

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Ingersoll International, Inc.		09/30/2003	CORPORATION:
Ingersoll Milling Machine Company		09/30/2003	CORPORATION:

RECEIVING PARTY DATA

Name:	Ingersoll Machine Tools, Inc
Street Address:	707 Fulton Avenue
City:	Rockford
State/Country:	ILLINOIS
Postal Code:	61103
Entity Type:	CORPORATION:

Name:	Camozzi Pneumatics, Inc.
Street Address:	2160 Redbud Blvd
Internal Address:	Ste. 101
City:	McKinney
State/Country:	TEXAS
Postal Code:	75069
Entity Type:	CORPORATION:

PROPERTY NUMBERS Total: 8

Property Type	Number	Word Mark
Registration Number:	940746	ELECTRO BLAST
Registration Number:	1540141	MASTERCENTER
Registration Number:	1537940	MASTERHEAD
Registration Number:	1095163	THE CUTTING EDGE
Registration Number:	2003564	HIGH VELOCITY
Registration Number:	169221	INGERSOLL

CH \$215.00 940746

Registration Number:	2006864	INGERSOLL HIGH VELOCITY
Serial Number:	75345411	OCTAHEDRAL HEXAPOD

CORRESPONDENCE DATA

Fax Number: (312)577-7007
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 312 577 7000
Email: bclise@fitcheven.com
Correspondent Name: Brian S. Clise
Address Line 1: 120 S. LaSalle Street
Address Line 4: Chicago, ILLINOIS 60603

NAME OF SUBMITTER:	Brian S. Clise
Signature:	/Brian S. Clise/
Date:	06/23/2005

Total Attachments: 88
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ASSIGNMENT OF TRADEMARKS AND SERVICEMARKS

This Assignment of Trademarks and Servicemarks (this "Assignment") is made as of this 30th day of September, 2003, by Ingersoll International, Inc., a Delaware corporation, and The Ingersoll Milling Machine Company, an Illinois corporation, and Debtors and Debtors-in-Possession under Case No. 03-B-72223 (Jointly Administered) (the "Case") in the United States Bankruptcy Court for the Northern District of Illinois, Western Division ("Assignors"), to INGERSOLL MACHINE TOOLS, INC., an Illinois corporation ("Assignee").

PRELIMINARY STATEMENTS

A. On or about August 14, 2003, Assignors and other debtors in the Case (the "Other Sellers") and Assignee entered into a certain Asset Purchase Agreement, as amended, (collectively the "Purchase Agreement").

B. Pursuant to the Purchase Agreement, Assignors have agreed to sell to Assignee and Assignee has agreed to buy from Assignors and the Other Sellers the Assets (as defined in the Purchase Agreement), including trademarks, trade names and similar intellectual property of Assignors.

C. Pursuant to the Purchase Agreement, Assignors have agreed to execute such instruments of assignment as Assignee may reasonably request in order more effectively to assign, transfer, grant, convey, assure and confirm to Assignee and its successors and assigns, or to aid and assist in the collection of or reducing to possession by the Assignee of, all of such assets.

D. In accordance therewith, Assignors desire to transfer and assign to Assignee, and Assignee desires to accept the transfer and assignment of, all of Assignors' worldwide right, title and interest in, to and under Assignors' registered and unregistered domestic and foreign trademarks, trade names, trade dress, and servicemarks, all associated registrations and applications therefor and any renewals and extensions thereof, and any assumed fictional business names, including without limitation, those properties listed on the attached Schedule A and incorporated herein by reference (all of the foregoing being referred to herein as the "Marks").

ASSIGNMENT

Assignors, for and in exchange for the payment of the purchase price set forth in the Purchase Agreement, the receipt of which is hereby acknowledged, do hereby irrevocably transfer and assign to Assignee all of Assignors' worldwide right, title and interest in, to and under the Marks, together with the goodwill of the business associated therewith and which is symbolized thereby, and all causes of action, income, royalties, payments, rights of recovery and claims for damages and other relief referring or pertaining to the Marks, including claims for past, present and future infringement and dilution, that may hereafter be secured under the laws now or hereafter in effect in the United States, Canada and in any other jurisdiction, the same to be held and enjoyed by the said Assignee, its successors and assigns from and after the date

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hereof as fully and entirely as the same would have been held and enjoyed by the said Assignors had this Assignment not been made. Notwithstanding the foregoing, the Assignee's right, title and interest in any of the Marks shall be subject to any existing rights of any of Assignors' affiliates and any third party in such Marks, whether such rights were granted through a license or not, prior to the date of the Purchase Agreement.

Except to the extent that U.S. federal law preempts state law with respect to the matters covered hereby, this Assignment shall be governed by and construed in accordance with the laws of the State of Illinois without giving effect to conflicts-of-laws principles thereof.

