably sufficient in the opinion of Company and its counsel to evidence the assumption of Company Liabilities as provided for in Article 2.

12.2. (c) Compliance Certificate. A certificate signed by the chief executive officer of Buyer that the representations and warranties made by Buyer in this Agreement are true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made or given on and as of the Closing Date (except for any changes permitted by the terms of this Agreement or consented to in writing by Company), and that Buyer has performed and complied with all of Buyer's obligations under this Agreement which are to be performed or complied with on or prior to the Closing Date.

12.2. (d) Opinion of Counsel. A written opinion of Foley & Lardner, counsel to Buyer, dated as of the Closing Date, addressed to Company, in substantially the form of Exhibit C hereto.

12.2. (e) Certified Resolutions. A certified copy of the resolutions of the Board of Directors of Buyer authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement.

12.2. (f) Incumbency Certificate. Incumbency certificates relating to each person executing any document executed and delivered to Company by Buyer pursuant to the terms hereof.

12.2. (g) Other Documents. All other documents, instruments or writings required to be delivered to Company at or prior to the Closing pursuant to this Agreement and such other certificates of authority and documents as Company may reasonably request.

13. TERMINATION

13.1. Right of Termination Without Breach. This Agreement may be terminated without further liability of any party at any time prior to the Closing:

13.1. (a) by mutual written agreement of Buyer and Company, or

13.1. (b) by either Buyer or Company if the Closing shall not have occurred on or before April 30, 1999, provided the terminating party has not, through breach of a representation, warranty or covenant, prevented the Closing from occurring on or before such date.

13.2. Termination for Breach.

13.2. (a) Termination by Buyer. If (i) there has been a material violation or breach by Company of any of the agreements, representations or warranties contained in this Agreement which has not been waived in writing by Buyer, or (ii) there has been a failure of satisfaction of a condition to the obligations of Buyer in Section 9 which has not been so waived, or (iii) Company shall have attempted to terminate this Agreement under this Article 13 or otherwise without grounds to do so, then Buyer may, by written notice to Company at any time prior to the Closing that such violation, breach, failure or wrongful termination attempt is continuing, terminate this Agreement with the effect set forth in Section 13.2.(c) hereof.

13.2. (b) Termination by Company. If (i) there has been a material violation or breach by Buyer of any of the agreements, representations or warranties contained in this Agreement which has not been waived in writing by Company, or (ii) there has been a failure of satisfaction of a condition to the obligations of Company in Section

10 which has not been so waived, or (iii) Buyer shall have attempted to terminate this Agreement under this Article 13 or otherwise without grounds to do so, then Company may, by written notice to Buyer at any time prior to the Closing that such violation, breach, failure or wrongful termination attempt is continuing, terminate this Agreement with the effect set forth in Section 13.2.(c) hereof.

13.2. (c) Effect of Termination. Subject to Section 13.3, termination of this Agreement pursuant to this Section 13.2 shall not in any way terminate, limit or restrict the rights and remedies of any party hereto against any other party which has violated or breached any of the covenants, agreements, conditions or other provisions of this Agreement prior to termination hereof. In addition to the right of any party under common law to redress for any such breach or violation, each party whose breach or violation has occurred prior to termination shall jointly and severally indemnify each other party for whose benefit such covenant, agreement or other provision was made ("indemnified party") from and against all losses, damages, costs and expenses (including, without limitation, interest (including prejudgment interest in any litigated matter), penalties, court costs, and reasonable attorneys fees and expenses) asserted against, resulting to, imposed upon, or incurred by the indemnified party, directly or indirectly, by reason of, arising out of or resulting from such breach or violation. Subject to the foregoing, the parties' obligations under Section 15.8 of this Agreement shall survive termination.

13.3. Buyer Deposits.

(i) In the event that the Closing does not occur on or before March 15, 1999 due to Buyer's inability or unwillingness to satisfy the conditions to close set forth in Section 10 (except Section 10.3) and Section 9.4 when Company has satisfied or is ready, willing and able to satisfy the conditions to close set forth in Section 9 (except Sections 9.3 and 9.4), then Buyer shall on or prior to March 15, 1999 deposit with Company the amount of $50,000.

