

TRADEMARK ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
CRANE CANADA INC.		10/03/2001	CORPORATION: CANADA

RECEIVING PARTY DATA

Name:	Crane Plumbing Corporation
Street Address:	15 Crane Ave
Internal Address:	Stratford
City:	Ontario
State/Country:	CANADA
Postal Code:	N5A ST3
Entity Type:	CORPORATION: CANADA

PROPERTY NUMBERS Total: 3

Property Type	Number	Word Mark
Registration Number:	2687718	
Registration Number:	2205932	
Registration Number:	2365782	

CORRESPONDENCE DATA

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Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

Total Attachments: 45

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ASSET PURCHASE AGREEMENT
BETWEEN
CRANE PLUMBING CORPORATION
AND
CRANE CANADA INC.
MADE AS OF
October 3, 2001

McCarthy Tétrault / Baker & McKenzie

McCarthy Tétrault LLP TDO-CORP #6882258 v. 9 - Word

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of October 3, 2001

BETWEEN:

Crane Plumbing Corporation, a corporation incorporated under the laws of Nova Scotia (the "Purchaser"),

- and -

Crane Canada Inc., a corporation incorporated under the laws of Canada (the "Vendor").

WHEREAS the Vendor carries on the business of manufacturing, selling and distributing vitreous saniware, enamelled steel and acrylic plumbing fixtures through its plumbing division in Canada and internationally;

AND WHEREAS the Vendor desires to sell and the Purchaser desires to purchase certain of the assets of the Vendor pertaining to the said business upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"Accounts Receivable" means all accounts receivable of the Business, excluding inter-company amounts.

"Accounts Receivable Factor" has the meaning set out in Section 2.11.

"Affiliate" has the meaning attributed thereto in the *Canada Business Corporations Act*.

"Agreement" means this agreement, including its recitals and schedules.

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"Applicable Law" means:

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty including, without limitation, Employment Laws, and
- (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority whether or not having the force of law.

"Assets" has the meaning set out in Section 2.1(1).

"Assigned Plans" means the pension plan for Employees of Crane Canada Inc. who are eligible to be members of Local 3B of GMP - Glass, Molders, Pottery, Plastics & Allied Workers International Union AFL-CIO-CLC and the pension plan for Employees of Crane Canada Inc. who are eligible to be members of Lodge 1550 of the International Association of Machinists and Aerospace Workers.

"Assumed Liabilities" has the meaning set out in Section 2.9.

"Assumed Material Contracts" has the meaning set out in Section 2.1(1)(f).

"Balance Sheet Date" means May 31, 2001.

"Benefit Plans" has the meaning set out in Section 3.1(mm).

"Business" means the business of manufacturing, selling and distributing plumbing products, namely vitreous sanifare, enamelled steel and acrylic plumbing fixtures carried on by the Plumbing Division of the Vendor.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in Ontario, Quebec, Illinois or New York.

"Claims" means all losses, damages, expenses, obligations, liabilities (whether accrued, actual, contingent, latent or otherwise), claims and demands of whatever nature or kind including all legal fees and costs on a solicitor and client basis.

"Closing Balance Sheet" has the meaning set out in Section 2.11.

"Closing Date" means October 3, 2001 or such other date as may be agreed to in writing between the Vendor and the Purchaser.

"Effective Time" means 11:59 p.m. (Toronto time) on October 2, 2001.

"Employee" means all persons employed in the Business by the Vendor on a full-time, part-time or temporary basis save and except for those persons employed by the Vendor at the St. Jean Facility and the individuals listed in Schedule 1.1.

"Employment Laws" means any law, bylaw, statute, regulation or standard principle of common law relating to employment and labour, including without limitation those relating to

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wages, hours or employment or labour standards generally, labour or industrial relations, pension benefits, human rights, pay equity, employment equity, workers' compensation, or workplace safety and insurance, occupational health and safety, Hazardous Substance, immigration, employer health tax, employment or unemployment insurance, Canada or Quebec Pension Plan and income tax withholdings, applicable to all Employees or former Employees.

"Environmental Law" means any Applicable Law relating to the environment including those pertaining to:

- (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and
- (iii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety.

"Excluded Assets" has the meaning set out in Section 2.1(2).

"Final Cash Amount" has the meaning set out in Section 2.11.

"Final Closing Balance Sheet" has the meaning set out in Section 2.11.

"Final Purchase Price" has the meaning set out in Section 2.11.

"Financial Statements" has the meaning set out in Section 3.1(h).

"Governmental Authority" means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances.

"Hazardous Substance" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous wastes and subject wastes), petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law.

"Indemnity Claim" has the meaning set out in Section 4.3(1).

"Lands" means the Owned Lands and the Leased Lands.

"Leased Lands" means all leasehold property and interests therein described in Schedule 2.1(1)(a) attached hereto including all rights of way, licences or rights of occupation, easements or other similar rights of the Vendor in connection with such leasehold property.

"Licensed Intellectual Property" has the meaning set out in Section 2.1(1)(i).

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"Materials" means the raw material, purchased parts, component inventory and production, shipping and packaging supplies located on the Lands and used by the Vendor for and in connection with the manufacturing of products.

"Owned Intellectual Property" has the meaning set out in Section 2.1(1)(h).

"Owned Lands" means all freehold property and interests therein described in Schedule 2.1(1)(a) attached hereto including all rights of way, licences or rights of occupation, easements or other similar rights of the Vendor in connection with such freehold property.

"Permitted Encumbrances" means, collectively, (a) the liens, charges, encumbrances and/or rights of others set out or referred to in Schedule 3.1(j), (b) liens for taxes, fees, levies, duties or other governmental charges of any kind which are not yet due, (c) liens for mechanics, materialmen, labourers, employees, suppliers or similar liens arising by operation of law with respect to obligations which are not yet due, and (d) in the case of real property, any restrictions, covenants, rights of way, encumbrances, encroachments, reservations, easements, cost sharing agreements, encroachment agreements and any agreements with a Governmental Authority and other matters of public record which, individually or in the aggregate, would not materially interfere with or affect the present use of the Lands.

"Permits" means all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, quotas, privileges and exemptions, or any item with a similar effect, issued or granted by any person.

"Purchase Price" has the meaning set out in Section 2.3.

"Purchaser's Salaried Plan" has the meaning set out in Section 4.5(6).

"Real Estate Leases" means those leases pertaining to the Leased Lands as set out in Schedule 2.1(1)(a).

"Release" means any release or discharge of any Hazardous Substance including any discharge, spray, injection, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal.

"Standard Cost" means the Vendor's aggregate costs of manufacturing its products, as reasonably determined by the Vendor, consisting of packaging, Materials or St. Jean Materials (as the case may be), all labour (direct and indirect including salaried personnel) and related overhead operating costs.

"St. Jean Facility" means the Vendor's facility located at 360 Boul du Séminaire, St-Jean-sur-Richelieu, Quebec.

"St. Jean Materials" means the raw material, purchased parts, component inventory and production, shipping and packaging supplies located at the St. Jean Facility and used by the Vendor for and in connection with the manufacturing of products.

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"Subsidiary" has the meaning attributed thereto in the *Canada Business Corporations Act*.

"Third Party Liability" has the meaning set out in Section 4.3(1)(b).

"Transfer Amount" has the meaning set out in Section 4.5(8).

"Transfer Date" has the meaning set out in Section 4.5(10).

"Transferred Employees" means the salaried employees of the Business who are members of the Vendor's Salaried Plan before the Closing Date and who become members of the Purchaser's Salaried Plan after the Closing Date.

"Transfer Report" has the meaning set out in Section 4.5(8).

"Union" means any labour or trade organization or association of employees that has as one of its purposes the regulation of relations between employers and employees through collective bargaining, or any other representative of employees.

"Vendor's Salaried Plan" means the pension plan for salaried non-bargaining employees of Crane Canada Inc.

"VTB Mortgage" has the meaning set out in Section 2.4(c).

"VTB Security Agreement" has the meaning set out in Section 2.4(c).

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.3 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations. The term "including" means "including without limiting the generality of the foregoing".

1.4 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that

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statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.5 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles, such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.6 Currency

All references to currency herein are to lawful money of Canada unless specified otherwise.

