

Form PTO-1594  
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06-03-2004



SHEET  
-Y

U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

To the Director of the Patent and Trademark Office

102813742

1 original documents or copy thereof.

1. Name of conveying party(ies):

Industrial Tectonics, Inc.

S 2804

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation--State Michigan
- Other \_\_\_\_\_

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

2. Name and address of receiving party(ies)

Name: Kaydon Corporation

Internal Address: 315 East Eisenhower Parkway, Suite 300  
Ann Arbor, MI 48108

Street Address: 315 East Eisenhower Parkway, Suite 300

City: Ann Arbor State: MI Zip: 48108

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation--State Delaware
- Other \_\_\_\_\_

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

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

A. Trademark Application No. (s)

B. Trademark Registration No.(s) 770,731

Additional numbers attached?  Yes  No

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

Name: Carl S. Clark

Address: Price, Heneveld, Cooper,

DeWitt & Litton

Street Address: Post Office Box 2567

City: Grand Rapids State: MI ZIP: 49501

6. Total number of applications and registrations involved: 1

7. Total fee (37 C.F.R. § 3.41).....\$ 40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

16-2463

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

DO NOT USE THIS SPACE

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.

Carl S. Clark

Name of Person Signing

Signature

5/25/04

Date

06/01/2004 ECOOPER 00000057 770731

01 FC:8521

40.00 DP

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

Mail documents to be recorded with required cover sheet information to:  
Director of the Patent and Trademark Office, Mail Stop Assignment Recordation Services  
PO Box 1450, Alexandria, Virginia 22313-1450

ASSET PURCHASE AGREEMENT

Between

KAYDON CORPORATION

And

INDUSTRIAL TECTONICS, INC.

And

AXEL JOHNSON, INC.

NOVEMBER 29, 1993

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made and executed as of November 29, 1993, between KAYDON CORPORATION, a Delaware corporation (the "Buyer"), INDUSTRIAL TECTONICS INC., a Delaware corporation (the "Seller"), and AXEL JOHNSON INC., a Delaware corporation ("AJI"), with reference to the following facts:

Seller is a wholly-owned subsidiary of AJI and wishes to sell to Buyer and Buyer wishes to purchase from Seller all of the business and assets relating to Seller's ball and precision machine parts manufacturing business located in Dexter, Michigan (the "Business").

In consideration of the premises and the mutual covenants contained herein, Seller, AJI and Buyer agree as follows:

1. SALE AND PURCHASE OF ASSETS

1.1 Transfer of Assets. In reliance on the representations and warranties contained herein and subject to the terms and conditions hereof, Seller shall on the Closing Date (as defined in Section 3 herein) sell, convey, transfer, assign and deliver, free and clear of all liens, mortgages, security interests, pledges, charges, agreements, restrictions, claims, defects in title and encumbrances of any kind or description, except for those items listed on the attached Exhibit 1.1 (collectively referred to herein as "Claims and Encumbrances"), and Buyer shall purchase from Seller, all of Seller's right, title and interest in and to the tangible and intangible assets (the "Assets") of Seller, including:



(a) Inventories. All inventory, including, without limitation, all work in process, finished parts and products and raw materials ("Inventory");

(b) Machinery and Equipment. All machinery, equipment, tools, vehicles, furniture, tooling, fixtures, molds, dies, and all other tangible property used in the Business, including, without limitation, the machinery and equipment described on Exhibit 1.1(b) hereto ("Machinery and Equipment");

(c) Intangible Personal Property. All intangible personal property, including (i) all procedures, processes, products, formulae, scientific, technical and other information, trade secrets, ideas, licenses, franchises, customer lists, vendor lists, plans, specifications, designs, drawings, catalogues, manuals, reports, samples, prototypes, know-how, items in application, development or other pending status and all similar items which are owned by Seller and applicable to or used in the operation of the Business ("Intellectual Property"), including, without limitation, the items of Intellectual Property of Seller described on Exhibit 1.1(c) hereto, (ii) rights pursuant to all contracts applicable to or used in the operation of the Business, including, without limitation, the contracts listed on Exhibit 4.17 hereto, (iii) the leases of real and personal property applicable to or used in the operation

of the Business described on Exhibit 4.17 hereto, (iv) all computer and automatic machinery software programs and source disks, program documentation, tapes, manuals, forms, guides and other materials with respect thereto applicable to or used in the Business, and (v) to the extent the same are transferable, all federal, state or local governmental or regulatory permits, licenses, approvals and franchises which are owned or have been received by Seller in connection with the operation of the Business or ownership of the Assets (collectively, "Permits"), including, without limitation, the Permits which are listed on Exhibit 4.7 hereto;

(d) Patents, Trademarks and Copyrights. All registered and unregistered trademarks, trademark applications, trade names, service marks and service names and the goodwill of the Business connected therewith or symbolized thereby, and all copyrights, patents and patent applications, including, without limitation, the items listed on the attached Exhibit 1.1(d).

(e) Records. All accounting information pertaining to the operations of the Business and all media in which all or any of the information, knowledge, data or records relating to the Business may be related or stored, all customer lists, customer files, personnel records, credit information, advertising, promotional and sales

materials, sales data, surveys, account histories, information relating to sales or servicing of products applicable to, used in or manufactured by the Business;

(f) Miscellaneous Assets. All goodwill of the Business and all information, identification of supplies, gross data, recorded knowledge, and all warranties inuring to the benefit of Seller in connection with the Business;

(g) Cash. All cash on hand, accounts receivable and notes receivable (except that Buyer shall not assume any negative cash balance), and

(h) Real Property. The real property described in Exhibit 4.21 herein.

1.2 Assumed Liabilities. At the Closing, Buyer shall assume only (i) the obligations or liabilities of Seller listed on the balance sheet of Seller dated June 30, 1993 and attached as Exhibit 1.2 hereto in the amounts listed therein, as such amounts may have increased or decreased since that date in the ordinary course of business and (ii) those additional liabilities set forth on the attached Exhibit 1.2(a). Except for the foregoing liabilities, Buyer shall not assume any obligation, duty or liability of any nature whatsoever, fixed or contingent, including, without limitation: (A) any liability of Seller for generation, management, handling, transportation, treatment, storage, disposal, delivery, discharge, release or emission of any waste, pollutant or toxic, hazardous or other substance or

other action, omission or condition affecting the environment arising from the conduct of the Business or occurrences prior to the Closing Date, including, without limitation, those conditions specified on Exhibit 4.12 as described herein; (B) any tax liabilities or similar assessments arising from the conduct of the Business or occurrences prior to the Closing Date or arising from the transfer of the Assets and consummation of the transactions contemplated hereby, including, without limitation, any liabilities for sales, bulk sales, use, transfer, stamp or income taxes, and any filing, recording or similar fees or charges; (C) any liabilities for breach or default by Seller under any contract, lease or agreement assigned to Buyer hereunder, which accrued prior to the Closing Date; (D) any liability with respect to any claim, suit, action or judicial, administrative or arbitration proceeding (x) made or pending or commenced against Seller at or prior to the Closing Date, or (y) made or commenced after the Closing Date in respect of any action, omission or condition occurring or existing prior to the Closing Date; (E) any undisclosed liabilities, which accrued prior to the Closing Date and (F) any collective bargaining agreement, labor or employment agreement liabilities, any pension plan withdrawal or other liability, severance liability, funding deficiency, workmen's compensation, employee life and health insurance or similar liability to any employee or former employee of Seller, including, without limitation, any such liability under any multi-employer or single-employer plan, contract or

arrangement, or any other liability in respect of any employee attributable to or in respect of any period prior to the Closing Date. Seller shall discharge and satisfy, when and if due and payable, all liabilities which are not specifically assumed by Buyer under this Agreement and shall, upon request of Buyer, give Buyer evidence of such payment.