(ii) In the event that the Closing does not occur on or before March 30, 1999 due to Buyer's inability or unwillingness to satisfy the conditions to close set forth in Section 10 (except Section 10.3) and Section 9.4 when Company has satisfied or is ready, willing and able to satisfy the conditions to close set forth in Section 9 (except Sections 9.3 and 9.4), then Buyer shall on or prior to March 30, 1999 deposit with the Company, in addition to the amount provided in (i) above, the amount of $25,000.

(iii) The amounts deposited with Company pursuant to (i) and (ii) above shall be (a) retained by Company in the event Company or Buyer terminates this Agreement pursuant to Section 13.1(b) due to Buyer's inability or unwillingness to satisfy the conditions to close set forth in Section 10 (except Section 10.3) and Section 9.4 when Company has satisfied or is ready, willing and able to satisfy the conditions to close set forth in Section 9 (except Sections 9.3 and 9.4), (b) shall be applied against the Purchase Price if the

transactions provided for herein closes; (c) shall be retained by Company as liquidated damages in the event of termination pursuant to Sections 13.2(b)(i) or 13.2(b)(iii), or (d) in all other circumstances shall be returned to Buyer promptly following the termination of this Agreement.

(iv) In the event that Company or Buyer terminate this Agreement pursuant to Section 13.1(b) due to Buyer's inability or unwillingness to satisfy the conditions to close set forth in Section 10 (except Section 10.3) and Section 9.4 when Company has satisfied or is ready, willing and able to satisfy the conditions to close set forth in Section 9 (except Sections 9.3 and 9.4), then Buyer agrees to pay to Company the amount, if any, by which Company's out-of-pocket fees and expenses (including legal fees and expenses) incurred in connection with the transactions provided for herein exceed $75,000, but in no event will Buyer pay more than $25,000 under this subsection (iv).

14. RESOLUTION OF DISPUTES

14.1. Arbitration. After the Closing, any dispute, controversy or claim arising out of or relating to this Agreement or the negotiation hereof or entry hereunto or any contract or agreement entered into pursuant hereto or the performance by the parties of its or their terms shall be settled by binding arbitration held in Chicago, Illinois in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, except as specifically otherwise provided in this Article 14. This Article 14 shall be construed and enforced in accordance with the Federal Arbitration Act, notwithstanding any other choice of law provision in this Agreement. Notwithstanding the foregoing:

14.1. (a) Any of Buyer, Company, Tubbs or Shareholder may, in its discretion, apply to a court of competent jurisdiction for equitable relief. Such an application shall not be deemed a waiver of the right to compel arbitration pursuant to this Article.

14.1. (b) No party shall be required to submit to arbitration hereunder unless all persons who are not parties to this Agreement, but who are necessary parties to a complete resolution of the controversy, submit to the arbitration process on the same terms as the parties hereto. Without limiting the generality of the foregoing, no claim under Article 11 for the indemnification of a third-party claim shall be subject to arbitration under this Article 14 unless the third party bringing such claim against the indemnitee shall agree in writing to the application of this Article 14 of the resolution of such claim.

14.2. Arbitrator. The panel to be appointed shall consist of one as neutral arbitrator.

14.3. Procedures; No Appeal. The arbitrator shall allow such discovery as the arbitrator determine appropriate under the circumstances and shall resolve the dispute as expeditiously as practicable, and if reasonably practicable, within 120 days after the selection

of the arbitrator. The arbitrator shall give the parties written notice of the decision, with the reasons therefor set out, and shall have 30 days thereafter to reconsider and modify such decision if any party so requests within 10 days after the decision. Thereafter, the decision of the arbitrator shall be final, binding, and nonappealable with respect to all persons, including (without limitation) persons who have failed or refused to participate in the arbitration process.