1.7 Schedules

The following are the Schedules to this Agreement, each of which are incorporated herein by reference and made a part of this Agreement and disclosure in any Schedule is fair disclosure for all purposes under this Agreement:

- Schedule 1.1 - Non-Transferred Employees;
- Schedule 2.1(1)(a) - Owned Lands and Leased Lands;
- Schedule 2.1(1)(f) - Assumed Material Contracts;
- Schedule 2.1(1)(g) - Permits;
- Schedule 2.1(1)(h) - Owned Intellectual Property;
- Schedule 2.1(1)(i) - Licenced Intellectual Property;
- Schedule 2.1(1)(j) - Domain Names;
- Schedule 2.1(2) - Excluded Assets;
- Schedule 2.4(a) - Calculation of Provisional Amount;
- Schedule 2.4(c) - Purchaser's Promissory Note and Security Documents;
- Schedule 2.5 - Allocation of Purchase Price;
- Schedule 3.1(f) - Governmental Consents, Approvals and Authorizations;
- Schedule 3.1(h) - Financial Statements;
- Schedule 3.1(j) - Permitted Encumbrances;
- Schedule 3.1(y) - Intellectual Property Disputes;
- Schedule 3.1(dd) - Employee and Consultant List;

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Schedule 3.1(cc)	-	Collective Agreements;
Schedule 3.1(jj)	-	Employee Claims;
Schedule 3.1(mm)	-	Benefit Plans;
Schedule 3.1 (uu)	-	Towers Perrin Letters;
Schedule 3.1 (vv)	-	Post-Retirement Benefits;
Schedule 3.1(aaa)	-	Litigation;
Schedule 3.1(ddd)	-	Insurance Policies;
Schedule 4.1(5)	-	Consulting Agreement;
Schedule 4.1(6)	-	Approved Carriers; and
Schedule 4.2(9)	-	Letters of Credit

ARTICLE 2 - SALE AND PURCHASE

2.1 Assets to be Sold and Purchased

(1) Upon and subject to the terms and conditions hereof, the Vendor will sell, transfer and assign to the Purchaser and the Purchaser will purchase from the Vendor, as of and with effect from the Time of Closing, all of the right, title, benefit and interest of the Vendor in and to all of the assets relating to the Business, save and except any and all inventories of finished goods, work-in-progress, raw materials, purchased parts and supplies (the "Assets"), including but not limited to the Vendor's right, title and interest in and to:

- (a) the Lands and Real Estate Leases as described in Schedule 2.1(1)(a);
- (b) all plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on or forming part of the Lands;
- (c) all fixed machinery and fixed equipment situate on or forming part of the Lands;
- (d) all other machinery and equipment and all vehicles, tools, spare parts, handling equipment, furniture, furnishings, computer hardware and peripheral equipment, supplies and accessories of the Business;
- (e) all Accounts Receivable;
- (f) all of the contracts or commitments relating to the Business including:
 - (i) all unfilled orders received by the Vendor in connection with the Business described in Schedule 2.1(1)(f) and all other orders of a similar nature entered into in the ordinary course of business as of October 2, 2001,

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- (ii) all forward commitments to the Vendor entered into in the usual and ordinary course of the Business for use in the Business whether or not there are any written contracts with respect thereto (excluding, for greater certainty, the St. Jean Facility commitments) described in Schedule 2.1(1)(f) as of October 2, 2001.
- (iii) the agreements, contracts and commitments described in Schedule 2.1(1)(f) (the "Assumed Material Contracts"),
- (iv) all leases of machinery and equipment in which the Vendor is lessee and relating to the Business, and
- (v) all warranty rights against manufacturers or suppliers relating to the Assets;
- (g) all Permits required to carry on the Business in its usual and ordinary course including the Permits listed or described in Schedule 2.1(1)(g);
- (h) all Canadian trademarks, whether registered or unregistered, patents and industrial designs, applications for registration of the foregoing and other intellectual property owned by the Vendor and used in the Business (the "Owned Intellectual Property"), including the Owned Intellectual Property listed in Schedule 2.1(1)(h);
- (i) the right to use the Canadian trademarks and other intellectual property licensed to the Vendor and used in the Business (the "Licensed Intellectual Property"), including the Licensed Intellectual Property listed in Schedule 2.1(1)(i), subject to obtaining licensors' consent to assign to Purchaser such rights;
- (j) the domain names specifically set out in Schedule 2.1(1)(j);
- (k) the goodwill of the Business, including:
 - (i) the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor and the right to fairly and fully explain to the public that the Business is so carried on,
 - (ii) all records of sales, customer lists and supplier lists of or used in connection with the Business,
 - (iii) the right to use the composite mark or composite name "Crane Plumbing" in a corporate name or domain name; and
 - (iv) all pre-paid expenses and deposits relating to the Business including all pre-paid taxes and water rates, all pre-paid purchases of gas, oil and hydro, all pre-paid lease payments (but excluding, for greater certainty, all pre-paid expenses and deposits on real estate or business contracts relating to the St. Jean Facility) and all items referred to in Section 4.4(5);

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- (l) all plans and specifications in the Vendor's possession or control relating to the plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on or forming part of the Lands including all such electrical, mechanical and structural drawings related thereto as are in the possession or under the control of the Vendor; and
 - (m) all personnel records, inspection records and other records, books, documents and data bases recorded or stored by means of any device, including in electronic form, relating to the Business, the Assets and those Employees who are, pursuant to the provisions of this Agreement, to be employed by the Purchaser as are in the possession or under the control of the Vendor (but excluding, for greater certainty, records for all St. Jean Facility employees and employees listed in Schedule 1.1).
- (2) For greater certainty and notwithstanding the provisions of Section 2.1(1), the Assets do not include the following:
- (i) the right to use or register the name or the mark "Crane" in any manner whatsoever, other than (i) as part of the composite trade-name and trademark "Crane Plumbing", which rights shall be set forth exclusively in a separate agreement between Crane Co. and Purchaser, said agreement to be entered into of even date herewith and (ii) as specifically set forth in Section 4.2(5) of this Agreement;
 - (ii) the lands and buildings located at, and expenses relating to, the St. Jean Facility, as more particularly described in Schedule 2.1(2);
 - (iii) all those assets listed in Schedule 2.1(2);
 - (iv) all inventories of finished goods, work-in-progress, raw materials, purchased parts and supplies of the Business; and
 - (v) any and all proceeds received by the Vendor from the Ontario Workers Compensation Board (currently the Workplace Safety and Insurance Board) with respect to claims dating from January 1, 1975 to December 31, 1992.

(collectively, items (i), (ii), (iii), (iv) and (v) above are referred to as the "Excluded Assets").

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2.2 As Is, Where Is

(1) It is understood and agreed that the Assets are being sold to the Purchaser "as is, where is". The Purchaser acknowledges that it has inspected the Assets and conducted an independent investigation of the Lands, and has satisfied itself with respect to, among other things, the condition thereof and improvements, if any, located thereon; and except as expressly set forth in this Agreement, the Purchaser has not relied on any representations by the Vendor concerning the condition of any Assets, environmental or otherwise.

(2) The Purchaser will, from and after the Effective Time, assume any and all environmental liabilities relating to the Lands, including but not limited to any liability for clean-up of any Hazardous Substance on or under the Lands. The Purchaser will indemnify and save harmless the Vendor from and against any claim arising out of or in connection with any and all environmental liabilities relating to the Lands.

(3) To the extent that the assignment of any of the contracts relating to the Business or the Real Estate Leases requires the consent of another person, this Agreement will not constitute an agreement to assign such contract if an attempted assignment would constitute a breach thereof. The Vendor will use commercially reasonable efforts to obtain any required consent to the assignment of each such contract relating to the Business or the Real Estate Leases. If a required consent to the assignment of such a contract is not obtained, then to the extent permitted by law (and if the Purchaser so requests) the Vendor will provide for the Purchaser the benefits under such contract and any and all rights of the Vendor against any other party, including enforcement.

2.3 Purchase Price

The purchase price payable to the Vendor for the Business being purchased by the Purchaser is the sum of:

- (i) 100% of the net book value of Accounts Receivable of the Business as of the Closing Date;
- (ii) 82% of the net book value of the pre-paid expenses of the Business as of the Closing Date (other than the pre-paid expenses in respect of the St. Jean Facility and pre-paid insurance expenses); and
- (iii) \$4,511,373,

(collectively, the "Purchase Price").

2.4 Payment of Purchase Price

The Purchaser will pay the Purchase Price to the Vendor as follows:

- (a) payment of \$1,896,713 on the Closing Date (the "Provisional Amount") calculated as set forth in Schedule 2.4(a), by wire transfer of immediately

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available funds to a bank account designated by Vendor, subject to adjustment as set forth in Section 2.11;

- (b) assumption of the accounts payable and other liabilities set forth on the Closing Balance Sheet and the other Assumed Liabilities described in Section 2.9 hereof; and
- (c) delivery of Purchaser's promissory note (the "Purchaser's Promissory Note") (in the form attached hereto as Schedule 2.4(c)) in the principal sum of \$3,938,000 bearing interest at the rate of seven percent (7%) per annum, interest to be payable semi-annually on the first Business Day of the months of April and October during the term, principal to be payable in installments of \$450,000; \$650,000; \$800,000; \$900,000; and \$1,138,000 on the first, second, third, fourth and fifth anniversaries of the Closing Date, respectively, such promissory note to be secured by a first ranking mortgage charge on the Owned Lands (the "VTB Mortgage") and a security agreement (the "VTB Security Agreement") (each in the form attached hereto as Schedule 2.4(c)) on the land, plant and equipment of the Purchased Business situated in Stratford, Ontario and Trenton, Ontario.

2.5 Allocation of Purchase Price

The Vendor and the Purchaser, in filing their respective income tax returns, will use the allocations of the Purchase Price as set forth in Schedule 2.5.

2.6 Purchase of Materials Located at the St. Jean Facility

Within 20 days of the Closing Date, the Purchaser may purchase from the Vendor some or all of the St. Jean Materials for a price equal to the greater of (i) 50% of Standard Cost thereof, or (ii) 50% of Vendor's cost thereof.

2.7 Transfer Taxes

(1) The Final Purchase Price (as hereinafter defined) does not include any sales or transfer taxes, federal taxes, or any other taxes, duties, or other like charges properly payable upon and in connection with the sale and transfer of the Assets by the Vendor to the Purchaser.