Assignors have executed and delivered this Assignment to be effective as of the date indicated in the first sentence above.

INGERSOLL INTERNATIONAL, INC.

By: William J. Shannon
Name: William J. Shannon
Title: authorized officer

THE INGERSOLL MILLING
MACHINE COMPANY

By: William J. Shannon
Name: William J. Shannon
Title: authorized officer

State of Illinois)
County of Winnebago) ss:

On this 20th day of September, 2003, before me, William J. Shannon personally appeared William J. Shannon, authorized officer of Ingersoll International, Inc. and authorized officer of The Ingersoll Milling Machine Company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entities upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

[Signature]
Notary Public



SCHEDULE A-1

INTELLECTUAL PROPERTY

"Intellectual Property" means any intellectual property owned, used or licensed (as licensor or licensee) by Seller including (a) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (b) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (c) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities, and financial data), (d) rights in Internet web sites and domain names used by Seller and (e) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller.

US & Foreign Trademark Registrations	AU	BR	CA	CH	CN	DE	IN	JP	KR	MX	PO	US
	BR	EX	CA	CH	CN	DE	IN	JP	KR	MX	PO	US
Company Names												
Ingersoll												
Ingersoll and Design												
SM: Ingersoll												
Ingersoll Engineers												
SM: Ingersoll Engineers												
Ingersoll International												
Ingersoll Milling Machine Co.												
Ingersoll (Chinese Characters)												
MMC Product Names												
Electro-Blast & Design												
High velocity												
HVM												
Ingersoll High Velocity & Design												
Mastercutter												
Masterheat												
Cochetral Hexapod												
The Cutting Edge												D

Registered
Pending
Dropped
No Confirmation

INGERSOLL TRADEMARKS		Country	Registration Number	Date	Comments
Ingersoll International, Inc.	U.S.	940,746	8/8/72		
Electro-Blast & Design	Benelux	616,767	6/2/98		
Ingersoll	France	97,686,880	7/11/97		
	Italy	759,948	9/3/98		
Ingersoll Engineers	Benelux	609,870	12/1/97		
	France	97,686,881	7/11/97		
	Italy	759,949	9/3/98		
Mastercenter	U.S.	1,540,141	5/23/89		
Masterhead	U.S.	1,537,940	6/9/89		
Ingersoll Milling Machine Co.					
The Cutting Edge	U.S.	1,085,163	7/4/78		
High Velocity	U.S.	2,003,604	9/24/98		
	European Mkt	S.N. 673,061	10/28/97		Pending office action
	Japan	S.N. 09-172,193	10/28/97		Pending office action
HVM	European Mkt	S.N. 663,633	10/28/97		Opposition pending HPM (Kannametal) Vs HVM
	Japan	S.N. 09-172,194	10/28/97		Reg. issued - waiting for certificate
Ingersoll	Australia	B166324	4/19/61		
	Benelux	63201	10/1/71		
	China	1,041,421	6/28/97		
	European Mkt	S.N. 162933	4/1/86		Opposition pending Ingersoll Rand vs Ingersoll
	France	1,473,668	6/5/61		
	Germany	768,369	1/15/62		
	U.K.	819,644	4/19/61		
	Italy	396,082	1/18/62		
	Japan	1,766,816	6/30/85		
	Mexico	108,282	5/12/61		
	Switzerland	185,973	4/21/61		
Ingersoll Chinese Characters	China	1161028	3/21/88		
Ingersoll High Velocity Design	U.S.	2,008,884	10/8/88		
Ingersoll Milling Machine	Brazil	618511370	8/12/97		
Octahedral Hexapod	U.S.	S.N. 76345411	8/22/97		Pending office action

ASSIGNMENT OF PATENTS

This Assignment of Patents (this "Assignment") is made as of this 30th day of September, 2003, by Ingersoll International, Inc., a Delaware corporation, and The Ingersoll Milling Machine Company, an Illinois corporation, and Debtors and Debtors-in-Possession under Case No. 03-B-72223 (Jointly Administered) (the "Case") in the United States Bankruptcy Court for the Northern District of Illinois, Western Division ("Assignors"), to INGERSOLL MACHINE TOOLS, INC., an Illinois corporation ("Assignee").

PRELIMINARY STATEMENTS

A. On August 14, 2003, Assignors and other debtors in the Case (the "Other Sellers") and Assignee entered into a certain Asset Purchase Agreement, as amended, (collectively, the "Purchase Agreement").

B. Pursuant to the Purchase Agreement, Assignors have agreed to sell to Assignee and Assignee has agreed to buy from Assignors and the Other Sellers the Assets (as defined in the Purchase Agreement), including the patents of Assignors.

C. Pursuant to the Purchase Agreement, Assignors have agreed to execute such instruments of assignment as Assignee may reasonably request in order more effectively to assign, transfer, grant, convey, assure and confirm to Assignee and its successors and assigns, or to aid and assist in the collection of or reducing to possession by the Assignee of, all of such assets.