In the event Buyer is assessed with a liability it did not assume hereunder, Buyer shall notify Seller in writing of such assessment and provide Seller ten (10) business days to either acknowledge the liability or dispute it. If Seller acknowledges such assessment of liability, Seller may either, at its sole option, (i) discharge and satisfy such liability directly, (ii) dispute such liability and indemnify and hold Buyer harmless, or (iii) pay Buyer the full amount of such assessed liability. Under no circumstances shall Seller pay Buyer for any liability which Buyer satisfies and discharges on Seller's behalf unless Buyer first provides Seller with the notice required herein.

1.3 Excluded Assets. The Assets shall not include the assets of Seller listed in Exhibit 1.3 attached hereto.

2. PRICE

2.1 Purchase Price. The purchase price for the Assets based on Seller's balance sheet attached as Exhibit 1.2 hereto shall be the sum of Seven Million Nine Hundred Fifty Thousand Dollars (\$7,950,000) in cash (transferred via wire transfer) at Closing.

2.2 Allocation of Purchase Price. The Purchase

Price paid for the respective Assets will be as shown on an allocation exhibit to be provided by Buyer to Seller prior to the Closing which shall be approved by Seller.

2.3 Change in Financial Statements. The Purchase

Price has been calculated based on the June 30, 1993 balance sheet of Seller which reflects a net equity of \$7,784,631, and a net equity after adjusting for cash, prepaid assets, pension liabilities and other post-employment benefit obligations of \$7,735,406, calculated as follows:

June 30, 1993 equity	\$7,784,631
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Adjustments:

Cash	(81,183)
Prepaid Assets	(216,431)
Pension Liability	140,626
FASB 106 Liability	<u>107,763</u>
	\$7,735,406

The Purchase Price shall be adjusted as follows:

(i) Net equity as of June 30, 1993 shall be subtracted from net equity as of the Closing Date and the difference shall be the "Net Equity Difference;" and

(ii) \$3,188,060 shall be subtracted from Seller's working capital as of the Closing Date (including only cash, accounts receivable and inventory less accounts payable, and less accrued expenses, and excluding prepaid assets, pension liabilities and other post employment benefit obligations) and the difference shall be the "Working Capital Difference."

If both the Net Equity Difference and the Working Capital Difference are positive, the Purchase Price shall be increased by the greater of the Net Equity Difference and the Working Capital Difference. If both the Net Equity Difference and the Working Capital Difference are negative, the Purchase Price shall be decreased by the greater of the Net Equity Difference and the Working Capital Difference. If the Net Equity Difference is positive and the Working Capital Difference is negative, or if the Net Equity Difference is negative and the Working Capital Difference is positive, the Purchase Price shall be increased by the sum of the Working Capital Difference and the Net Equity Difference (or decreased if the sum is negative).

In determining the Net Equity Difference and the Working Capital Difference, the maximum value for property, plant and equipment shall be \$2,851,755 and the maximum value for goodwill shall be \$1,695,971.

The adjustments to the Purchase Price set forth above shall be made within sixty (60) days after the Closing Date. Within thirty (30) days following the Closing Date Buyer shall prepare the balance sheet as of the Closing Date and shall submit such balance sheet to Seller for review by Seller's representatives. If Seller wishes to dispute the Closing Date balance sheet submitted by Buyer it shall notify Buyer within thirty (30) days of Seller's receipt of the Closing Date balance sheet of its dispute. If the parties cannot resolve such dispute, the Closing Date balance sheet shall be audited by an

independent accounting firm agreed to by both parties and the results of such audit shall be final and binding on both parties. The cost of such audit shall be borne equally by both parties, unless the independent auditor's results establish that one party was responsible for the dispute, in which event such responsible party shall bear the total costs associated with the audit.

Any increase or reduction in the Purchase Price determined in accordance with this Section shall immediately be paid to Seller or Buyer as the case may be.

3. THE CLOSING

3.1 Time and Place. The closing of the sale and purchase of the Assets (the "Closing") shall take place at the offices of Seller's counsel in Detroit, Michigan at 9:00 A.M., on January 31, 1994, or such earlier date as Seller and Buyer may agree upon (the "Closing Date"). The delivery of all documents by the parties and the performance of all acts at the Closing shall be deemed to have occurred simultaneously.

3.2 Transfer of Assets. At the Closing, Seller shall deliver to Buyer such bills of sale, warranty deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer, in form and substance reasonably satisfactory to Buyer and its counsel, as shall be effective to convey and transfer to and vest in Buyer title to the Assets, free and clear of any Claims and Encumbrances, except such Claims and Encumbrances listed on Exhibit 1.1 attached hereto. Simultaneously with such delivery, Seller shall take



such action as may be necessary or reasonably requested by Buyer to place Buyer in possession and control of the Assets.

3.3 Delivery of Purchase Price. Buyer shall pay to Seller via wire transfer at the Closing, the full amount of the Purchase Price.

4. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

4.1 Organization, Standing, etc. of Seller. Seller is duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power to own or lease and to operate its properties and to carry on the Business as conducted with the Assets.

4.2 Authorization; Binding Effect. This Agreement has been duly executed and delivered by Seller and constitutes the legally binding obligation of Seller in accordance with its terms.

4.3 Consents; Defaults; Etc. Except as set forth on the attached Exhibit 4.3, neither the execution, delivery or performance by Seller of this Agreement nor the consummation by Seller of the transactions contemplated hereby (i) is prohibited by, or requires Seller to obtain or make any consent, authorization, approval, filing or registration under, any law, rule or regulation, judgment, order, writ, injunction or decree which is binding upon Seller, or any of the Assets, or (ii) will violate any provision of, result in any default or acceleration of any obligations under, result in the creation or imposition of

any lien on any of the Assets pursuant to, or require any consent under, any indenture, lease, mortgage or other agreement to which Seller is a party or by which Seller or any of the Assets is otherwise bound.

4.4        Machinery and Equipment. Except as listed in Exhibit 4.4 attached hereto, all Machinery and Equipment has been maintained so as to be, and all of the Machinery and Equipment is, in good operating condition and repair (ordinary wear and tear excepted), and to the best of Seller's knowledge, after due inquiry, there are no repairs which are required to be made to the Machinery and Equipment, except as listed in Exhibit 4.4.

4.5        Intellectual Property and Processes. Exhibit 1.1(c) includes all of the material Intellectual Property, and all patents, trademarks and copyrights owned by, used or necessary for use in the Business. The formulae, manufacturing procedures, processes, know-how and trade secrets used or necessary for use in the operation of the business are hereinafter referred to as the "Processes". The United States trademark registrations listed on the attached Exhibit 1.1(c) and, to the best of Seller's knowledge, after due inquiry, the Intellectual Property and Processes which are owned by Seller are owned free and clear of any license, sublicense, agreement, right, understanding, judgment, order, decree or stipulation, and Seller, to the best of its knowledge, after due inquiry, has not infringed on or misappropriated any intellectual property of third parties. To the best of Seller's knowledge no third party

has infringed or misappropriated any Intellectual Property, patents, trademarks and Copyrights or Processes.