(2) The Purchaser will remit all applicable provincial sales taxes, real property transfer taxes, and land transfer taxes directly to the appropriate Governmental Authority.

(3) The Purchaser will provide to the Vendor proof that the Purchaser has remitted all applicable provincial sales taxes to the appropriate Governmental Authority.

(4) The Purchaser will, on or before the 29th day of the calendar month immediately following the calendar month of the Closing Date, pay to the Vendor by wire transfer of immediately available funds, or similar form of cash payment acceptable to the Vendor, all applicable Goods & Services Tax/Harmonized Sales Tax payable under Division II of Part IX of the *Excise Tax Act* and that the Vendor is required to collect under section 221 of the *Excise Tax Act* from the Purchaser in respect of the sale and purchase of the Assets.

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2.8 Retail Sales Tax Purchase Exemption

The Purchaser shall provide the Vendor on the Closing Date with purchase exemption certificates or other required information or documentation for any of the Assets that qualify for exemption under the provincial retail sales tax legislation.

2.9 Assumption of Obligations and Liabilities

From the Effective Time, the Purchaser will assume, fulfil and perform the following obligations and liabilities of the Vendor:

- (i) all accounts payable and other liabilities set forth in the Final Closing Balance Sheet;
- (ii) all liabilities arising from the contracts, commitments and leases of the Vendor relating to the Business including the Assumed Material Contracts;
- (iii) all severance obligations and liabilities of the Vendor due to those employees listed in Schedule 3.1(dd) and all other obligations and liabilities arising on or after the Closing Date to those Employees listed in Schedule 3.1(dd) as more specifically set out in Sections 4.4 and 4.5;
- (iv) all environmental liabilities relating to the Lands; and
- (v) all product liability and warranty obligations on products sold either before or after the Effective Time (other than with respect to "cracked tank" claims arising from products manufactured at the Vendor's former British Columbia facility);

(collectively, items (i), (ii), (iii), (iv) and (v) are referred to as the "Assumed Liabilities").

2.10 Obligations and Liabilities Not Assumed

Except as provided in this Agreement, the Purchaser does not assume and will not be liable for any obligations, commitments or liabilities of the Vendor (whether accrued, actual, contingent or otherwise) or other claims or demands whatsoever arising out of the operation of the Business including, without limitation:

- (a) any taxes under the *Income Tax Act* (Canada) or any other taxes whatsoever that may be or become payable by the Vendor including any income or corporation taxes resulting from or arising as a consequence of the sale by the Vendor to the Purchaser of the Assets hereunder;
- (b) any product liabilities or warranty obligations of the Vendor for any "cracked tank" liability obligations relating to products manufactured at the Vendor's former British Columbia facility;

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- (c) any inter-company loans or accounts payable between the Vendor and its Affiliates;
- (d) all litigation liabilities relating to litigation claims filed against the Vendor prior to the Effective Time;
- (e) all environmental liabilities or other liabilities relating to the St. Jean Facility; and
- (f) all severance obligations and liabilities of the Vendor to those employees listed on Schedule 1.1 and all salaried and hourly employees of the St. Jean Facility and all obligations and liabilities arising prior to the Closing Date other than severance obligations and liabilities, to those Employees listed in Schedule 3.1(dd), except to the extent that any such obligations and liabilities are accrued for or reserved against on the Final Closing Balance Sheet or arise under Assumed Material Contracts or otherwise constitute Assumed Liabilities for which the Purchaser is responsible.

2.11 Purchase Price Adjustment

The Vendor will prepare and deliver to the Purchaser a closing balance sheet of the Business with a calculation of the Final Cash Amount (as defined below) within 45 days following the Closing Date (the "Closing Balance Sheet"). The Closing Balance Sheet shall be prepared on a basis consistent with the Financial Statements and the Final Purchase Price and Final Cash Amount will be determined based on the Closing Balance Sheet and Schedule 2.4(a).

Within 20 days after the Vendor has delivered the Closing Balance Sheet, the Purchaser may notify the Vendor in writing of any objections to the Closing Balance Sheet. All items as to which the Purchaser does not provide a notice of proposed modification to the Vendor within such 20-day period will be deemed to be accepted by the Purchaser and considered final. All Purchaser modifications as to which the Vendor does not provide to the Purchaser written notice of disagreement within 10 days after receipt of any notice of the Purchaser modifications will be deemed to be accepted by the Vendor and considered final. If the parties are unable to reach agreement on the Closing Balance Sheet within 20 days from the Purchaser's notice to the Vendor the item or items being disputed will be determined as promptly as practicable in accordance with the terms of this Agreement by Arthur Andersen LLP. Upon delivery to the Vendor and the Purchaser of a statement in writing setting forth the conclusion of such accounting firm's opinion of the disputed item or items and the effect of such conclusion on the Closing Balance Sheet, such determinations will be final and binding upon the Vendor and the Purchaser without any further right of appeal. The fees of Arthur Andersen LLP for making such determinations will be paid one-half by the Vendor and one-half by the Purchaser.

The Closing Balance Sheet, with such modifications, if any, as may be made in accordance with this Section 2.11 is hereafter referred to as the "Final Closing Balance Sheet". The resulting adjusted purchase price shall be referred to as the "Final Purchase Price". The Final Purchase Price less (i) the aggregate amount of the accounts payable and other accrued

liabilities as stated on the Final Closing Balance Sheet and (ii) \$3,938,000 will equal the "Final Cash Amount".

The Vendor must reimburse the Purchaser if the Final Cash Amount is less than the Provisional Amount. The reimbursement will equal the Provisional Amount less the Final Cash Amount plus interest on such amount calculated using the prime lending rate as posted by RBC Royal Bank of Canada on the Closing Date. The Purchaser must pay to the Vendor additional funds if the Final Cash Amount is greater than the Provisional Amount. The additional funds will equal the Final Cash Amount less the Provisional Amount plus interest on such amount calculated using the prime lending rate as posted by RBC Royal Bank of Canada on the Closing Date. The reimbursement or additional funds, as the case may be, shall represent a purchase price adjustment.

In addition, the Vendor and the Purchaser have agreed to a further supplemental adjustment based upon the amount by which 18 percent of the net Accounts Receivable on the Final Closing Balance Sheet (the "Accounts Receivable Factor") is higher or lower than \$1,100,000, as the case may be. In the event that the Accounts Receivable Factor is greater than \$1,100,000, the Vendor shall reimburse to the Purchaser such difference. Alternatively, in the event that the Accounts Receivable Factor is less than \$1,100,000, the Purchaser shall pay to the Vendor such difference.

All payments required to be made under this Section 2.11 will be paid via wire transfer of immediately available funds to a bank account designated by either the Vendor or the Purchaser, as the case may be.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

3.1 Vendor's Representations and Warranties

The Vendor represents and warrants to the Purchaser that:

Corporate

- (a) The Vendor is a corporation duly incorporated, organized and subsisting under the laws of Canada with the corporate power to own its assets and to carry on its business and has made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which the Vendor is subject.
- (b) The Vendor has the power, authority and right to enter into and deliver this Agreement and to transfer the legal and beneficial title and ownership of the Assets to the Purchaser free and clear of all liens, charges, encumbrances and any other rights of others other than Permitted Encumbrances.
- (c) This Agreement constitutes a valid and legally binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application

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limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

- (d) There is no contract, option or any other right of another binding upon or which at any time in the future may become binding upon the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Assets other than pursuant to: (1) the provisions of this Agreement, or (2) Permitted Encumbrances.
- (e) Neither the entering into and delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of:
 - (i) any of the provisions of the constating documents or by-laws of the Vendor, or
 - (ii) any Applicable Law.
- (f) Save and except as disclosed in Schedule 3.1(f), the Vendor is not and will not be required to give any notice to any person or obtain any consent or authorization from any Governmental Authority in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated hereby, in particular under the *Investment Canada Act*.
- (g) Neither the execution and delivery of this Agreement by the Vendor nor the consummation or performance of any of the transactions contemplated hereby will, directly or indirectly (with or without notice or lapse of time) conflict with or result in a material breach of the terms, conditions or provisions of, or constitute a material default under (i) any material contract of the Business or (ii) any material Permit of the Business.

Financial

- (h) The financial statements of the Vendor relating to the Business consisting of a balance sheet and statements of income, retained earnings and changes in financial position for the period ended on the Balance Sheet Date (collectively, the "Financial Statements"), a copy of each of which is attached hereto as Schedule 3.1(h):
 - (i) are in accordance with the books and accounts of the Vendor as at the Balance Sheet Date,
 - (ii) present fairly the financial position of the Business as at the Balance Sheet Date, and
 - (iii) have been prepared in accordance with generally accepted accounting principles consistently applied and the accounting rules and policies of the Vendor.

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- (i) The historical financial statements of the Vendor relating to the Business consisting of a balance sheet and statements of income, retained earnings and changes in financial position for the fiscal year ended December 31, 2000 have been prepared in accordance with generally accepted accounting principles.