D. In accordance therewith, Assignors desire to transfer and assign to Assignee, and Assignee desires to accept the transfer and assignment of, all of Assignors' worldwide right, title and interest in, to and under Assignors' registered and unregistered domestic and foreign patents and patent applications, including without limitation, the patents and patent applications listed on the attached Schedule A and incorporated herein by reference, and including all inventions and improvements claimed therein, all reissues, divisionals, continuations and renewals of the foregoing (all of the foregoing being referred to herein as the "Patents")

ASSIGNMENT

Assignors, for and in exchange for the payment of the purchase price set forth in the Purchase Agreement, the receipt of which is hereby acknowledged, do hereby irrevocably transfer and assign to Assignee all of Assignors' worldwide right, title and interest in, to and under the Patents, and all causes of action, income, royalties, payments due or payable, rights of recovery and claims for damages or other relief with respect to the Patents, all rights to sue for infringement of any Patent, whether arising prior to, of even date herewith or subsequent to the date of this Assignment, and any and all renewals and extensions thereof that may hereafter be secured under the laws now or hereafter in effect in the United States, Canada and in any other jurisdiction, the same to be held and enjoyed by the said Assignee, its successors and assigns from and after the date hereof as fully and entirely as the same would have been held and enjoyed by the said Assignors had this Assignment not been made. Notwithstanding the

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foregoing, the Assignee's right, title and interest in any of the Patents shall be subject to any existing rights of any of Assignors' affiliates and any third party in such Patents, whether such rights were granted through a license or not, prior to the date of the Purchase Agreement.

Except to the extent that U.S. federal law preempts state law with respect to the matters covered hereby, this Assignment shall be governed by and construed in accordance with the laws of the State of Illinois without giving effect to conflicts-of-laws principles thereof.

Assignors have executed and delivered this Assignment to be effective as of the date indicated in the first sentence above.

INGERSOLL INTERNATIONAL, INC.

By: William J. Shannon
Name: William J. Shannon
Title: authorized officer

THE INGERSOLL MILLING MACHINE COMPANY

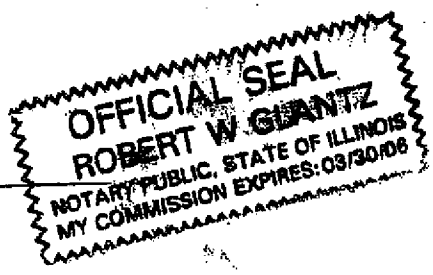
By: William J. Shannon
Name: William J. Shannon
Title: authorized officer

State of Illinois)
County of Winnebago) ss:

On this 30th day of September 2003, before me, Robert Glantz, personally appeared William J. Shannon, authorized officer of Ingersoll International, Inc. and authorized officer of The Ingersoll Milling Machine Company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entities upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

[Signature]
Notary Public



SCHEDULE A-1

INTELLECTUAL PROPERTY

"Intellectual Property" means any intellectual property owned, used or licensed (as licensor or licensee) by Seller including (a) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (b) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (c) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities, and financial data), (d) rights in Internet web sites and domain names used by Seller and (e) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller.

		File No.	Comments	Serial No.	Patent No.	Date
Active Patents						
Expired Patents						
Magnetic Pallet Clamping System	US	62192	Ditter	098047		8/22/98
	US	66350	(Provisional Filed Appl'n)			8/25/99
High Speed Hydrodynamic Spindle	US	59719	Chandrasekar	778,175		3/14/00
	EP	"	"	97,119,623	97,119,623	
		"	"	9-304322		
Symmetrical Multi-Axis Linear Motors Machine Tool	US	57297	Lindem	440,416		9/2/97
	US	62164	"	920,823		8/17/99
	CH	57297	Lindem	95121420		
	EP	57297	"	95118589		
		57297	"	7-321494		
		57297	"	632/MAS/96		
	DE	64964	"	29522020		
Octahedral Machine Frame	US	47833	Charles	749,582		11/9/93
	DE	"	"	92302963		8/21/95
	EP	"	"	92302963		8/21/95
	UK	"	"	92302963		8/21/95
	IT	"	"	92302963		8/21/95
		"	"	140730/92		
Tape Lay'g H'd w/ Curved Tape Lay'g Capability & Improved Steering	US	52631	Messner	129,738		7/11/95
Octahedral Machine with a Hexapodal Triangular Servostrut Section	US	53654	Lindem	947,819		3/28/95
	EP	"	"	93,308,550		3/12/97
		"	"	233661/93		
High Speed Spindle Unit and Driver	US	55057	Holtey, Charles &	112,647		6/21/94
	CA	51913	"	2087798		2/9/01
	EP	"	"	93300485		
		"	"	9354/93		
Octahedral Machine Tool Frame (Servostruts)	US	55324	Charles	150,685		2/28/95
High Speed Hydrostatic Spindle	US	60555	Chandrasekar	889,739		7/13/99
	CH	"	"	97126245		
	EP	"	"	97123012		
		"	"	3025MAS97		
		"	"	10-542		