4.6 Employment Matters. Except as listed on the attached Exhibit 4.6, there is no claim of any employee or any former employee of Seller for any unpaid compensation or remuneration of any nature, including, without limitation, contingent salaries, incentive payments, pension benefits (whether or not vested), (excluding benefits to be paid in the future from pension trusts established and administered for such purpose by Seller), medical expense reimbursement, vacation pay, severance payments and other awards, interests and payments.

4.7 Permits. Attached as Exhibit 4.7 hereto is a list of all Permits Seller has obtained in connection with the operation and ownership of the Assets, and, except Permits that Buyer designates as not to be transferred in Exhibit 4.7, or which have been designated as non-transferable or transferable only with consent from a third party or government or regulatory body on Exhibit 4.7, each of the Permits is transferable by Seller without notice to or consent from any third party or governmental or regulatory body. Seller shall take all reasonable steps requested by Buyer to enable Buyer to obtain in its own name any Permit that is not so transferable. The Permits listed on Exhibit 4.7 constitute all of the Permits required to operate the Business as previously conducted by Seller. Except as listed on attached Exhibit 4.7, there are no proceedings pending or, to the best of Seller's knowledge, threatened which

may result in the revocation, cancellation or suspension, or any adverse modification, of any Permit.

4.8 Litigation. Except as listed on the attached Exhibit 4.8, there is no suit, action, proceeding, investigation or inquiry pending or, to the best of Seller's knowledge, threatened (or any basis therefor), at law or in equity or before any governmental department, commission, board, body, agency or instrumentality, domestic or foreign, against Seller which materially affects or could materially affect the Assets or involves or could involve the validity or legality of this Agreement or any action taken or to be taken pursuant hereto.

4.9 Certain Tax Matters. Seller has paid, accrued on its Latest Financial Statement, or will pay when due all income, sales, use, business, occupation, personal or real property or any similar taxes and all taxes of any kind related to any period prior to the Closing Date, including without limitation, any tax relating to the wages, benefits or income of any employee, consultant or commission agent connected with the Assets, whether owed by Seller or by any such employee, consultant or commission agent.

4.10 Broker, etc. Except as set forth on the attached Exhibit 4.10, Seller has employed no finder, broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

4.11 Title to Assets. Except as set forth on the attached Exhibit 4.11, Seller has undivided marketable title, legal and equitable, in and to all of the Assets being sold under this Agreement. The Assets are owned by Seller free and clear of any Claims and Encumbrances, except liens for current taxes and assessments not yet due and payable and those liens, Claims and Encumbrances described on the attached Exhibit 4.11. All of the Assets are located in Dexter, Michigan or each other location listed in Exhibit 4.11. The Assets, taken as a whole, constitute all of the operating properties and assets which are reasonably necessary for the conduct of the Business as conducted by Seller.

4.12 Compliance With Laws. Except as set forth on Exhibit 4.12 (which includes the Environmental Report described in Section 6.5 herein), the Business and the Assets are and have been operated and maintained in substantial compliance with all applicable governmental laws, rules, regulations and ordinances, including, without limitation, laws, regulations and other requirements (a) relating to pricing of products and antitrust, and (b) imposed by action of, permits from, or agreements with any governmental agency or authority relating to the generation, management, handling, transportation, treatment, storage, disposal, delivery, discharge, release or emission of any waste, pollutant or toxic, hazardous or other substance or other action, omission or condition affecting the environment, air, soil and water pollution, ground water contamination, the handling, storage or release into the environment of hazardous materials or

hazardous substances, or the transportation of hazardous materials (collectively, "Environmental Laws and Regulations") and federal and state occupational safety and health laws and regulations and the Consumer Products Safety Commission laws and regulations; and Seller has no notice of any failure to comply therewith, except as set forth on Exhibit 4.12. Exhibit 4.12 lists each offsite disposal site used by Seller presently or used by Seller from December 22, 1982 to the present. Except as set forth in Exhibit 4.12, to the best of Seller's knowledge, after due inquiry and investigation by qualified Seller representatives, all properties and equipment of Seller have been since December 22, 1982 and now are free of asbestos, PCB's, methylene chloride, trichloroethylene, 1,2-transdichloroethylene, dioxins, dibenzoforans and "extremely hazardous substances" as that term is defined in the Toxic Substance Control Act.

4.13 No Burdensome Restrictions, etc. There are no judgments, orders, writs, injunctions, or decrees to which the Assets are subject and to which Seller is a party, or which materially adversely affect the Assets, except those set forth on the attached Exhibit 4.13.

4.14 Disclosure. The representations and warranties contained in this Agreement and the information contained in the Exhibits hereto, written documents, financial statements including the latest financial statements dated June 30, 1993, provided by Seller to Buyer (the "Latest Financial Statements"), and other certificates or instruments delivered by or on behalf

of Seller in connection with the purchase and sale of the Assets are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a fact necessary to make the statements contained therein and herein not misleading. Except as set forth in the attached Exhibit 4.14, there is no fact known to Seller which materially adversely affects the Assets which has not been set forth in this Agreement or in the other documents, certificates or instruments delivered by Seller or on behalf of Seller, specifically for use in connection with the transactions contemplated by this Agreement.

4.15 Accuracy of Financial Statements. The financial statements of Seller provided to Buyer (including, without limitation, the Latest Financial Statements, and Seller's annual financial statements dated December 31, 1992) fairly present the financial condition of Seller and the results of its operations, as of the dates thereof and for the periods indicated therein, in accordance with generally accepted accounting principles consistently applied. As of the Closing Date, and except as set forth on the attached Exhibit 4.15, Seller shall have no liabilities of any nature required to be reflected in financial statements under generally accepted accounting principles that were not shown or provided for in the aggregate on the financial statements, and all reserves set forth on the financial statements are adequate in all material respects.

4.16 Absence of Changes. Since the date of the Latest Financial Statements, Seller has, and until the Closing

Date shall have, operated the Business in the ordinary and usual course, maintained the Assets in good condition and repair, reasonable wear and use excepted, and not sold, assigned, transferred, encumbered or otherwise disposed of, or contracted, agreed or become bound to sell, assign, transfer, encumber or otherwise dispose of any of the Assets, other than in the ordinary course of business, and except as otherwise provided in this Agreement. Since such date, there has been no material adverse change in the Business, Assets or condition, financial or otherwise, of Seller (including specifically, but without limitation, Seller's agreement with the Rochester Products division of General Motors Corporation) nor, to the best of Seller's knowledge, has any such change threatened to occur, nor has there been any damage, destruction or loss, other than that fully covered by insurance, of a material nature affecting the Business, properties or financial condition of Seller.

4.17 Leases and Contracts. Exhibit 4.17 attached hereto includes each lease of real or personal property and each agreement to which Seller is a party that involves the sum of \$10,000.00 or more, including employment agreements and collective bargaining agreements. Each such lease and agreement (a) is valid, binding and enforceable, and (b) to the best of Seller's knowledge, no event has taken place which with notice or lapse of time would constitute a breach or default, or permit termination or modification of such lease or contract. Seller has not received notice of any default, and, to the best of



Seller's knowledge, Seller is not in default in respect of any such lease or agreement to which it is a party or by which it is bound.