Title to Assets

- (j) The Vendor is the registered and beneficial owner of the Assets and has good freehold or leasehold title, as the case may be, to the Lands and good title to its interests in all the other Assets, free and clear of all liens, charges, encumbrances and any other rights of others other than Permitted Encumbrances or as otherwise disclosed herein.
- (k) To the Vendor's knowledge, the Vendor has not received, prior to the date of the Agreement, any written notice of default with respect to any default by the Vendor under any obligation required to be observed or performed by it under the Real Estate Leases, which default has not been cured.
- (l) To the Vendor's knowledge, each of the Real Estate Leases is, as of the date of the Agreement, in full force and effect in all material respects and the Vendor is in good standing thereunder.
- (m) To the Vendor's knowledge, the Vendor has not received written notice of any pending or threatened expropriation proceedings related to any of the Owned Lands and, as of the date of the Agreement and to the knowledge of the Vendor, there are no such pending or threatened expropriation proceedings.
- (n) To the Vendor's knowledge (which for this clause means only the actual knowledge of Diane Bakker and Michael Miller), the Vendor has not received written notice of any event or default with respect to the Lands which would have a material adverse effect on the usability of the Lands as presently utilized in the Business.
- (o) To the Vendor's knowledge (which for this clause means only the actual knowledge of Diane Bakker and Michael Miller), there is no document relating to the Lands herein in the possession or control of the Vendor which has a material adverse effect on the usability of the Lands as presently utilized in the Business.

Contracts and Commitments

- (p) The Vendor has made available to the Purchaser true and complete copies of each Assumed Material Contract. The Vendor is not a party to any contract or commitment relating to the Business outside the usual and ordinary course of the Business and is not a party to any contract or commitment relating to the Business extending for a period of time longer than 12 months or involving expenditures by the Vendor in the aggregate in excess of \$25,000 unless such contract or commitment is terminable by the Vendor on 90 days' notice without penalty other than those contracts listed in Schedule 2.1(1)(f).

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- (q) In addition to the Assumed Material Contracts listed in Schedule 2.1(1)(f), Schedule 2.1(1)(f) also lists all supply agreements of the Vendor relating to the Business as of October 2, 2001.
- (r) The Vendor is not in material default or breach of any of the contracts relating to the Business and there exists no condition, event or act that, with the giving of notice or lapse of time or both, would constitute such a material default or breach, and all such contracts, commitments, licences and leases are in good standing and in full force and effect and the Vendor is entitled to all its benefits thereunder.
- (s) The Vendor is not a party to or bound by any guarantee, indemnification, surety or similar obligation pertaining to the Business.
- (t) The Vendor does not have any agreements, options or commitments to acquire any securities of any corporation or to acquire or lease any real property or assets to be used in or in connection with the Business other than, in the latter case, those assets that are to be used in the usual and ordinary course of business of the Business.
- (u) There are no outstanding orders, notices or similar requirements relating to the Business or to the Assets issued by any Governmental Authority and there are no matters under discussion with any Governmental Authority relating to orders, notices or similar requirements.
- (v) There are no contracts or commitments of the Vendor that are material to the Assets that are not set out in Schedule 2.1(1)(f).

Intellectual Property

- (w) The Vendor is the owner of all right, title and interest in and to, and has the exclusive right to use the Owned Intellectual Property free and clear of liens, charges or encumbrances (other than Permitted Encumbrances).
- (x) The Owned Intellectual Property listed in Schedule 2.1(1)(h) has been duly registered or is in the process of being so registered and to the Vendor's knowledge (which in this clause means the actual knowledge of Diane Bakker and Michael Miller) all such registrations are in force.
- (y) The Vendor is not currently involved in any opposition, infringement or other similar proceedings with respect to the Owned Intellectual Property other than as set out in Schedule 3.1(y).
- (z) The Vendor has the exclusive right to use the Licensed Intellectual Property except to the extent the rights are identified in Schedule 2.1(1)(i) as being non-exclusive.
- (aa) The Owned Intellectual Property and the Licensed Intellectual Property listed on Schedules 2.1(1)(h) and 2.1(1)(i), respectively, includes all of the intellectual

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property used in the carrying on of the Business as conducted by the Vendor before the Closing Date.

- (bb) The Vendor is not a party to any contract or commitment to pay any royalty, licence or other fee with respect to the use of the Owned Intellectual Property or the Licensed Intellectual Property except as set out in Schedules 2.1(1)(h) and 2.1(1)(i). The Vendor has made available to the Purchaser accurate and complete copies of all such contracts and commitments.

Employees

- (cc) The Vendor has made available to the Purchaser or its agents true and complete copies of all (i) employment agreements applicable to the Employees, including without limitation, all collective agreements; and (ii) all consulting agreements. The Vendor does not have any employment agreement or consulting agreement, written or oral, with any person whomsoever other than as disclosed in Schedule 3.1(dd).
- (dd) Schedule 3.1(dd) sets out:
- (i) the names of all of the Employees and consultants of the Business;
 - (ii) the annual remuneration of every Employee (including salary, commissions, or any incentive payments);
 - (iii) the job title of every Employee;
 - (iv) the date of birth of every Employee;
 - (v) the total length of employment of every Employee including any prior employment as disclosed in the Vendor's records that would affect calculation of years of service for purposes of benefit entitlement (including statutory notice or statutory severance pay) or pension entitlement;
 - (vi) whether each Employee is or is not represented by a Union;
 - (vii) whether any Employee is on any permanent or temporary lay off, leave of absence for any reason, jury duty or off work receiving workers' compensation benefits or insurance, short term disability or long term disability benefits, or is entitled to any special consideration under any agreement with the Vendor;
 - (viii) where a written employment agreement exists with the Employee, an indication of same;
 - (ix) other material terms and conditions of employment of each Employee (other than Benefit Plans); and

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- (x) the length of any consulting agreement.
- (ee) Other than as disclosed in Schedule 3.1(ee), no Union:
 - (i) holds or claims to hold bargaining rights with respect to any of the Employees by way of certification, interim certification, voluntary recognition, designation or successor rights,
 - (ii) has applied to be certified as the bargaining agent of the Employees, nor has there been any such activity during the past year; or
 - (iii) has applied to have the Vendor declared a related employer or successor employer pursuant to Applicable Law.
- (ff) There are no actual, or to the Vendor's knowledge, threatened or pending organizing activities of any Union and no actual, or to the Vendor's knowledge, threatened or pending unfair labour practice complaints, arbitrations, grievances, strikes, lock-outs or work-stoppages pertaining to the Business, and there have not been any such activities or disputes or proceedings during the past year other than as disclosed in Schedule 3.1 (jj).
- (gg) The Vendor has prepared and posted a Pay Equity Plan for all employees of the Business and, to the Vendor's knowledge, has made all necessary adjustments pursuant to such Pay Equity Plan in compliance in all material respects with the *Pay Equity Act* (Ontario), and the Vendor has fully disclosed to the Purchaser the terms pertaining thereto.
- (hh) The Vendor is currently in compliance with all of the employment agreements and consulting agreements, if any, referred to in Section 3.1(dd) and listed in Schedule 3.1(dd).
- (ii) To the Vendor's knowledge, the Vendor is in material compliance with all of its obligations under all Employment Laws. The Vendor is not liable for any assessments, penalties or other sums for failure to comply with any such Employment Laws.
- (jj) Schedule 3.1(jj) sets out a summary of current and historic claims filed during the year prior to the date of this Agreement in respect of any Employment Law. Other than those disclosed in Schedule 3.1(jj), there are no material claims outstanding, and to the Vendor's knowledge, threatened or pending against the Vendor under any Employment Law.
- (kk) True and correct copies of any and all written personnel policies, rules or procedures applicable to the Employees have been made available to the Purchaser.
- (ll) To Vendor's knowledge, no Employee or director of the Vendor is a party to, or is otherwise bound by, any contract, including any confidentiality, non-competition,

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or proprietary rights agreement, between such Employee or director and any other Person that in any way adversely affects or will affect (i) the performance of his duties as an employee or director of the Vendor, or (ii) the ability of the Vendor to conduct its business, including any such agreements between the Vendor and any such employee or director.

Benefit Plans

- (mm) Schedule 3.1(mm) contains a list of every benefit plan, program, agreement or arrangement maintained, contributed to, or provided by the Vendor or any Affiliate or Subsidiary thereof for the benefit of any of the Employees or dependent or independent contractors of the Vendor employed in the Business or their respective dependants or beneficiaries (the "Benefit Plans") including all bonus, deferred compensation, incentive compensation, share purchase, share option, stock appreciation, phantom stock, savings, profit sharing, severance or termination pay, health or other medical, life, disability or other insurance (whether insured or self-insured), supplementary unemployment benefit, pension, retirement and supplementary retirement plans, programs, agreements and arrangements.
- (nn) The collective agreements listed in Schedule 3.1(ee) may also contain certain Employee benefits.
- (oo) The Vendor has made available to the Purchaser true and complete copies of each of the following documents:
- (i) the current texts of each of the Assigned Plans, including all amendments thereto, as well as all historical documents as are in the Vendor's possession or control;
 - (ii) the most recent copy of each of the written Benefit Plans other than the Assigned Plans, and all amendments thereto, and a description of each unwritten Benefit Plan;
 - (iii) the most recent description of each Benefit Plan that has been provided to Employees;
 - (iv) the two most recent annual information returns and financial statements filed with respect to any Assigned Plan;
 - (v) all trust agreements, insurance contracts or policies or other funding or related agreements in relation to each Assigned Plan;
 - (vi) the two most recent actuarial valuation reports prepared and filed in respect of any Assigned Plan;
 - (vii) all advance income tax rulings, professional opinions, and material correspondence, including without limitation, correspondence with any

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Governmental Authority and internal memoranda relating to the Assigned Plans as are in the Vendor's possession or control.