Ingersoll-Ford Joint Patents			
Patent No.	Description	Issued	Filed
5,462,364	Variable Speed Fluid Bearing Spindle Hydrostatic-Hydrodynamic Hybrid	10/31/95	4/2/93
5,416,397	Linear Motor Control System	5/16/95	10/4/93
5,379,509	Method for Multiple-Spindle Machining	1/10/95	8/24/93
5,368,539	Multi-Positioner Machining System	11/29/94	10/28/93
5,368,425	Multi-Axis Linear Motor Positioner with Y-Axis Supported at Single End	11/29/94	7/31/92
5,321,874	Multi-Positioner Machining System	7/21/94	7/31/92
5,314,397	Positioning Apparatus for Multi-Spindle Machining	5/24/94	7/31/92
Ford "Jerzycke" Patent			
5,346,345	High-Force Linear Motor Assembly Using Tandem Axes	9/13/94	7/31/92

D) 1 a:

HVM Patents - world wide

Description	(F) File No. (P) Patent No.	Author	Owner-ship	Comments
Hybrid, Hydrodynamic/Hydrostatic Spindle	(F)55057 (P)5,462,364 (US)	Sekar Mills Ogletree	Ford Ingersoll	Ford application in Germany, France, UK & Canada.
HVM patent. Claims Linear Motor machine having stackable elements on a support.	(F)52451 (P)5,368,425 (US)	Mills Ogletree Lindem	Ford Ingersoll	Granted in UK. Pending in Germany & Canada.
Transfer Line with several linear motor machining cells linked with High speed transport.	(F)55451 (P)5,321,874 (US) (P)5,368,539 (US)	Mills Ogletree Lindem	Ford Ingersoll	Granted in UK. Pending in Germany & Canada.
Multiple Linear Motors for machining Multiple sides of a work area. Does not apply to HVM 600	(F)55451 (P)5,314,397 (US) (P)5,379,509 (US)	Mills Ogletree Lindem	Ford Ingersoll	Pending in Canada, Germany, France & UK.
Electrical Feedback Control of Linear Motors	(F)55451 (P)5,250,880 (US)	Chesney Petrof Huang & Grant	Ford	UK Patent granted. pending in Germany. <u>Should investigate for possible infringement.</u>

None of the jointly-owned Ford/Ingersoll patent applications were filed in Japan and it is too late to file counterpart applications in Japan. Hence, no patent rights are available for licensing in Japan..... (Jim Hamill #4/97 letter)

D11/21

The Mori-Selki Agreement

Licensed Patent covered under the agreement is US Patent No. 5,662,568 issued September 2, 1997 (at the time of the agreement, Patent Application Aerial No. 08 440,416) and Japanese Patent Application No. 7-321494.

Agreement included full technology transfer related to the product HVM 600, including detail design and manufacturing know-how.

- Payments included one time up-front license fee and on going royalties per machine sold in the market, excluding the ones produced for internal use.
- License was exclusive for the Japanese market, without the right to grant sublicense. Amended since to include Europe and The United States.

The Renault Agreement

Licensed Patents covered under the agreement are US Patent No. 5,662,568 and any patents based on or issuing from German Patent Office Application serial No. 0742072 and European Patent office application Serial No. 95118569.3.

- The License is fully paid up, royalty-free, perpetual and irrevocable.
- The License is non-exclusive worldwide (excluding Japan).
- The License Agreement specifically disclaims any obligation on the part of Ingersoll to furnish any manufacturing or technical information.

BILL OF SALE

Ingersoll, Inc., Ingersoll International, Inc., The Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company and Ingersoll Contract Manufacturing Company (collectively, the "Seller") in consideration of Ten Dollars (\$10.00), receipt whereof is hereby acknowledged, do hereby sell, assign, transfer and set over to **INGERSOLL MACHINE TOOLS, INC.**, an Illinois corporation ("Buyer"), all assets, properties and rights of Seller (collectively, the "Assets"), including but not limited to the following listed assets, properties, and rights, all of which, except as expressly set forth in that certain Asset Purchase Agreement between Seller and Camozzi Pneumatics, Inc. dated as of August 14, 2003, as amended, (the "APA"), are hereby sold "as is" and "where is", with no representations or warranties of fitness or condition from Seller, but subject to any assignable warranties or other rights Seller may have against any third party with respect thereto, but specifically excluding the Excluded Assets (as defined below). Terms not otherwise defined herein shall have the same meaning as defined in the APA. The Assets shall include:

- (a) Equipment. The machinery, equipment, vehicles, parts, spare parts, computers, computer equipment, copiers, plotters, security systems, operating manuals, training aids, office furniture and fixtures, tools, supplies and other tangible personal property (other than the tangible personal property and fixtures described below) owned, used or held for use in or relating to the Business, including, without limitation, the assets described in Schedule 2.1(b) of the APA (collectively, the "Equipment"). The Equipment specifically does not include any computer or other equipment in which the Seller's Intellectual Property is stored or otherwise contained and cannot be readily separated from such equipment.
- (b) Inventory. Any and all raw materials, work in process and finished goods inventory (the "Inventory"), other than the items described in Section 7.1(b)(i) of the APA.
- (c) Intellectual Property. Any intellectual property owned by Seller including (i) patents, patent disclosures, the names and any other trademarks, service marks, trade dress, trade names, logos, copyrights (registered and unregistered) and mask works, and all registrations, applications and goodwill associated with the foregoing, (ii) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (iii) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities, and financial data), (iv) rights in Internet web sites and domain names used by Seller and (v) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller (collectively, the "Intellectual Property"). Intellectual Property includes, but is not necessarily limited to, the property listed in Tab A-1 of the Exhibit Book (as defined in the APA) and also specifically includes any computer or other equipment of Seller in which Intellectual Property is stored or otherwise contained and cannot be readily separated from such equipment. Notwithstanding the foregoing, the Buyer's right title and

TRADEMARK

interest in any Seller Intellectual Property is subject to any existing rights of Seller affiliates and any third party in such Intellectual Property, whether such rights were granted through a license or not, prior to the date of the APA.

- (d) Contracts. All of Seller's rights under the purchase orders, contracts and executory contracts to which it is a party, to the extent assumable and assignable under applicable law (the "Contracts"); and which the Buyer shall designate as those Buyer wishes to be assigned to it by Seller. Buyer's designation as to which Contracts Buyer wants to have the Seller assume and assign must be delivered to Seller prior to or concurrently with the execution of this Agreement. Seller shall attempt to assume and assign the designated Contracts in accordance with the applicable provisions of Section 365 of the Bankruptcy Code pursuant to an order or orders entered by the Court in the Chapter 11 Cases. The category of Contracts does not include a series of separate nondisclosure and confidentiality agreements between Seller and third parties concerning Seller's use of those parties' intellectual property in Seller's design and manufacturing processes (the "Non-Disclosure Agreements").
- (e) Records. All documents related to the Business, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, cost and pricing information, correspondence, prospective client information, customer and vendor lists and data and other records and files, wherever located (including, without limitation, any such records maintained in connection with any computer system) related to the Business, other than those documents described in Section 2.2.(m) of the APA.
- (f) Orders and Literature. All purchase order forms, forms, labels, stationery, shipping materials, catalogues, brochures, art work, photographs and advertising materials which relate to the Business.
- (g) Prepaid Assets. All prepaid property insurance listed on Schedule 2.1(h) of the APA.
- (h) Names. The names Ingersoll, Inc., Ingersoll International, Inc., The Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company and Ingersoll Contract Manufacturing Company, and any and all logos and trade names used by Seller in the World.
- (i) Insurance. All proceeds of insurance payable in the event any property that would have been an Asset has been damaged or destroyed by fire or other cause prior to the Closing Date or prior to the delivery of any such asset hereunder to Buyer, used in connection with the Business, including the right of Buyer to represent that it has acquired the Business.
- (j) Software Licenses. To the extent Buyer elects to accept an assignment of such, all assignable software licenses.
- (k) Warranty Claims. All claims or warranty claims related to the Equipment and the Inventory and all benefits of warranties on Equipment and Inventory.
- (l) Lockheed Agreement. All of Seller's rights and interests in a certain Settlement Agreement, Asset Transfer Agreement and Lease (the "LMG Agreements") with **TRADEMARK**

Lockheed Martin Corporation (Aeronautics Division) and its designee, UNOVA Industrial Automation Systems, Inc. (collectively referred to as "LMC"), all of which documents were approved and authorized by an order entered by this Court in the Chapter 11 Cases on June 4, 2003; provided, however, that Buyer shall not obtain any rights to the proceeds paid by LMC to Seller prior to the Closing.

- (m) Court Holdings Agreement. All of Seller's rights and interest under a consent Entry on Motion for Relief from Stay entered by the Court in the Chapter 11 Cases on June 24, 2003, which document affects the rights of Court Holdings, Ltd. and Roll Surface Technologies, Inc. (collectively, "Roll") in certain of the Assets (the "Roll Transaction"); provided, however, that Buyer shall not obtain any rights in the proceeds paid by Roll at the closing of the Roll Transaction.
- (n) Notes Receivable and Settlement Payments. All notes receivable of Seller (except as otherwise excluded below) and all of Seller's rights to receive payments under any settlement agreements to which Seller is a party to or beneficiary of.