14.4. Authority. The arbitrator shall have authority to award relief under legal or equitable principles, including interim or preliminary relief, and to allocate responsibility for the costs of the arbitration and to award recovery of attorneys fees and expenses in such manner as is determined to be appropriate by the arbitrator(s).

14.5. Entry of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having in personam and subject matter jurisdiction.

14.6. Confidentiality. All proceedings under this Article 14, and all evidence given or discovered pursuant hereto, shall be maintained in confidence by all parties and by the arbitrators.

14.7. Continued Performance. The fact that the dispute resolution procedures specified in this Article 14 shall have been or may be invoked shall not excuse any party from performing its obligations under this Agreement and during the pendency of any such procedure all parties shall continue to perform their respective obligations in good faith, subject to any rights to terminate this Agreement that may be available to any party and to the right of setoff provided in Section 11.4 hereof.

14.8. Tolling. All applicable statutes of limitation shall be tolled while the procedures specified in this Article 14 are pending. The parties will take such action, if any, required to effectuate such tolling.

15. MISCELLANEOUS

15.1. Disclosure Schedule. Information set forth in the Disclosure Schedule specifically refers to the article and section of this Agreement to which such information is responsive and such information shall not be deemed to have been disclosed with respect to any other article or section of this Agreement or for any other purpose. The Disclosure Schedule shall not vary, change or alter the language of the representations and warranties contained in this Agreement and, to the extent the language in the Disclosure Schedule does not conform in every respect to the language of such representations and warranties, such language shall be disregarded and be of no force or effect.

15.2. Further Assurance. From time to time, at the other party's request and without further consideration, each party will execute and deliver to the other party such documents, instruments and consents and take such other action as the other party may reasonably request in order to consummate more effectively the transactions contemplated hereby, to discharge

the covenants of each and to vest in Buyer good, valid and marketable title to the business and assets being transferred hereunder.

15.3. Disclosures and Announcements. Both the timing and the content of all disclosure to third parties and public announcements concerning the transactions provided for in this Agreement by either Company or Buyer shall be subject to the approval of the other in all essential respects.

15.4. Assignment; Parties in Interest.

15.4. (a) Assignment. Except as expressly provided herein, the rights and obligations of a party hereunder may not be assigned, transferred or encumbered without the prior written consent of the other parties. Notwithstanding the foregoing, Buyer may, without consent of any other party but with prior notice to Company and Shareholder, cause one or more subsidiaries of Buyer to carry out all or part of the transactions contemplated hereby; provided, however, that Buyer shall, nevertheless, remain liable for all of its obligations, and those of any such subsidiary, to Company hereunder.

15.4. (b) Parties in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and permitted assigns of the parties hereto. Nothing contained herein shall be deemed to confer upon any other person any right or remedy under or by reason of this Agreement.

15.5. Law Governing Agreement. This Agreement shall be construed and interpreted according to the internal laws of the State of California, excluding any choice of law rules that may direct the application of the laws of another jurisdiction.

15.6. Amendment and Modification. Buyer, Company and Shareholder may amend, modify and supplement this Agreement in such manner as may be agreed upon by them in writing.

15.7. Notice. All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission or other electronic means of transmitting written documents; or (c) sent to the parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to Buyer or Tubbs, to:

Tubbs Snowshoe Company
52 River Road
Stowe, Vermont 05672
Attention: President

(with a copy to)

Horizon Partners, Ltd.
225 East Mason Street
Milwaukee, Wisconsin 53202
Attention: Paul A. Stewart

(with a copy to)

Foley & Lardner
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
Attention: Benn S. DiPasquale

(with a copy to)

Gravel and Shea
P.O. Box 369
76 St. Paul Street
Burlington, Vermont 05402-0369
Attention: Stewart H. McConaughy

or to such other person or address as Buyer or Tubbs shall furnish to Company in writing.