- (pp) The Vendor has not made any representations to Employees, nor does there exist any undertaking or commitment, whether legally binding or not, to create any Benefit Plan or to change or modify any existing Benefit Plan.
- (qq) Each Assigned Plan has been established, administered, funded and invested in compliance in all material respects with its respective terms and with the requirements of Applicable Laws and any collective agreement, and each Benefit Plan has been duly registered where required by, and is in good standing under, Applicable Laws. To the Vendor's knowledge, no fact or circumstances exist which could adversely affect the registration status of any Benefit Plan.
- (rr) All contributions, premiums or other amounts required to be paid or provided by Vendor or by any other person to any Benefit Plan have been duly made in a timely manner in accordance with Applicable Laws, collective agreements, and the terms of such Benefit Plan.
- (ss) There are no pending complaints, audits, investigations, proceedings, actions, suits or claims (to the knowledge of Vendor, which means the actual knowledge of Diane Bakker and Michael Miller) threatened orally or in writing by any Governmental Authority or by any Employee, or former employee, or by any other person relating to any Assigned Plan or the assets thereof (other than claims for benefits payable in the normal course of the Assigned Plan), there are no material defaults or violations relating to any Assigned Plan, and no tax is owing or exigible under any Assigned Plan.
- (tt) None of the Assigned Plans is a multi-employer pension plan as defined in Employment Laws.
- (uu) To the knowledge of the Vendor, none of the Benefit Plans (nor the benefits referred to in Section 3.1(nu)) provides benefits to Employees beyond their retirement or other termination of service, or to the dependents and beneficiaries of such employees, other than as disclosed in Schedule 3.1(uu).
- (vv) Since October 1, 1995 and in respect of each Assigned Plan, to the knowledge of the Vendor there have been no withdrawals, transfers or mergers or application of assets in violation of Applicable Laws or in violation of the provisions of the Assigned Plan.

Taxes

- (ww) The Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number R101190213.
- (xx) The Vendor is not a non-resident person within the meaning of section 116 of the *Income Tax Act* (Canada).

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- (yy) The Vendor has filed all tax returns required by Applicable Laws to be filed up to and including the date of this Agreement.
- (zz) There are no tax liens in any material amount (other than for taxes not yet due and payable) upon the Assets, nor are the Assets subject to any trust of a material amount arising under Applicable Laws.

General

- (aaa) Except as set out in Schedule 3.1(aaa), there are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor):
 - (i) pending or threatened against or adversely affecting, or which could materially adversely affect, the Business or the Assets, or
 - (ii) before or by any Governmental Authority.
- (bbb) The Vendor is conducting the Business in compliance in all material respects with all Applicable Laws of Canada and of the provinces in which it conducts the Business.
- (ccc) Attached hereto as Schedule 2.1(1)(g) is a true and complete list of all material Permits necessary or required to enable the Business to be carried on as now conducted and its assets to be owned, leased and operated in accordance with Applicable Laws. The Vendor is in compliance in all material respects with all of the requirements for each item listed in Schedule 2.1(1)(g).
- (ddd) Attached hereto as Schedule 3.1(ddd) is a true and complete list of all insurance policies maintained by the Vendor, which list also specifies the insurer, the amount of the coverage, the type of insurance, the policy number and any pending claims thereunder.
- (eee) The Vendor together with its affiliates (as such term is defined in the *Competition Act* (Canada)) do not have assets in Canada or annual gross revenues from sales in, from or into Canada which exceed, in either case, Cdn.\$350 million within the meaning of and as determined by section 109 of the *Competition Act* (Canada) and the applicable regulations thereto.
- (fff) Since August 31, 2001, the Vendor has conducted the Business only in the usual course and there has not been any:
 - (i) payment (except in the usual course of the Business and except for any inter-company payments) or increase by the Vendor of any bonuses, salaries, or other compensation to any director or Employee other than salary increases for Employees in the ordinary course of business, or entry into any employment, severance, or any similar contract with any director or Employee;

- (ii) adoption of, amendment to, or increase in the payments to or benefits under, any Benefit Plan other than pursuant to the terms of any collective bargaining agreements;
- (iii) damage to or destruction or loss of any asset or property of the Business, whether or not covered by insurance, which may have a material adverse effect on the Business;
- (iv) change, occurrence, condition or development that has materially and adversely affected, or is likely to materially and adversely affect, the business, assets, operations, condition, financial or otherwise, of the Business;
- (v) action taken by the Vendor or any of its directors, officers or shareholders to authorize any of the foregoing actions; or
- (vi) contract entered into by the Vendor to do any of the foregoing.

3.2 Survival of Vendor's Representations, Warranties and Covenants

(1) The representations and warranties of the Vendor set forth in Section 3.1, other than as specifically set out in 3.2(2) below, will survive the completion of the sale and purchase of the Assets herein provided for and, notwithstanding such completion, will continue in full force and effect for the benefit of the Purchaser for a period of 18 months from the Closing Date.

(2) The representations and warranties of the Vendor (i) set forth in Sections 3.1(ww), 3.1(xx), 3.1(yy) and 3.1(zz) relating to taxes shall terminate after the expiration of any time within which an assessment, reassessment or similar document may be issued under any Applicable Law; and (ii) set forth in Section 3.1(j) relating to the title to the Lands shall continue in full force and effect for the benefit of the Purchaser for a period of 10 years from the Closing Date.

(3) The covenants of the Vendor set forth in this Agreement will survive the completion of the sale and purchase of the Assets herein provided for and, notwithstanding such completion, will continue in full force and effect for the benefit of the Purchaser in accordance with the terms thereof.

3.3 Purchaser's Representations and Warranties

The Purchaser represents and warrants to the Vendor that:

- (a) The Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Nova Scotia.
- (b) The Purchaser has good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions to be completed by the Purchaser contemplated hereunder.

- (c) This Agreement constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (d) The Purchaser has, and will have on the date for payment of any adjusted amount under Section 2.11, sufficient funds or financing in place to pay the Provisional Amount and the Final Cash Amount.
- (e) The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 877893115RT0001.
- (f) The Purchaser is a WTO investor within the meaning of the *Investment Canada Act* (Canada).
- (g) The Purchaser together with its affiliates (as such term is defined in the *Competition Act* (Canada)) do not have assets in Canada or annual gross revenues from sales in, from or into Canada which exceed, in either case, Cdn. \$15 million within the meaning of and as determined by section 109 of the *Competition Act* (Canada) and the applicable regulations thereto.

3.4 Survival of Purchaser's Representations, Warranties and Covenants

(1) The representations and warranties of the Purchaser set forth in Section 3.3 will survive the completion of the sale and purchase of the Assets herein provided for and, notwithstanding such completion, will continue in full force and effect for the benefit of the Vendor for a period of 18 months from the Closing Date.

(2) The covenants of the Purchaser set forth in this Agreement will survive the completion of the sale and purchase of the Assets herein provided for and, notwithstanding such completion, will continue in full force and effect for the benefit of the Vendor in accordance with the terms thereof.

ARTICLE 4 - COVENANTS

4.1 Covenants of the Vendor

(1) In addition to any other provision for indemnification by the Vendor contained in this Agreement, the Vendor will indemnify and save harmless the Purchaser and the directors, officers, employees and agents of the Purchaser from and against:

- (b) all Claims directly or indirectly relating to the conduct of the Business before the Effective Time other than with respect to the Assumed Liabilities;

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- (c) all Claims directly or indirectly relating to the Vendor's assets other than the Assets, or any business other than the Business;
- (a) all Claims incurred by the Purchaser directly or indirectly resulting from any breach of any covenant of the Vendor contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.1;
- (b) all Claims directly or indirectly relating to the Excluded Assets;
- (c) all Claims directly or indirectly relating to those matters set out in Section 2.10; and
- (d) any Claims arising in connection with the Vendor's failure to comply with the applicable bulk sales legislation.

The Vendor appoints the Purchaser as the trustee for the Purchaser's directors, officers, employees and agents of the covenant of the Vendor with respect to such persons and the Purchaser accepts such appointment.

(2) The Vendor will not be liable to the Purchaser or to the directors, officers, employees or agents of the Purchaser for any Claim directly or indirectly resulting from:

- (a) the Assumed Liabilities;
- (b) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.1 unless any claim or demand by the Purchaser against the Vendor with respect thereto is given to the Vendor by the Purchaser within the time period referred to in Section 3.2; or
- (c) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.1 unless and until the aggregate of all such Claims exceeds \$150,000 in which event only amounts in excess of \$150,000 may be recovered by the Purchaser, subject to the limitation set forth below.

(3) Notwithstanding any of the other provisions of this Agreement the aggregate maximum amount of any indemnity provided by the Vendor to the Purchaser shall be \$7,000,000.

(4) For two years after the Closing Date, the Vendor will defend itself against product liability or warranty Claims relating to "cracked tanks" produced at its former British Columbia facility in substantially the same manner as had been done prior to the Closing Date.