Notwithstanding the foregoing, the Assets are being sold subject to, and not free and clear from, the following:

- (i) all of the rights and interests of LMC pursuant to the terms of an order entered by the Court on June 4, 2003, and all supporting documents approved by such order, all of which documents are dated prior to the date of this Agreement; and
- (ii) all of the rights and interests of Roll pursuant to the terms of a certain Entry on Motion for Relief from Stay entered by the Court on June 24, 2003, and any other rights and interests of Roll that may be recognized and preserved pursuant to any subsequent orders of the Court entered in the Chapter 11 Cases.

The following assets (the "Excluded Assets") to the extent that, but for this sentence, would constitute Assets, shall not be included in the Assets:

- (a) all utility deposits made by the Seller after the commencement of the Chapter 11 Cases, cash and cash equivalents, including cash on hand or in the bank accounts, certificates of deposit, commercial paper and securities owned, used or held for use by Seller;
- (b) all cash retainers held by any professional retained by Court order in the Chapter 11 Cases.
- (c) all accounts receivable;
- (d) all inventory described in Section 7.1(b)(i) of the APA, *viz.*, inventory sold by Seller in the ordinary course of its business and any other inventory owned by third parties and bailed with Seller, including, but not limited to, the inventory subject to the LMC Agreements and the Roll Transaction;
- (e) all executory contracts, unexpired leases and contracts other than those Contracts listed in Schedule 5.9 of the APA;

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(f) all Capital Stock of Seller and any of Seller's other affiliates or stock or other ownership interests owned by Seller in any other entity;

(g) all tax refunds from any federal, state or local governmental entity;

(h) any and all claims and causes of action of any kind or nature, including without limitation under contract or tort, or under federal, state or local law or ordinance or under the Bankruptcy Code and any intercompany claims, except any claims or warranty claims specifically relating to the Equipment or the Inventory; and

(i) all assets of Ingersoll CM Systems, Inc., an affiliate of Seller that is not a signatory to the APA, sold pursuant to an order entered by the Court on June 18, 2003 (the "CM Systems Sale Order") and any rights of Ingersoll CM Systems, Inc. pursuant to the terms of a certain Asset Purchase Agreement between it and China FTL-Production Systems, Inc., which Agreement was approved pursuant to the CM Systems Sale Order.

(j) all of Seller's right, title and interest in a certain promissory note dated October 10, 2002, in the principal amount of \$2,195,750, which note is payable by IPS Systems, LLC, a Delaware limited liability company, to the order of The Ingersoll Milling Machine Company.

(k) any claims of the Seller against any Person for avoidance of any transfers, obligations or liens arising under Chapter 5 of the Bankruptcy Code;

(l) all sums paid to Sellers under the LMC Agreements and the Roll Transaction.

(m) all Tax Returns, the corporate charter, seals, minute books, stock transfer books, financial records and other documents relating solely to the organization, existence and maintenance of Seller as a business entity.

(n) any intellectual property owned by any entity other than Seller including, but not limited to, intellectual property subject to the Non-Disclosure Agreements and the Intellectual Property of any affiliate of Seller that is not a signatory to this Agreement.

Seller hereby represents and warrants to Buyer that Seller is the absolute owner of said property, that said property is free and clear of all liens, charges and encumbrances, not caused by Buyer, and that Seller has full right, power and authority to sell said personal property and to make this bill of sale. *All warranties of quality, fitness, and merchantability are hereby excluded.*

IN WITNESS WHEREOF, Seller has signed and sealed this bill of sale at _____

Illinois, this 30th day of September, 2003.

SELLER:

INGERSOLL, INC.

By: William J. Shannon
Name: William J. Shannon
Title: Authorized officer

INGERSOLL INTERNATIONAL, INC.

By: William J. Shannon
Name: William J. Shannon
Title: Authorized officer

**THE INGERSOLL MILLING MACHINE
COMPANY**

By: William J. Shannon
Name: William J. Shannon
Title: Authorized officer

**INGERSOLL CTC REAL ESTATE
COMPANY**

By: William J. Shannon
Name: William J. Shannon
Title: Authorized officer

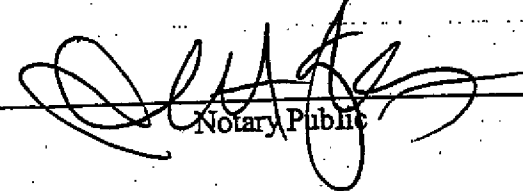
**INGERSOLL CONTRACT
MANUFACTURING COMPANY**

By: William J. Shannon
Name: William J. Shannon
Title: Authorized officer
State of Illinois