(b) If to Company or Shareholder, to:

Perry Klebahn
Atlas Snowshoe Company, Inc.
1830 Harrison Street
San Francisco, California 94103

(with a copy to)

Graham & James LLP
One Maritime Plaza
Third Floor
San Francisco, California 94111-3492
Attention: David M. Niebauer

or to such other person or address as Company shall furnish to Buyer in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this paragraph, such communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

15.8. Expenses. Regardless of whether or not the transactions contemplated hereby are consummated:

15.8. (a) Expenses to be Paid by Company. Company shall pay, and shall indemnify, defend and hold Buyer harmless from and against, each of the following:

(i) Transfer Taxes. Any sales, use, excise, transfer or other similar tax imposed with respect to the transactions provided for in this Agreement, and any interest or penalties related thereto.

(ii) Professional Fees. All fees and expenses of Company's and Shareholder's legal, accounting, investment banking and other professional counsel in connection with the transactions contemplated hereby.

15.8. (b) Other. Except as otherwise provided herein, each of the parties shall bear its own expenses and the expenses of its counsel and other agents in connection with the transactions contemplated hereby.

15.8. (c) Costs of Litigation or Arbitration. The parties agree that (subject to the discretion, in an arbitration proceeding, of the arbitrator as set forth in Section 14.4) the prevailing party in any action brought with respect to or to enforce any right or remedy under this Agreement shall be entitled to recover from the other party or parties all reasonable costs and expenses of any nature whatsoever incurred by the

prevailing party in connection with such action, including without limitation attorneys' fees and prejudgment interest.

15.9. Entire Agreement. This instrument embodies the entire agreement between the parties hereto with respect to the transactions contemplated herein, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein.

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

15.11. Headings. The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

15.12. Glossary of Terms. The following sets forth the location of definitions of capitalized terms defined in the body of this Agreement:

"Affected Employees" - Section 6.1
"Affiliate" - Section 2.2(j)
"Assumed Contracts" - Section 2.1.(c)
"Assumed Liabilities" - Section 2.1
"Buyer's Affiliates" - Section 11.1
"CERCLA" - Section 4.11.(c)
"Claim" - Section 11.1
"Closing" - Preamble to Article 12
"Closing Date" – Preamble to Article 12
"Closing Date Pension Liability" - Section 6.5.(b)(ii)
"Code" - Section 3.4
"Company Employees" - Section 4.16.(a)
"Contracts" - Section 1.1.(f)
"Disclosure Schedule" - Article 15.1
"Employee Plans/Agreements" - Section 4.16.(a)
"Environmental Laws" - Section 4.11.(c)
"ERISA" - Section 4.16.(a)
"Excluded Assets" - Section 1.2
"Government Entities" - Section 2.2.(k)
"IRS" - Section 3.7
"Indemnified Party" - Section 11.3.(a)
"Indemnifying Party" - Section 11.3.(a)
"Inventory" - Section 1.1.(c)
"Laws" - Section 2.2.(k)
"Leased Real Property" - Section 1.1.(a)
"Liability" - Section 2.1

"Lien" - Section 4.12(a)
"Litigation" - Section 2.2.(f)
"Orders" - Section 2.2.(k)
"PBGC" - Section 4.16(e)
"Personal Property Leases" - Section 1.1.(d)
"Products" - Section 4.20
"Purchased Assets" - Section 1.1
"Purchase Price" - Section 3.2
"Real Property" - Section 4.12(c)
"Real Property Leases" - Section 1.1.(a)
"Recent Balance Sheet" - Section 4.4
"Trade Rights" - Section 1.1.(e)
"Waste" - Section 4.11.(c)

Where any group or category of items or matters is defined collectively in the plural number, any item or matter within such definition may be referred to using such defined term in the singular number.

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

SHAREHOLDER*

Perry Klebahn
President

TUBBS SNOWSHOE COMPANY, LLC

By: _____
Edward J. Kindry,

ATLAS ACQUISITION COMPANY, LLC

By: _____
Edward J. Kindry, President

ATLAS SNOWSHOE COMPANY, INC.

By: _____
Perry Klebahn, President

* **Shareholder is a party to this Agreement and is executing this Agreement only for the purposes of Shareholder's covenants set forth in Section 11.2 hereof.**