(5) The Vendor shall provide consulting services to the Purchaser in the person of Diane Bakker and Michael Miller in accordance with and subject to the terms of the Consulting Agreement attached hereto as Schedule 4.1(5).

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(6) The Vendor agrees to sell for \$1 all equipment and machinery, fixed or otherwise, located at the St. Jean Facility which the Purchaser notifies the Vendor by October 31, 2001 that it requires for the Business, provided that the Purchaser shall not be able to request any item, the removal of which would render the St. Jean Facility in non-compliance in any material respect with any building code or Applicable Law. The Vendor will sell such equipment and machinery to the Purchaser Ex Works (Incoterms 2000) the St. Jean Facility, Purchaser being solely responsible for obtaining any export licence and customs formalities necessary for the export of the equipment and machinery. The Vendor will retain on behalf of the Purchaser any of the carriers described at Schedule 4.1(6) to ship the Products to the destination outside Québec named by the Purchaser. The Purchaser will pay for all costs and expenses relating to the carriage and insurance of such equipment and machinery. All such equipment and machinery so purchased will be shipped to the Purchaser by November 30, 2001.

4.2 Covenants of the Purchaser

(1) In addition to any other provision for indemnification by the Purchaser contained in this Agreement, the Purchaser will indemnify and save harmless the Vendor and the directors, officers, employees and agents of the Vendor from and against all Claims incurred by the Vendor directly or indirectly resulting from:

- (a) the conduct of Business save and except in relation to the St. Jean Facility and the Vendor's Quebec warehouses after the Effective Time;
- (b) the Assumed Liabilities; and
- (c) any breach of any covenant of the Purchaser contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.3.

The Purchaser appoints the Vendor as the trustee for the Vendor's directors, officers, employees and agents of the covenant of the Purchaser with respect to such persons and the Vendor accepts such appointment.

(2) The Purchaser will not be liable to the Vendor or to the directors, officers, employees or agents of the Vendor for any Claim directly or indirectly resulting from:

- (a) the treatment of inventories of finished goods, work-in-progress, raw material, purchased parts and supplies of the Vendor existing as of the Effective Time, which assets are not being purchased by Purchaser.
- (b) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.3 unless any claim or demand by the Vendor against the Purchaser with respect thereto is given to the Purchaser by the Vendor within the time period referred to in Section 3.4(1); or
- (c) any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.3 unless and until the aggregate of such Claims exceeds \$150,000 in

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which event only amounts in excess of \$150,000 may be recovered by the Vendor, subject to the limitation set forth below.

(3) Notwithstanding any of the other provisions of this Agreement the aggregate maximum amount of any indemnity provided by the Purchaser to the Vendor shall be \$7,000,000.

(4) The Purchaser covenants that all workers involved in the removal of the equipment and machinery from the St. Jean Facility will have all permits, qualifications, and licences and insurance as required by Applicable Laws.

(5) Within 90 days of the Closing Date, Purchaser covenants to change dies and tooling as necessary so new products manufactured by the Purchaser after the Closing Date do not use the name "CRANE" but rather "Crane Plumbing". With respect to packages and cartons Purchaser covenants that within six months from the Closing Date it shall not use any packages or cartons which bear the trademark CRANE. With respect to literature used in the Business, the Purchaser covenants that (i) in the United States it shall not use or distribute any literature which bears the trademark CRANE within 30 days from the Closing Date, and (ii) in Canada it shall not use or distribute any literature which bears the trademark CRANE within six months from the Closing Date. Work in process at the Closing Date and not theretofore marked shall be appropriately and permanently marked with the composite mark CRANE PLUMBING within 30 days after the Closing Date. Notwithstanding any of the foregoing, the Purchaser shall be able to use and sell all plumbing fittings purchased from the Vendor bearing the trademark CRANE for an indefinite period until all such fittings are sold.

(6) The Purchaser covenants to purchase for \$1 all equipment and machinery, fixed or otherwise, located at the St. Jean Facility which the Purchaser notifies the Vendor by October 31, 2001 that it requires for the Business, provided that the Purchaser shall not be able to request any item, the removal of which would render the St. Jean Facility in non-compliance in any material respect with any building code or Applicable Law. The Vendor will sell such equipment and machinery to the Purchaser Ex Works (Incoterms 2000) the St. Jean Facility, Purchaser being solely responsible for obtaining any export licence and customs formalities necessary for the export of the equipment and machinery. The Vendor will retain on behalf of the Purchaser any of the carriers described at Schedule 4.1(6) to ship the Products to the destination outside Quebec named by the Purchaser. The Purchaser will pay for all costs and expenses relating to the carriage and insurance of such equipment and machinery. All such equipment and machinery so purchased will be shipped to the Purchaser by November 30, 2001.

(7) The Purchaser covenants that for a period of two years from the Closing Date that it will provide to the Vendor, at Vendor's request, in truckload quantities (each containing 1,000 units) replacement tanks F.O.B. for drop-off to one location in British Columbia (with additional drop-off locations to be paid for by the Vendor at a rate of \$50 per drop-off location) at 7% below the average wholesale net price from the current annual wholesaler net price sheet so that the Vendor may replace any "cracked tanks" manufactured at the Vendor's former British Columbia facility.

(8) The Purchaser covenants to make available substantially similar resources for customers as are presently offered by the craneCanada.com website as soon as practicable but, in any event, no later than 30 days after the Closing Date.

(9) Schedule 4.2(9) lists the commercial letters of credit and other financial commitments issued in connection with Vendor's contracts for the purchase of outsourced products. Purchaser agrees to indemnify Vendor for any amounts paid in respect of such letters of credit and financial commitments promptly upon submission of the debit note evidencing payment by the issuing bank.

4.3 Indemnification

(1) The following provisions and the provisions of Article 6 shall apply to any claim by the Purchaser for indemnification by the Vendor pursuant to Section 4.1 hereof (an "Indemnity Claim"):

- (a) Promptly after becoming aware of any matter that may reasonably give rise to an Indemnity Claim, the Purchaser shall provide to the Vendor written notice of the Indemnity Claim specifying the basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances;
- (b) The Purchaser shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Indemnity Claim relating to an alleged liability to any other person (a "Third Party Liability") as to which it proposes to assert an Indemnity Claim, except with the prior written consent of the Vendor (which consent shall not be unreasonably withheld or delayed);
- (c) With respect to any Third Party Liability, provided the Vendor first admits the Purchaser's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then, in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:
 - (i) Except as contemplated by subparagraph (ii) of this paragraph, the Vendor will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Purchaser shall have the right and shall be given the opportunity at its expense to participate in the defence of the Third Party Liability, to consult with the Vendor in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel);
 - (ii) Notwithstanding subparagraphs (i) of this paragraph, the Vendor shall not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner which would, in the reasonable opinion of the Purchaser, have a material adverse affect on the condition of the

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Business or the Purchaser, except with the prior written consent of the Purchaser (not to be unreasonably withheld or delayed).

- (iii) The Vendor shall keep the Purchaser advised of the status of any Third Party Liability and will provide the Purchaser copies of all relevant documentation as it becomes available.
- (d) If, with respect to any Third Party Liability, the Vendor does not admit the Purchaser's right to indemnification or declines to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:
 - (i) The Purchaser, at its discretion, may assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Purchaser, acting in good faith, considers advisable; and
 - (ii) Any cost, loss, damage or expense incurred or suffered by the Purchaser in the settlement or defence of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Indemnity Claim.

(2) The provisions of Section 4.3 and of Article 6 shall apply *mutatis mutandis* to any Claim by the Vendor for indemnification by the Purchaser pursuant to Section 4.2 hereof.

4.4 Employees

(1) The Vendor will employ all of the Employees of the Business until the close of business on the day immediately preceding the Closing Date on the same terms and conditions as are in effect on the date hereof.

(2) The Purchaser will offer to employ on and after the Closing Date all of the Employees who are employed by the Vendor in the Business on commensurate terms and conditions of employment considering, without limitation, the industry practice, the marketplace, and the geographic location, and having regard to the terms and conditions of employment with the Vendor on the day immediately preceding the Closing Date.

(3) The Vendor will be responsible for all Claims made prior to the Closing Date by Employees in respect of actions by the Vendor or other circumstances occurring prior to the Closing Date, except to the extent that any such Claims are accrued for or reserved against on the Final Closing Date Balance Sheet or arise under Assumed Material Contracts or otherwise constitute Assumed Liabilities, for which the Purchaser is responsible.

(4) The Purchaser assumes and will discharge all obligations and liabilities accruing after the close of business on the day immediately preceding the Closing Date in respect of all the Employees including without limitation Claims for constructive dismissal, severance, termination or notice pay. For greater certainty, an Employee listed as inactive on Schedule 3.1(dd) will be offered employment by the Purchaser as described in Section 4.4(2) but will be

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considered to be an employee of the Vendor until such Employee becomes active. However, the Purchaser will offer modified work practices to return inactive employees to active duty in accordance with the past practices of the Vendor and Purchaser will reimburse the Vendor for the insurance costs related to the inactive employees during their leave.