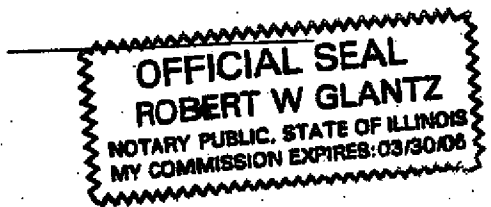
State of Illinois) SS
County of _____)

I, Robert Glantz, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that William S. Chauhan personally known to me to be the authorized officer of Ingersoll, Inc., Ingersoll International, Inc., The Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company and Ingersoll Contract Manufacturing Company, and personally know to me to the same persons whose name is subscribed to the foregoing instrument, appeared before me this day in person, and signed and delivered the said instrument as their free and voluntary act and the free and voluntary act of the corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of September, 2003


Notary Public

Commission expires:



UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

IN RE:) Chapter 11
)
INGERSOLL, INC., et al.,) Case No. 03 B 72223
)
Debtors.) (jointly administered)
)

ORDER AUTHORIZING DEBTORS TO SELL CERTAIN ASSETS TO CAMOZZI PNEUMATICS, INC. PURSUANT TO THE MOTION TO AUTHORIZE SALE OF CERTAIN ASSETS OUTSIDE THE ORDINARY COURSE OF BUSINESS, APPROVE SALE TERMS AND PROCEDURES, AND APPROVE PROCEDURES FOR THE DESIGNATION, ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS

THIS MATTER having been heard on the Motion of Ingersoll, Inc., Ingersoll International, Inc., the Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company, and Ingersoll Contract Manufacturing Company (collectively, "Ingersoll" or the "Debtors") to Authorize Sale of Certain Assets Outside the Ordinary Course of Business, Approve Sale Terms and Procedures, and Approve Procedures for the Designation, Assumption and Assignment of Executory Contracts, filed on July 17, 2003 (the "Motion"), due and adequate notice of the Motion, and the sale provided for therein (the "Sale"), having been given to all parties entitled thereto, the Sale having been subjected to the rights of third parties to present higher and better offers to the Debtor at auction, the Court having jurisdiction over both the subject matter of and the parties to the Motion and finding that this matter is a core proceeding, several parties having objected to the relief requested in the Motion (the "Objections"), the Court having heard the arguments of counsel both in support of and in opposition to the Motion, the Debtors having resolved the Objection of Court Holdings, Ltd. and Roll Surface Technologies, Inc. (collectively, "Court/Roll") as more fully described herein, pursuant to which

Court/Roll having withdrawn its Objection as to the sale of assets to Camozzi Pneumatics, Inc. only, and the Court having overruled each and every one of the other Objections for the reasons stated in open Court and the Court being fully advised in the premises,

THE COURT HEREBY FINDS that:

- A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Fed. R. Bankr. Proc. 7052, made applicable to this proceeding pursuant to Fed. R. Bankr. Proc. 9014.
- B. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.
- C. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Motion and that certain Asset Purchase Agreement by and among the Debtors and Camozzi Pneumatics, Inc., dated as of August 14, 2003, as amended by those certain Amendments to Asset Purchase Agreements each dated August 19, 2003 (collectively, the "Agreement", a copy of which is attached hereto and made a part hereof as Exhibit A).
- D. Notice of the Motion, the Auction, and the Hearing has been given in accordance with Sections 102(1) and 363 of the Bankruptcy Code, Fed. R. Bankr. Proc. 2002, 6004, 9006, 9007, and 9008, the local rules of this Court, that certain Order Setting Auction and Sale Hearing Date, Approving Sale Terms and Procedures, and approving Procedures for the Assumption and Assignment of Exccutory Contracts entered by this Court on July 23, 2003 (the **Sale Procedures Order**"). The foregoing notice constitutes good and sufficient notice of the

Motion, the Auction, and the Hearing, and no other or further notice of the Motion, the Auction, the Hearing or the entry of this Order need be given.

E. A reasonable opportunity has been afforded any interested party to make a higher or better offer for the Assets or to object and be heard regarding the Motion.

F. Exigent circumstances and sound business reasons exist for Debtors' sale of the Sale Assets pursuant to the Agreement, including the following: deteriorating financial condition of the Debtors and inability to preserve the Debtors' going concern value. Entry into the Agreement and consummation of the transactions contemplated thereby constitute the exercise by the Debtors of sound business judgment and such acts are in the best interests of the Debtors, each of their estates and their respective creditors.