4.18        Condition of Inventory. All inventory, materials and supplies of Seller are of at least the standard quality for such items in the Business. The inventory reserves described in the Latest Financial Statements are adequate in all material respects. The inventory shall be, as of the Closing, within five percent (5%) of its recorded book valuation, which shall be verified by Buyer at Buyer's option through a physical inventory to be taken based on the December 31, 1993 balance sheet of Seller. Buyer shall provide notice to Seller of its desire for a physical inventory on or before December 23, 1993. (The actual physical count, if necessary, would be taken during the period of January 2, 1994 through January 5, 1994.) The physical inventory will be priced and reconciled to the Seller's December 31, 1993 balance sheet seven (7) or more days prior to Closing.

4.19        Accounts Receivable. Subject to the reserve referenced in Section 6.8 herein, and except as set forth on the attached Exhibit 4.19, all of Seller's accounts receivables of any nature are good and collectible at the aggregate recorded amounts thereof in the usual and ordinary course of business and without resort to legal proceedings. The Buyer hereby acknowledges and agrees that Buyer's sole remedy for any breach

of Seller's representation and warranty contained in this Section 4.19 shall be that remedy described in Section 6.8 hereof.

4.20 Fixed Assets. The fixed assets valuation is within five percent (5%) of its recorded book valuation as of the end of the month immediately preceding the date on which the physical inventory is conducted. Buyer may conduct a physical fixed assets inventory and appraisal within thirty (30) days prior to the Closing to verify this representation.

4.21 Real Property. Exhibit 4.21 includes a legal description of all real property owned by Seller. As to such real property:

(a) Except as set forth on Exhibit 4.21, there are no mortgages, liens, easements, covenants or other restrictions, except restrictions which do not impair its use, occupancy or value.

(b) there are no condemnation proceedings pending or, to the best of Seller's knowledge, threatened, and no special assessments as to the real property.

(c) to the best of Seller's knowledge, there are no encroachments or violations of any zoning laws or ordinances.

(d) to the best of Sellers's knowledge, seller holds all licenses and permits required for its ownership and operation.

(e) There are no leases, subleases, licenses or other agreements granting any third parties any right of

occupancy.

(f) There are no rights of first refusal or options relating thereto.

(g) All facilities located thereon are serviced by all required utility services and access to public roads.

(h) All real property taxes for which bills have been issued have been paid.

4.22 Insurance. Exhibit 4.22 attached hereto sets forth all insurance carriers and policy numbers by policy period as to policies to which Seller has been a party or beneficiary within the past five (5) years, including, without limitation, worker's compensation, liability, casualty and property insurance, and, except as identified in Exhibit 4.22, all such policies are in full force and effect.

4.23 Labor Matters. Except as set forth on the attached Exhibit 4.23, Seller is not subject to any labor grievances, claims of unfair labor practices, or other material collective bargaining disputes.

4.24 Employee Benefits. Exhibit 4.24 lists all employee benefit plans to which Seller is a party, including all such plans as defined or described under ERISA.

## 5. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants as follows:

### 5.1 Organization, Standing and Authority of Buyer.

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the

corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

5.2 Authorization; Binding Effect. The execution and delivery by Buyer of this Agreement and the performance by Buyer of its obligations hereunder and the consummation by Buyer of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Buyer. This Agreement has been duly executed and delivered by a duly authorized officer of Buyer and constitutes the valid and legally binding obligation of Buyer enforceable against Buyer in accordance with its terms.

5.3 Assumption of Assumed Liabilities. All of the contracts, agreements or instruments to be assumed by Buyer pursuant to this Agreement and the Assumption Agreement are valid and binding upon Buyer, and are enforceable against and fully performable by Buyer in accordance with their terms; and there are no existing facts or circumstances which would prevent the full and complete performance thereof by Buyer.

5.4 Consents, Defaults, etc. Neither the execution, delivery or performance by Buyer of this Agreement, nor the consummation by Buyer of the transactions contemplated hereby (i) is prohibited by, or requires Buyer to obtain or make any consent, authorization, approval, filing or registration under, any law, rule or regulation, judgment, order, writ, injunction or decree which is binding upon Buyer, or (ii) will violate any provision of, result in any default or acceleration

of any obligations under, or require any consent under, any indenture, lease, mortgage or other agreement to which Buyer is a party or by which Buyer is bound.

5.5 Broker, etc. Buyer has employed no broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby.

5.6 Disclosure. The representations and warranties contained in this Agreement and the information contained in any written documents, financial statements and other certificates or instruments delivered by or on behalf of Buyer in connection with the purchase of the Assets are true and correct in all material respects and do not contain any untrue statement of a material fact. There is no fact known to Buyer which materially adversely affects the ability of Buyer to consummate the transactions contemplated herein which has not been set forth in this Agreement or in the other documents, certificates or instruments delivered by Buyer or on behalf of Buyer, specifically for use in connection with the transactions contemplated by this Agreement.

5.7 Financial Capability to Consummate Transactions. Buyer has, or will have on the Closing Date, sufficient financial resources readily available to enable Buyer to consummate the transactions contemplated in this Agreement on the terms and conditions contained herein. There is no fact known to Buyer which materially adversely affects the ability of Buyer to consummate the transactions contemplated herein which has not

been set forth in this Agreement or in the other documents, certificates or instruments delivered by Buyer or on behalf of Buyer, specifically for use in connection with the transactions contemplated by this Agreement.

6. COVENANTS OF SELLER

Seller covenants and agrees with Buyer that:

6.1 Maintenance of Assets; etc. Seller will, through the Closing Date, (a) maintain and keep the Machinery and Equipment and other Assets in as good repair, working order and condition as at present (reasonable wear and tear excepted), (b) keep in full force and effect insurance as necessary to fully insure the Assets, (c) perform in all material respects all its obligations under all of its leases, contracts, commitments and arrangements, and not amend, alter or modify, other than in the ordinary course of business of Seller, any provision of any lease, contract, obligation or commitment to be assumed by Buyer, and (d) do all things reasonably necessary to avoid any action that would render Seller's representations and warranties hereunder inaccurate as of the Closing Date.

6.2 Access to Information. Seller will give to Buyer, Buyer's accountants, counsel, employees and other representatives full access to all of the properties, books, contracts, commitments, reports and records of Seller relating to the Business and Assets and will furnish Buyer all such documents, records and information with respect to the affairs of the Business and copies of any working papers relating to that

Business as Buyer shall from time to time reasonably request. Buyer will endeavor not to disrupt the operations of Seller's Business during any such investigations.

6.3 Seller's Continuing Responsibility for Environmental Matters.

(a) Seller, through and after the Closing Date, at its sole cost and expense, shall, prior to the Closing, provide to Buyer a list of all hazardous materials or substances located at its facility as defined in the OSHA Toxic and Hazardous Substances Hazard Communication Standard, 48 FR 53280, Nov. 25, 1983, as amended, and shall (except as to the matters disclosed in the Environmental Report described in Section 6.5 herein) take all actions necessary to investigate, remove or clean up any hazardous substance or other materials released into the environment prior to the Closing Date at, on or near the facility at which the Business is located for which an investigative, removal or cleanup activity is required pursuant to law, rule, regulation, order, agreement or government action, provided that (i) no such actions shall be taken except after reasonable advance notice to Buyer; and (ii) any such action shall be taken in a manner so as to minimize interference with any business conducted at the facility. Nothing herein shall in any way obligate Seller to pay for or take any action to remove or clean up any hazardous substance or other materials released into the environment at or near

the facility of which the Business is located, which occurred after the Closing Date and which was not released into the environment by Seller or its agents.