(5) All items in respect of the Employees that require adjustment including, without limiting the generality of the foregoing, premiums for unemployment insurance, Canada Pension Plan, employer health tax, applicable statutory hospitalization insurance, workers' compensation assessments, accrued wages, salaries and commissions and employee benefit plan payments will be appropriately adjusted to the close of business on the day immediately preceding the Closing Date. To the extent that the Vendor makes any payments to the Purchaser on account of such adjustments, the Purchaser agrees to indemnify and save harmless the Vendor from and against all Claims in connection therewith.

4.5 Pension Plans

(1) Effective as of the Closing Date, the Vendor will assign, and the Purchaser will assume, the Assigned Plans, including all assets thereof, and the Vendor's rights and, subject to Section 4.5(4), obligations under the Assigned Plans and under the related funding agreements.

(2) The Vendor and the Purchaser will do all things and execute all documents necessary to give effect to the transfer of sponsorship of the Assigned Plans, including obtaining any necessary third party consents and making all necessary filings with any regulatory body.

(3) The Vendor will provide to the Purchaser such documents, information and data in respect of the Assigned Plans and the members (including both active and inactive) of the Assigned Plans as is reasonably required by the Purchaser or its agents to administer the Assigned Plans and that is in the possession or control of the Vendor.

(4) The Vendor agrees that it will be solely responsible for all Claims by or on behalf of all Employees, all former employees of the Vendor, or any other person under or in relation to the Assigned Plans relating to the operation, administration and investment of the Assigned Plans prior to the Closing Date, whether such Claims are asserted prior to, at or after the Closing Date. The Purchaser agrees that it will be solely responsible for all Claims by or on behalf of all Employees, all former employees of the Vendor, or any other person under or in relation to the Assigned Plans relating to the operation, administration and investment of the Assigned Plans after the Closing Date.

(5) The Vendor, at its own expense, will ensure that the Transferred Employees who are members of the Vendor's Salaried Plan as of the Closing Date cease to participate in and accrue benefits under the Vendor's Salaried Plan as of the day immediately preceding the Closing Date.

(6) As soon as practicable, but in any event not later than 90 days after the Closing Date, the Purchaser will establish a new defined contribution pension plan, or extend an existing defined contribution pension plan sponsored by the Purchaser, effective as of and from the Closing Date, to or for the benefit of the Transferred Employees (the "Purchaser's Salaried Plan"), in accordance with Section 4.5(7). The Purchaser agrees to make the necessary

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applications for registration of the Purchaser's Salaried Plan, or for registration of amendments to extend the Purchaser's Salaried Plan to the Transferred Employees, with the appropriate regulatory authorities within 60 days of the date of establishment of the Purchaser's Salaried Plan.

(7) The Purchaser's Salaried Plan will provide to the Transferred Employees contribution levels and investment options which are substantially similar to the contribution levels and investment options provided to Transferred Employees under the Vendor's Salaried Plan as in effect at the Closing Date. The Purchaser's Salaried Plan will recognize each Transferred Employee's period of membership in the Vendor's Salaried Plan for the purposes of eligibility, vesting and locking-in, under the Purchaser's Salaried Plan and as required by Applicable Law. Notwithstanding the first sentence in this Section, the Purchaser reserves the right to amend or modify or terminate, in whole or in part, the Purchaser's Salaried Plan at any time after the Closing Date except that, the Purchaser will not declare, by filing a notice of proposal of wind up of the Purchaser's Salaried Plan during the two-year period immediately following the Closing Date.

(8) As soon as practicable, but in any event not later than 90 days after the Closing Date, the Vendor will cause to be prepared a report with respect to the transfer of defined contribution account balances of the Transferred Employees from the Vendor's Salaried Plan to the Purchaser's Salaried Plan (the "Transfer Report"). The Transfer Report will set out, effective as of the Closing Date, the amount of the accumulated account balances of the Transferred Employees (the "Transfer Amount"), and such other information as may be required to obtain the consent of the regulatory authorities to the proposed transfer. For greater certainty, the Transfer Amount will be an amount equal to the sum of the employer and, if applicable, employee contributions in respect of the Transferred Employees, plus interest or other investment gains thereon as of the Closing Date, in accordance with the terms of the Vendor's Salaried Plan.

(9) The Vendor will provide to the Purchaser such information and data in respect of the Transferred Employees as is reasonably required by the Purchaser to administer the Purchaser's Salaried Plan and that is in the possession or control of the Vendor.

(10) On the last Business Day of the month following 30 days after the later of (i) the establishment or amendment of the Purchaser's Salaried Plan and the registration thereof with the appropriate regulatory authorities and (ii) receipt by the Vendor of such regulatory approvals as may be required in connection with the transfer of the Transfer Amount (the "Transfer Date"), the Vendor will cause the funding agent of the Vendor's Salaried Plan to transfer the Transfer Amount to the funding agent of the Purchaser's Salaried Plan, plus interest (or other investment gains) thereon in respect of the Transferred Employees for the period of time from the Closing Date to the Transfer Date. Written confirmation of any such regulatory approval will be forwarded by each party to the other forthwith upon receipt.

(11) The Vendor and the Purchaser agree to file in a timely manner such documents, returns and reports as are necessary to obtain the requisite regulatory approvals in connection with the establishment or amendment of the Purchaser's Salaried Plan and the transfer of the Transfer Amount.

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(12) The Vendor agrees that it will continue to be solely responsible for all Claims by or on behalf of the Transferred Employees or any other person under or in relation to the Vendor's Salaried Plan relating to the administration and investment of the benefits of Transferred Employees thereunder, whether arising prior to, on or after the Closing Date. The Purchaser agrees that it will be solely responsible for all Claims by or on behalf of the Transferred Employees or any other person under or in relation to the Purchaser's Salaried Plan relating to the administration and investment of the benefits of Transferred Employees thereunder effective from the Closing Date.

ARTICLE 5 - CONDITIONS

5.1 Conditions for the Benefit of the Purchaser

(1) The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Purchaser and which are to be performed or complied with at or prior to the Closing Date:

- (a) the representations and warranties of the Vendor set forth in Section 3.1 will, subject to changes in the ordinary course in the list of Employees attached as Schedule 3.1(dd), be true and correct in all material respects;
- (b) the Vendor will have performed or complied in all material respects with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Vendor at or prior to the Closing Date;
- (c) the Purchaser will be furnished with such certificates or other instruments (including instruments of conveyance with respect to the Assets) of the Vendor or of officers of the Vendor as the Purchaser or the Purchaser's counsel may reasonably think necessary in order to establish that the terms, covenants and conditions contained in this Agreement to have been performed or complied with by the Vendor in all material respects at or prior to the Closing Date have been performed or complied with and that the representations and warranties of the Vendor herein given are true and correct in all material respects at the Closing Date;
- (d) no order of any Governmental Authority, regulatory body or agency shall be in effect to enjoin, restrict or prohibit:
 - (i) the sale and purchase of the Assets contemplated hereby, or
 - (ii) the right of the Purchaser to conduct the Business;
- (e) there will be a Non-Competition and Confidentiality Agreement entered into between the Vendor and the Purchaser;
- (f) there will be a Transition Services Agreement entered into between the Vendor and the Purchaser;

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- (g) there will be a Trademark Assignment, License Termination and Worldwide Trademark Co-Existence Agreement entered into between Crane Co. and CR/PL, LLC;
- (h) the Vendor will have delivered to the Purchaser a duplicate copy of the following:
 - (i) the certificate furnished to the Vendor by the Ontario Minister of Finance pursuant to subsection 6(1) of the *Ontario Retail Sales Tax Act*;
 - (ii) the certificate furnished to the Vendor by the British Columbia Tax Commissioner pursuant to subsection 99(1) of the *British Columbia Social Service Tax Act*; and
 - (iii) the certificate furnished to the Vendor by the Manitoba Minister of Finance pursuant to subsection 8(1) of the *Manitoba Retail Sales Tax Act*.
- (i) the Vendor will have used reasonable commercial efforts to obtain all material third-party consents, if any, required to transfer the Assets and in particular, shall have obtained those consents listed in Schedule 3.1(f),
- (j) the Purchaser will have been furnished with an indemnity by the Vendor for any Claims incurred by the Purchaser directly or indirectly by reason of the non-compliance by the Vendor with the *Bulk Sales Act* (Ontario);
- (k) prior to Closing Date, the Vendor will obtain a Purchase Certificate from the Ontario Workplace Safety and Insurance Board (the "WSIB") confirming that as at the Closing Date the Vendor has no outstanding amounts owing to the WSIB, and will obtain the equivalent thereof from the worker's compensation authority in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Quebec; and
- (l) the form and legality of all matters incidental to the sale by the Vendor and the purchase by the Purchaser of the Assets will be subject to the approval of the Purchaser's counsel acting reasonably.
- (m) In case any term or covenant of the Vendor or condition to be performed or complied with for the benefit of the Purchaser at or prior to the Closing Date has not been performed or complied with at or prior to the Closing Date, the Purchaser, without limiting any other right that the Purchaser has, may at its sole option waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of any other term, covenant or condition in whole or in part.