(b) Seller shall at all times retain any and all liabilities arising from the handling, treatment, storage, transportation, disposal, release or emission of any hazardous or toxic substance, materials, pollutants, contaminates or wastes by Seller or by Seller's agents or contractors.

6.4. Title Insurance. As to each parcel of real property owned by Seller, Seller shall, at Seller's cost, deliver to Buyer prior to the Closing a commitment for an owner's policy of title insurance without standard exceptions in an amount equal to its fair market value (including improvements) insuring good and marketable title to the real property, subject only to mortgages included in the Latest Financial Statements and easements and restrictions which do not materially impair its use, occupancy or value. Seller shall pay the real estate transfer tax relating to the conveyance of the real property.

6.5 Environmental Report. Seller has arranged and paid for the preparation and delivery to Buyer of a Phase II environmental report (the "Environmental Report") prepared by an environmental consultant with respect to its real estate in form and substance adequate to assess the environmental condition of this real estate. Seller shall certify to Buyer that, to the best of Seller's knowledge, after due inquiry, Seller is not



aware of any events, facts or circumstances that would lead it to conclusions different from those reflected in the Environmental Report. Seller's obligations under Section 6.3 above shall include only any matters and conditions not disclosed in the Environmental Report.

6.6            Surveys. With respect to each parcel of real property that Seller owns, Seller will provide to Buyer a copy of a survey of the real property certified to Buyer, prepared by a licensed surveyor and conforming to current ALTA Minimum Detail Requirements for Land Title Surveys, disclosing the location of all improvements, easements, party walls, sidewalks, roadways, utility lines, and other matters shown customarily on such surveys, and showing access affirmatively to public streets and roads, dated as of January 31, 1985 (the "Survey") and recertified as of a date within sixty (60) days of the Closing. The Survey shall not disclose any survey defect or encroachment from or onto the real property which has not been cured or insured over prior to the Closing.

6.7            Employment. Seller shall terminate the employment of each of its employees immediately prior to the Closing. Between the date of the execution of this Agreement and the date of Closing, Buyer is not the employer of the employees of Seller and this Agreement shall not be construed to make Buyer the employer of Seller's employees.

6.8            Accounts Receivable. For all accounts receivable on the Seller's balance sheet at the Closing (the

"Closing Accounts Receivable"), Buyer shall provide to Seller a detailed accounts receivable aging, showing payment history for each account on a 30, 60, 90 and 120 day basis, no later than the 15th day of each month following the Closing. AJI shall reimburse Buyer, on a dollar for dollar basis, the amount by which the total of all the Closing Accounts Receivable, in the aggregate, which are greater than 120 days past due, exceed \$100,000, 120 days following the Closing Date (the "Reimbursed Accounts Receivable"). Should any of the Closing Accounts Receivable subsequently be collected, Buyer shall immediately return to AJI the full amount of all collected Closing Accounts Receivable which reduce the total Closing Accounts Receivable, which are greater than 120 days past due, below \$100,000.

7. COVENANTS OF BUYER

Buyer covenants and agrees with Seller that:

7.1 Negative Actions. Between the date hereof and the Closing Date, Buyer will refrain from taking any action that would render Buyer's representations and warranties hereunder inaccurate as of the date hereof or the Closing Date.

7.2 Employees. Buyer will offer employment to all of Seller's hourly and salaried employees (except as listed on Exhibit 7.2 attached hereto) as of the Closing, who are on active employment status (i.e., on roll and working) on the day of the Closing at their respective present wage rates (assuming these wage rates have not changed prior to the Closing, except as required under Seller's labor agreement with these employees),

subject to Buyer's terms and conditions of employment.

7.3 Assumption of Liabilities. Buyer shall execute and deliver to Seller an instrument of assumption of liabilities in form reasonably satisfactory to Seller and its counsel pursuant to which Buyer shall agree to assume and pay the assumed liabilities described in Section 1.2 above.

7.4 Accounts Receivable. Buyer shall use best efforts to collect the accounts receivable Buyer purchases from Seller hereunder. This obligation shall be limited to the mailing of invoices and notices and shall not include any obligation to file suit.

8. CONDITIONS TO OBLIGATION OF BUYER

The obligation of Buyer to consummate the transactions contemplated hereby is subject to the satisfaction, or waiver, by Buyer, at or prior to the Closing, of the following conditions, in the absence of the satisfaction of which Buyer may terminate this Agreement without liability:

8.1 Accuracy of Representations and Warranties. The representations and warranties contained herein or otherwise made by or on behalf of Seller in connection with this Agreement and the transactions contemplated hereby shall have been true and correct in all material respects on the Closing Date to the same extent as if made on the Closing Date, except to the extent non-material changes occur in the ordinary course of Seller's business.

8.2 Performance by Seller. Seller shall have duly

performed and complied in all material respects with all terms, agreements, and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing.

8.3 Seller's Certificate. Seller shall have delivered to Buyer a certificate, dated as of the Closing Date, and executed by Seller's president, to the effect that Seller has duly performed and complied with the covenants and conditions set forth in Sections 8.1 and 8.2.

8.4 Opinion of Seller's Counsel. (a) Buyer shall have received from William T. Reynolds, Esq., general counsel of AJI, a favorable opinion, dated as of the Closing Date, and satisfactory in substance and form to Buyer and its counsel, to the following effect:

(i) Standing, etc. of the Seller. Seller has all requisite power and authority to own the Assets and to perform Seller's obligations hereunder and to consummate the transactions contemplated hereby.

(ii) Litigation. Except as set forth on counsel's opinion, there is no suit, action, proceeding, investigation or inquiry pending or, to the best of such counsel's knowledge, threatened at law or in equity or before any governmental department, commission, board, body, agency or instrumentality, domestic or foreign, which materially affects or could materially affect the Business or Assets or involves or could involve the validity or legality of this

Agreement or any action taken or to be taken pursuant hereto, nor has any such suit, action, proceeding, investigation or inquiry been pending within the three years preceding the date of this Agreement.

(iii) Execution and Delivery. This Agreement has been duly executed and delivered by Seller and AJI, and constitutes the legal, valid and binding obligation of Seller and AJI enforceable against Seller and AJI in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and other similar laws relating to or affecting the rights of creditors generally, and is subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

(iv) Consents; Defaults, Etc. To the best of counsel's knowledge, after due inquiry, neither the execution, delivery or performance by Seller and AJI of this Agreement, nor the consummation by Seller and AJI of the transactions contemplated hereby (i) is prohibited by, or requires Seller or AJI to obtain or make any consent, authorization, approval, filing or registration under, any law, rule or regulation, or, under any judgment, order, writ, injunction or decree which is binding upon Seller or AJI, or (ii) will violate any provision of, result in any default or acceleration of any obligations under, result in

the creation or imposition of any lien on any of the Assets pursuant to, or require any consent (other than consents identified in such opinion and duly obtained prior to the Closing) under, any indenture, lease, mortgage or other agreement to which Seller or AJI is a party or is otherwise bound.

(v) Conveyance of Assets. The instruments of conveyance, transfer and assignment executed and delivered to Buyer have been duly executed by Seller and are valid and effective to vest in Buyer all of the right, title and interest of Seller in and to the Assets as contemplated by the Agreement.

(b) Buyer shall have received from Clark, Klein & Beaumont, special counsel to Seller, a favorable opinion, dated as of the Closing Date, and satisfactory in substance and form to Buyer and its counsel, to the following effect:

(i) Standing, etc. of Seller. Based solely on a Certificate of Good Standing issued by the State of Delaware, the Seller has been validly incorporated as a Delaware corporation and is validly in existence as a corporation in good standing under the laws of the State of Delaware. Based solely on a Good Standing Certificate issued by the State of Michigan, the Seller has qualified to do business within the State of Michigan and is currently in good standing upon the records of the State of Michigan; and

(ii) Conveyance of Assets. Assuming due

authorization, execution and delivery by Seller, the instruments of conveyance, transfer and assignment are valid and effective under the laws of the State of Michigan as currently in force to vest in Buyer all of the right, title and interest of Seller in and to the Assets as contemplated by the Agreement.

8.5 Corporate Documents. Seller shall deliver to Buyer (a) a certificate of good standing from its state of incorporation; and (b) certified resolutions of the Board of Directors of Seller and AJI authorizing this transaction.

8.6 Instruments of Transfer. Seller shall execute and deliver to Buyer the instruments of transfer described in Section 3.2 above.

8.7 Examination Period. Buyer shall have completed a purchase investigation and review of the financial statements and operations of Seller that shall have confirmed that all such statements and operations materially conform to the representations and warranties contained herein. Materiality (or material) shall be defined as an occurrence, financial or otherwise, which adversely impacts the value of the business to the extent that a reasonably prudent purchaser could determine that the negative impact on current or future value was significant enough to make the purchase transaction sufficiently different from the bargained for consideration and, therefore, warrant a refusal to close the transaction. Any dispute that would arise concerning this definition of materiality shall be

resolved by submission to arbitration pursuant to rules of the American Arbitration Association and shall be binding on the parties hereto, and judgment may be entered upon such an award.

9. CONDITIONS TO OBLIGATION OF SELLER

The obligation of Seller to consummate the transactions contemplated hereby is subject to the satisfaction, or waiver, by Seller, at or prior to the Closing, of the following conditions in the absence of the satisfaction of which Seller may terminate this Agreement without liability:

9.1 Accuracy of Representations. The representations and warranties contained in this Agreement shall have been true and correct in all material respects when made and shall be true and correct in all material respects on the Closing Date to the same extent as if made on the Closing Date.

9.2 Performance by Buyer. Buyer shall have duly performed and complied with all terms, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

9.3 Officer's Certificate. Buyer shall have delivered to Seller a certificate, dated as of the Closing Date and executed by an officer of Buyer, to the effect that Buyer has duly performed and complied with the covenants and conditions set forth in Sections 9.1 and 9.2.

9.4 Opinion of Buyer's Counsel. Seller shall have received from counsel to Buyer, a favorable opinion, dated as of the Closing Date, and satisfactory in substance and form to



Seller and its counsel, to the following effect:

(a) Standing etc. of the Buyer. Buyer has all requisite power and authority to consummate the transactions contemplated in the Agreement and to perform Buyer's obligations contemplated therein;

(b) Consents, Defaults, etc. Neither the execution, delivery or performance by Buyer of this Agreement, nor the consummation by Buyer of the transactions contemplated hereby (i) is prohibited by, or requires Buyer to obtain or make any consent, authorization, approval, filing or registration under, any law, rule or regulation, or, to the best of counsel's knowledge after due inquiry, under any judgment, order, writ, injunction or decree which is binding upon Buyer, or (ii) will violate any provision of, result in any default or acceleration of any obligations under, result or require any consent (other than consents identified in such opinion and duly obtained prior to the Closing) under, any indenture, lease, mortgage or other agreement to which Buyer is a party or is otherwise bound;

(c) Execution and Delivery. This Agreement has been duly executed and delivered by Buyer, and constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by

applicable bankruptcy, insolvency, reorganization and other similar laws relating to or affecting the rights of creditors generally, and is subject to general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity.

9.5 Corporate Documents. Buyer shall deliver to Seller (a) a certificate of good standing from its state of incorporation; and (b) certified resolutions of the Board of Directors of Buyer authorizing this transaction.

9.6 Delivery of Purchase Price. Buyer shall deliver to Seller the Purchase Price via wire transfer directly into an account of Seller.

10. COVENANT NOT TO COMPETE

10.1 Non-competition. In furtherance of the sale of the Assets to Buyer, for a period of four (4) years following the Closing, Seller and AJI shall not, nor permit any person or entity then controlled by Seller or AJI to, directly or indirectly, engage, participate in (as a partner, shareholder, officer, or director, employee, consultant, agent or otherwise) any business activity which is the same as, or similar to, or competitive with, the business conducted by Buyer utilizing the Assets anywhere in the world, nor shall Seller or AJI directly or indirectly tamper with or induce any employee, agent, salesperson, contractor, customer, supplier, manufacturer or dealer of Buyer to leave, to stop selling to or stop buying from

Buyer or otherwise to cease dealing with Buyer. Nothing herein shall prohibit any person or entity from owning 2% or less of a publicly traded Company which conducts a business which could be deemed competitive with Buyer's business.

10.2 Enforcement. The provisions of the covenant contained in this Section 10 are severable and independent and shall be interpreted and applied consistently with requirements of reasonableness and equity. If any provision of the covenant contained in this Section 10 shall be held to be invalid or otherwise unenforceable, in whole or in part, the remainder of the provisions, or the enforceable parts thereof, shall not be affected thereby.

10.3 Injunctive Relief. Buyer, AJI and Seller acknowledge that compliance by Seller and AJI with the covenant contained in this Section 10 is necessary to protect the interests of Buyer and that a breach of the covenant contained in this Section 10 will result in irreparable and continuing damage to Buyer for which there will be no adequate remedy at law. Seller and AJI hereby agree, without intending to limit the remedies available to Buyer, that Buyer and its successors and assigns shall be entitled to injunctive relief with respect to the covenant contained in this Section 10 in addition to such other and further relief as may be appropriate.

11. ADDITIONAL COVENANTS OF BUYER AND SELLER

11.1 WARN Act. Seller shall, upon execution of this Agreement and subject to the prior written approval of Buyer,

provide to its employees the sixty (60) day prior notice under the Worker Adjustment and Retraining Notification Act ("WARN"), 29 USC Sec. 2101 et seq. (1988).

11.2 Further Assurances. After the Closing, and for no further consideration, Seller shall perform all other action reasonably requested by Buyer (including without limitation the use of Seller's best efforts) to enable Buyer to accomplish transfer of registrations, permits, approvals and the like as contemplated by this Agreement and shall execute, acknowledge and deliver such assignments, transfers, consents and other documents as Buyer or its counsel may reasonably request to vest in Buyer, and protect Buyer's right, title and interest in, and enjoyment of, the Assets intended to be assigned and transferred to Buyer pursuant to this Agreement.

11.3 Bulk Sales Laws. Buyer waives compliance by Seller and Seller waives compliance by Buyer with the provisions of any applicable bulk sales, fraudulent conveyance or other law for the protection of creditors, and Seller shall indemnify and hold Buyer harmless and reimburse Buyer for, any and all claims, liabilities or obligations (other than those assumed by Buyer hereunder) which Buyer may suffer or incur by virtue of noncompliance by Buyer with such applicable laws under the indemnity provisions of Section 12 herein.