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5.2 Conditions for the Benefit of the Vendor

(1) The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Vendor and which are to be performed or complied with at or prior to the Closing Date:

- (a) the representations and warranties of the Purchaser set forth in Section 3.3 will be true and correct in all material respects;
- (b) the Purchaser will have performed or complied in all material respects with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser at or prior to the Closing Date;
- (c) the Vendor will be furnished with such certificates or other instruments of the Purchaser or of officers of the Purchaser as the Vendor or the Vendor's counsel may reasonably think necessary in order to establish that the terms, covenants and conditions contained in this Agreement to have been performed or complied with by the Purchaser in all material respects at or prior to the Closing Date have been performed or complied with and that the representations and warranties of the Purchaser herein given are true and correct in all material respects at the Closing Date;
- (d) there will be a Non-Competition and Confidentiality Agreement entered into between the Vendor and the Purchaser;
- (e) there will be a Transition Services Agreement entered into between the Vendor and the Purchaser; and
- (f) there will be a Trademark Assignment, License Termination and Worldwide Trademark Co-Existence Agreement entered into between Crane Co. and CR/PL, LLC.

(2) In case any term or covenant of the Purchaser or condition to be performed or complied with for the benefit of the Vendor at or prior to the Closing Date has not been performed or complied with at or prior to the Closing Date, the Vendor, without limiting any other right that the Vendor has, may at its sole option waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of any other term, covenant or condition in whole or in part.

ARTICLE 6 - RESOLUTION OF DISPUTES

6.1 Resolution of Disputes by Mediation or Arbitration.

(1) The parties shall act in good faith to resolve promptly any controversy or claim arising out of or relating to this Agreement or the transactions contemplated hereunder, including any contract or tort claims, by negotiations between senior executives of the parties who have

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authority to settle the controversy (and who do not have direct responsibility for administration of this Agreement). If the parties are unable to resolve the dispute by negotiation, then the disputing party shall give the other party written notice of the dispute. Within 10 days after receipt of the notice, the receiving party shall submit to the other party a written response. The notice and response shall include (i) a statement of the party's position and a summary of the evidence and the arguments supporting its position, and (ii) the name and title of the executive who shall represent that party. The executives shall meet at a mutually acceptable time at Toronto, Ontario within 20 days of the date of the disputing party's notice and then as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute by mediation before resorting to arbitration.

(2) If the matter has not been resolved pursuant to the mediation procedure within 60 days after the initiation of the mediation, or if either party does not participate in the mediation, then the controversy or claim, shall be settled by submitting it to arbitration, in accordance with and to be governed by applicable arbitration legislation in Ontario. The arbitration shall be final and binding. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

(3) The arbitrator may grant interim awards and equitable relief, including temporary restraining orders, preliminary injunctions, and specific performance. However, this Article 6 and this Agreement do not preclude any party from seeking injunctive relief in a court in order to protect its rights until the time that a judgment is entered on an award, nor does the filing of any action constitute a waiver by a party of its right to seek arbitration under this Agreement. The arbitrator may not award punitive damages or other damages not measured by the prevailing party's actual damages, including damages specifically permitted under this Agreement. The submission of a dispute to arbitration as provided in this Article 6 and the rendering of a decision by the arbitrator is a condition precedent to any right of legal action on the dispute. The cost and expense of the arbitration, including the fees of the arbitrator, shall be divided equally between the Vendor and the Purchaser, unless the arbitrator orders a different allocation of the costs and expenses. Nothing contained in this Agreement prevents the parties from settling any dispute, at any time, by mutual agreement.

ARTICLE 7 - CLOSING ARRANGEMENTS

7.1 Closing

The sale and purchase of the Assets will be completed on the Closing Date at the offices of McCarthy Tétrault, Suite 4800, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario.

7.2 Closing Procedures and Deliveries

(1) The closing shall consist of completion of each of the steps set out below in this Section which shall commence on the Closing Date and take place one immediately following the other in the order indicated below. All such steps, taken together, shall constitute closing. If any of the steps are not completed, then closing shall be deemed not to have occurred and any steps (and procedures and deliveries constituting those steps) purportedly taken or completed

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previously shall be null and void and the parties shall return to one another all such documents and funds and take all such actions as may be necessary or appropriate to reverse or otherwise nullify those steps.

(2) The steps (and procedures and deliveries constituting those steps) at closing shall be as follows:

(a) Step 1 – Purchase and Sale of Assets

Vendor shall sell the Assets and Purchaser shall purchase the Assets by:

(I) delivery by Vendor to the Purchaser of:

- (i) a certified copy of the resolutions of the directors and the shareholders of the Vendor authorizing the transfer of the Assets;
- (ii) a certified copy of the articles of incorporation and by-laws of the Vendor;
- (iii) a certificate of status of the Vendor;
- (iv) a certificate of incumbency of the Vendor; and
- (v) a certificate of the Vendor confirming that the representations and warranties set forth in Section 3.1 are true and correct in all material respects on the Closing Date.

(II) Delivery by Purchaser to the Vendor of:

- (i) a wire transfer of immediately available funds in payment of the Provisional Amount;
- (ii) the Purchaser's Promissory Note;
- (iii) a certified copy of the resolutions of the directors and the shareholders of the Purchaser authorizing the transfer of the Assets;
- (iv) a certified copy of the articles of incorporation and by-laws of the Purchaser;
- (v) a certificate of status of the Purchaser;
- (vi) a certificate of incumbency of the Purchaser; and
- (vii) a certificate of the Purchaser confirming that the representations and warranties set forth in Section 3.1 are true and correct in all material respects on the Closing Date.

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(III) Step 2 – Transfer of Assets

The Assets shall be transferred and conveyed to Purchaser by:

- (i) delivery by Vendor to Purchaser of a general conveyance;
- (ii) delivery to Vendor of Deeds in respect of the Owned Lands which shall be registered by Purchaser in the appropriate land registry office.

(IV) Step 3 – Delivery and Registration of Security

Purchaser shall grant security in favour of Vendor for its obligations under the Purchaser's Promissory Note in the following manner:

- (i) delivery by Purchaser to Vendor of the VTB Security Agreement;
- (ii) delivery by Purchaser to Vendor of the VTB Mortgage;
- (iii) execution by LaSalle and the Vendor of an inter-creditor agreement in form and substance satisfactory to the Vendor;
- (iv) registration of a financing statement under the *Personal Property Security Act* (Ontario) showing Purchaser as debtor and Vendor as Secured Party;
- (v) VTB Mortgage filings; and
- (vi) LaSalle mortgage filings, if any.

7.3 Records and Documents

(1) The Purchaser will preserve the documents so delivered for a period of six years from the Closing Date, or for such other period as is required by any Applicable Law, and will permit the Vendor and its authorized representatives reasonable access thereto in connection with the affairs of the Vendor, but the Purchaser will not be responsible or liable to the Vendor for or as a result of any loss or destruction of or damage to any such documents.

(2) Both prior to the Closing Date and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, thereafter the Purchaser will not disclose to anyone or use for its own or for any purpose other than the purpose contemplated by this Agreement any confidential information concerning the Vendor or the Business obtained by the Purchaser pursuant hereto, will hold all such information in the strictest confidence and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, will return all documents, records and all other information or data relating to the Vendor or to the Business which the Purchaser obtained pursuant hereto.

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(3) From and after the Closing Date the Vendor will not disclose to anyone or use for any purpose any confidential information concerning the Business purchased by the Purchaser pursuant hereto and will hold all such information in the strictest confidence.

ARTICLE 8 - GENERAL

8.1 Further Assurances

Each of the Vendor and the Purchaser will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.2 Time of the Essence

Time is of the essence in this Agreement.

8.3 Fees and Commissions

Each of the Vendor and the Purchaser will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any Claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions hereunder.

8.4 Public Announcements

Except as required by law, no public announcement or press release concerning the sale and purchase of the Assets may be made by the Vendor or the Purchaser without the prior consent and joint approval of the Vendor and the Purchaser.

8.5 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

8.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

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8.7 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

8.8 Assignment

This Agreement may not be assigned by either party hereto without the written consent of the other party hereto.

8.9 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by overnight courier addressed to the recipient as follows:

To the Vendor:

Crane Canada Inc.
15 Crane Avenue
Stratford, Ontario
N5A 6T3

Attention: Ms. Diane Bakker

with a copy to:

Crane Co.
100 First Stamford Place
Stamford, Connecticut
06902
U.S.A.

Attention: Mr. Augustus I. duPont

and with a copy to:

McCarthy Tétrault LLP
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

Attention: Ms. Jasprit Gill

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To the Purchaser:

CR/PL Inc.
1235 Hartrey Avenue
Evanston, IL
60202
U.S.A.

Attention: Mr. Reed L. Beidler

with a copy to:

Baker & McKenzie
181 Bay Street, BCE Place
Suite 2100
Toronto, Ontario
M5J 2T3

Attention: Ms. S. Janice McAuley

or to such other address or individual as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery or overnight courier will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of registered mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by overnight courier.

8.10 Remedies Cumulative

The right and remedies of the parties hereunder are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

8.11 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.12 Attornment

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Vendor and the Purchaser each hereby attorns to the jurisdiction of the courts of the Province of Ontario.

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8.13 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. This Agreement may be executed and delivered by facsimile transmission.

IN WITNESS WHEREOF the parties have executed this Agreement.

CRANE CANADA INC.

Per: *Diane Bakker*
Name: Diane Bakker
Title: President

Per: *Augustus / de P...*
Name:
Title:

CRANE PLUMBING CORPORATION

Per: *Eric L. Plumb*
Name:
Title:

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