11.4 Rights to Intellectual Property. Seller shall not, at any time after the Closing Date, use or disclose to any third party any Intellectual Property or Processes which at such time

is not generally known to the public or recognized as standard practice, or any formulae, scientific and technical information, manufacturing procedure, know-how, processes, trade secrets or other confidential information transferred to Buyer pursuant to this Agreement, without the express prior written consent of Buyer.

11.5 Use of Trade Names. Seller agrees that Buyer may, at its discretion, use Seller's name and any trade names used by Seller, or a phrase similar thereto in connection with marketing products after the Closing Date. Seller further agrees that Buyer may use containers, forms and other supplies which have Seller's name printed thereon after the Closing Date. Seller shall change its name to a dissimilar name as of the Closing and shall file a certificate of amendment to its articles of incorporation as of the Closing to effect this change.

11.6 General Manager. Seller shall terminate the employment of its general manager effective the Closing Date and Seller shall be responsible for any severance payments resulting therefrom. For the period beginning immediately after the Closing Date and ending twelve (12) months thereafter, Buyer shall notify AJI in writing on or about the first day of each month (i) whether Buyer has entered into any consulting or employment relationship with Seller's general manager or entered into any agreement to do so and, if so, the date thereof; and (ii) whether such relationship has been terminated and, if so, the date thereof.

11.7 Access and Information. For a period of ten

(10) years following the Closing Date (or the period of Buyer's ownership of the Business, if shorter), Buyer shall use reasonable efforts to retain all books, records and other documents pertaining to the Business that are included in the Purchased Assets and Assumed Liabilities and shall make the same available after the Closing Date for inspection and copying by Seller, at Seller's expense, during normal business hours, upon reasonable request and upon reasonable prior notice. During such ten (10) year period, Buyer shall advise Seller of any planned substantial destruction of books, records and documents in writing and give Seller a reasonable opportunity to obtain possession thereof. Upon reasonable request and reasonable notice, Buyer will cooperate fully with Seller, and will permit Seller access to and the services of all employees of Buyer (in a manner which will not impair the operation of the Business) reasonably necessary (i) for preparing tax returns for periods prior to the Closing; (ii) in connection with the action Axel Johnson, Inc. v. Arthur Anderson & Co., No. 89 (Civ. 4960 (S.D.N.Y.) and for defending against any claim relating to the subject matter thereof; or (iii) for any matters stemming from the settlement of United States ex rel Butenkoff v. Industrial Tectonics, Inc., et al. Seller will pay Buyer an amount equal to the salaries or wages earned by such employees while so assisting Seller and all out-of-pocket expenses incurred by Buyer in allowing Seller to use such employees. Notwithstanding the foregoing, Buyer shall not be liable to Seller for any claim by Seller that Buyer has breached this Section 11.7 for losing any books, records or other documents.

12. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION; ETC.

12.1 Survival of Representations, Warranties and Covenants.

The representations, warranties and covenants herein and in any Exhibit, certificate, instrument or document delivered pursuant to this Agreement shall survive both the Closing and any investigation at any time made for or on behalf of any party hereto (i) for a period of five (5) years after the Closing as to Seller's representations, warranties and covenants relating to environmental matters; provided, however, that the parties' relative liability for a breach of any such representation, warranty or covenant shall be as set forth in Section 12.2, and (ii) for a period of three (3) years as to all other representations, warranties and covenants of either party.

12.2 Indemnification by Seller. Subject to the conditions contained in Section 12.4 hereof and to the limitation set forth in Section 12.5 hereof, Seller and AJI shall, jointly and severally, indemnify and hold Buyer (and its shareholders, directors, officers, employees and affiliates) harmless from and against any and all claims, liabilities (including any strict liabilities with respect to any Loss specified under clause (iv) below), fines, penalties, losses, damages, (excluding incidental or consequential damages such as lost profits resulting from any disruption of operation of the Assets), costs and expenses (including reasonable counsel fees) incurred by Buyer (i) within five (5) years from the date of Closing with respect to environmental matters, and (ii) within three (3) years from the date of Closing with respect to all other matters, from or

related to any of the following (hereinafter called a "Loss" or "Losses"):

(i) any breach by Seller of any representation, warranty, covenant, obligation or undertaking made by Seller in or pursuant to this Agreement;

(ii) any claim or liability not arising out of an obligation assumed by Buyer hereunder and asserted for failure to comply with any applicable bulk sales, fraudulent conveyance or other laws for the protection of creditors;

(iii) any product liability claim or other claim for the breach of any express or implied warranty, and any other claim of whatever nature, and from all damages resulting therefrom, which may be made in connection with the sale of products manufactured by Seller prior to the Closing Date;

(iv) any claim or liability relating to the generation, management, handling, transportation, treatment, storage, disposal, delivery, discharge, release or emission of any waste, pollutant, or toxic, hazardous or other substance, or other action, omission or condition affecting the environment prior to the Closing Date, or after the Closing Date if resulting from the negligence of Seller or its agents, except those conditions specified in the Environmental Report; and

(v) any claim or liability relating to the operation of the Business prior to the Closing Date not assumed by Buyer, including, without limitation, liability under labor,



collective bargaining, or employment agreements and liability relating to pension, retirement or other employee benefit plans.

With respect to any Losses arising from or related to matters described in Sections 12.2 (iv), 4.12 (b) and 6.3 hereof, Seller's obligation to indemnify Buyer shall be limited to a percentage of costs actually incurred by Buyer which shall decrease annually in accordance with the following table:

<u>Date of Claim Notice</u>	<u>Seller's Liability</u>	<u>Buyer's Liability</u>
From Closing to One Year Following Closing	100%	0%
One Year to Two Years	100%	0%
Two Years to Three Years	75%	25%
Three Years to Four Years	55%	45%
Four Years to Five Years	25%	75%
After Five Years from Closing	0%	100%

The party responsible for the majority of costs in accordance with the above schedule shall manage and control the work to be performed in connection with defending the Loss. All such work will be conducted with the intent of minimizing total costs and minimizing any disruption to the operation of the Facility.

12.3 Indemnification by Buyer. Subject to the conditions contained in Section 12.4 hereof, Buyer shall indemnify and hold Seller harmless from and against any and

all claims, liabilities, losses, damages, costs and expenses (including reasonable counsel fees) from or related to (a) any breach by Buyer of any representation, warranty, covenant, obligation or undertaking made by Buyer in or pursuant to this Agreement, (b) matters arising solely from the operation of the Business after the Closing Date, other than liabilities retained by Seller hereunder, and (c) any product liability claim for injury to persons or property which may be made in connection with the sale of products manufactured by Buyer after the Closing Date.

12.4 Indemnification Notice, etc.

(a) If any action, suit or proceeding shall be commenced, or any claim or demand shall be asserted, in respect of which a party entitled to indemnification pursuant to this Agreement (the "Indemnitee") demands indemnification under this Section 12, the party from which such indemnification is demanded under this Section 12 (the "Indemnitor") shall be notified to that effect with reasonable promptness and shall have the right to assume entire control of its defense (including the selection of counsel), subject to the right of the Indemnitee to participate (with counsel of its choice) in, the defense, compromise or settlement thereof.

(b) The fees and expenses of any counsel chosen by Indemnitee following acceptance by Indemnitor of its indemnity obligations shall be at the expense of the

Indemnitee unless (i) the employment of such counsel by the Indemnitee has been specifically authorized by the Indemnitor, or (ii) the named parties to any such action (including any impleaded parties) include both the Indemnitor and the Indemnitee shall have been advised by its counsel that there may be one or more good faith legal defenses available to it which are different from or additional to those available to the Indemnitor.

(c) The Indemnitee shall cooperate fully in all respects with the Indemnitor in any such defense, compromise or settlement, including, without limitation, by making available all pertinent information under its control to the Indemnitor. The Indemnitor will not compromise or settle any such action, suit, proceeding, claim or demand without the prior written consent of the Indemnitee; provided, however, that in the event such consent is withheld, then the liabilities of the Indemnitor shall be limited to the total sum representing the amount of the proposed compromise or settlement and the amount of counsel fees accumulated at the time such consent is withheld. The Indemnitor shall not be liable for any settlement by Indemnitee of any action, suit, proceeding, claim or demand, unless the Indemnitee obtains the prior written consent of the Indemnitor.

12.5 Limit on Indemnification. Notwithstanding anything herein to the contrary, Seller's liability for matters covered by the indemnification provided pursuant to this Section 12 shall be

limited to the Purchase Price as set forth in Section 2.1 above in the aggregate as to environmental matters as described in this Agreement and the amount of \$5 million as to all other indemnification matters; provided that the total liability of Seller for environmental matters and all other matters hereunder combined in the aggregate shall not exceed the Purchase Price.

12.6 Butenkoff Litigation. AJI and Seller specifically, but without limitation, acknowledge and agree that their indemnity obligation under Section 12.2 above shall include any and all Losses as defined therein relating to defective pricing claims made by the United States government, Pratt and Whitney Aviation Group, their respective agents, successors or assigns, or any other individual or entity, including, without limitation, claims relating to the Butenkoff matter identified in Section 11.7, and that the limitations as to the time for making indemnity claims and the amount limitations included in this Section 12 shall not be applicable to any such claims.

13. TERMINATION

Either party may terminate this Agreement upon material breach by the other party and following fifteen (15) days prior written notice and opportunity to cure.

14. EXPENSES

Each party hereto shall bear its own expenses, including the fees of any attorneys, accountants or other engaged by such party, incurred in connection with this Agreement and the transactions contemplated hereby, it being understood that

Seller's expenses shall not be paid from the Assets.

15. NOTICES

All notices, requests, demands and other communications made hereunder shall be in writing and shall be deemed duly given if and when delivered by hand, with receipt duly acknowledged, or sent by registered or certified mail, postage prepaid, as follows, or to such other address or person as any party may designate by notice to the other party or parties hereunder:

If to Seller or AJI:

Industrial Tectonics Inc.  
c/o Axel Johnson Inc.  
300 Atlantic Street  
Stamford, CT 06901-3530  
ATTENTION: William T. Reynolds

If to Buyer:

Kaydon Corporation  
Arbor Shoreline Office Park  
Suite 101  
19329 US 19 North  
Clearwater, FL 34624  
ATTENTION: Stephen K. Clough

16. AMENDMENTS; TERMINATION

This Agreement cannot be changed or terminated orally and no waiver of compliance with any provision or condition hereof and no consent provided for herein shall be effective unless evidenced by an instrument in writing duly executed by the proper party.

17. EFFECT OF THIS AGREEMENT; COUNTERPARTS

This Agreement (including the Exhibits hereto) sets forth the entire understanding of the parties and supersedes any and all prior agreements, arrangements and understandings relating to

the subject matter hereof. The section headings of this Agreement are for convenience of reference only and do not form a part hereof and do not in any way modify, interpret or construe the intentions of the parties. This Agreement may be executed in two or more counterparts, and all such counterparts shall constitute one and the same instrument.

18. GOVERNING LAW AND JURISDICTION

This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan. Each party shall submit to the exclusive jurisdiction of any state or federal court sitting in Grand Rapids, Michigan in any action arising out of or relating to this Agreement, and shall not bring any action or proceeding relating to this Agreement in any other court.

19. ASSIGNMENTS; SUCCESSORS AND ASSIGNS

This Agreement may not be assigned without the written consent of the other party, except that Buyer may assign this Agreement to a wholly-owned subsidiary in which event Buyer shall remain liable for the obligations incurred hereunder. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, legal representatives and assigns.

20. PRESS RELEASES AND ANNOUNCEMENTS

No party shall issue any press release or announcement relating to the subject matter of this Agreement (prior to the Closing) without the prior written approval of the other party; provided, however, that any party may make any public disclosure

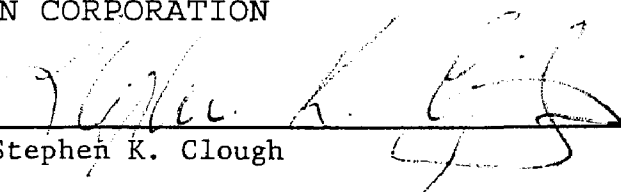
it believes in good faith is required by law or regulation (in which case the disclosing Party will advise the other party prior to making the disclosure).

21. CONSTRUCTION

The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

IN WITNESS WHEREOF, each party hereto has executed this Agreement by its respective duly authorized officer as of the day and year first above written.

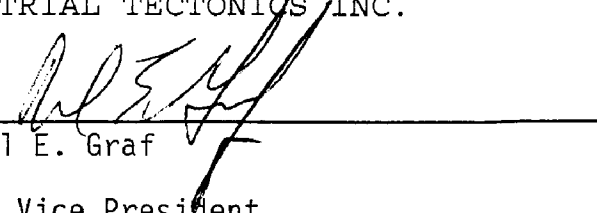
KAYDON CORPORATION

By   
Stephen K. Clough

Its President and Chief Operating Officer

- Buyer

INDUSTRIAL TECTONICS INC.

By   
Paul E. Graf

Its Vice President

- Seller

AXEL JOHNSON INC.

By Joseph F. Smorada  
Joseph F. Smorada  
Its Senior Vice President and Chief  
Financial Officer

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Timmer\dml\092293; Rev\sh\100893;  
Rev\dml\102593; Rev\dml\110193; Rev\dml\110393;  
Rev\cvb\111293; Rev\dml\111793; Rev\dml\112292;  
Rev\dml\112393; Rev\dml\112993



**EXHIBIT 1.1**

Any and all restrictions, exceptions and encumbrances which may be listed on the title insurance policy to be provided to Buyer, which shall be subject to Buyer's approval which shall not be unreasonably withheld.

Any leased assets described in Exhibit 4.17.

Seller disclaims exclusive ownership of Intellectual Property - See Exhibit 4.11.

**EXHIBIT 1.1(c)**

Intellectual Property includes all of the items specified in Section 1.1(c) to the extent that Seller has any interest therein. Computer printouts of Seller's vendor list and customer list, to the extent same may constitute Intellectual Property, are available for inspection and review by Buyer.

## EXHIBIT 1.1(d)

Trademarks - see attachments.

U.S. TM Reg. No. 583,392 will expire December 8, 1993 and may not be renewed.

No trademark applications, trade names (other than Industrial Tectonics, Inc.) service marks, service names, copyrights, patents or patent applications.