G. Magnum Integrated Technologies Corp. and Camozzi Pneumatics, Inc. were the only Qualified Bidders at the Auction.

H. Camozzi Pneumatics, Inc. (the "Purchaser") made the highest and best offer received for the Sale Assets.

I. The Agreement and the transactions contemplated by the Agreement were negotiated and have been and are undertaken by the Debtors and Purchaser at arm's length, without collusion and in good faith within the meaning of Section 363(m) of the Bankruptcy Code. The Auction was conducted in accordance with the Sale Procedures Order on August 19, 2003 and was conducted in good faith within the meaning of Section 363(m) of the Bankruptcy Code. As a result of the foregoing, the Debtors and Purchaser are entitled to the protections of Section 363(m) of the Bankruptcy Code with respect to all aspects of the Agreement.

J. The Purchase Price of Fifteen Million Seven Hundred Ten Thousand (\$15,710,000) established at the Auction is fair and reasonable and is sufficient value for the Sale Assets. A sale of the Sale Assets other than one free and clear of liens, claims, and

encumbrances would impact materially and adversely on Debtor's bankruptcy estate, will yield substantially less value for the Debtors' estates, with less certainty than the available alternatives and thus the alternative would be of substantially less benefit to the estates of the Debtors. Therefore, the Sale contemplated by the Agreement is in the best interests of the Debtors and each of their estates, creditors and other parties in interest.

K. In the absence of a stay pending appeal, the Purchaser will be acting in good faith pursuant to Section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Agreement at any time on or after the entry of this Order and cause has been shown as to why this Order should not be subject to the stay provided in Fed. R. Bankr. Proc. 6004(g) and 6006(d).

L. The Sale of the Sale Assets outside of a plan of reorganization pursuant to the Agreement neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtors.

M. The Court incorporates by reference as if fully set forth herein the findings of fact and conclusions of law set forth on the record of the Hearing.

For all of the foregoing and after due deliberation, the Court **ORDERS, ADJUDGES, AND DECREES THAT:**

1. The Motion, the Agreement, and the transactions contemplated thereby are hereby approved.
2. Pursuant to Section 363(b) of the Bankruptcy Code, the Debtors are authorized to sell the Sale Assets upon the terms and subject to the conditions set forth in the Agreement; provided, that in addition to the terms of the Asset Purchase Agreement, the following assets shall be deemed Excluded Assets and specifically excluded from the Sale Assets.

(i) all assets of Ingersoll Milling Machine Company ("IMMC") sold to Lockheed Martin Corporation ("LMC") pursuant to that certain order entered by the Court on June 4, 2003 (the "LMC Order") and the terms of that certain Asset Transfer Agreement dated May 29, 2003, between IMMC and LMC (collectively, the "LMC Purchased Assets"); and

(ii) all Proprietary Information (as defined in that certain Nondisclosure Agreement dated December 2, 2002) (whether in written or machine readable form) owned and/or provided by LMC to IMMC pursuant to (x) a certain Nondisclosure Agreement dated as of December 2, 2002 and (z) a certain Letter Subcontract dated as of February 20, 2003 (collectively, the "LMC Proprietary Information").

Provided further, that in resolution of the Objection by Court/Roll, the Asset Purchase Agreement is hereby amended to provide that, at the Closing (as defined in the Asset Purchase Agreement) of the sale to the Purchaser, the Debtors shall assume and assign to the Purchaser, or its assigns, that certain Escrow Agreement by and between Ingersoll Milling Machines and Court/Roll dated February 26, 2003 (the "Court/Roll Escrow"), pursuant to Section 365(f) of the Bankruptcy Code. Such assumption and assignment shall be made without further notice to Court/Roll and without the necessity of the Debtors or the Purchaser (i) to cure any default under the Court/Roll Escrow (ii) to compensate Court/Roll for any loss as a result of any default under the Court/Roll Escrow, or (iii) to provide adequate assurance of future performance under the Court/Roll Escrow.

3. The Debtors and Purchaser are hereby authorized to take all actions and execute all documents and instruments that the Debtors or Purchaser deem necessary or appropriate to implement and effectuate the transactions contemplated by the Agreement.

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4. The Sale of the Sale Assets to Purchaser shall be free and clear of all liens and all other claims whatsoever pursuant to Section 363(f) of the Bankruptcy Code, whether known or unknown, including, but not limited to, liens and claims of any of the Debtors' creditors, vendors, suppliers, employees or lessors, and Purchaser shall not be liable in any way (as a successor to any of the Debtors or otherwise) for any claims that any of the foregoing or any other third party may have against any of the Debtors or the Sale Assets. Any and all alleged liens and claims on the Sale Assets shall be transferred, affixed, and attached to the proceeds of such Sale, with the same validity, priority, force, and effect as such liens had been upon the Sale Assets immediately prior to the Closing.

5. Subject to the payment by Purchaser to the Debtors of the consideration provided for in the Agreement, as determined at the Auction, effective as of the Closing, (a) the sale of the Sale Assets by the Debtors to Purchaser shall constitute a legal, valid and effective transfer of the Sale Assets and shall vest Purchaser with all right, title, and interest of the Debtors in and to the Sale Assets, free and clear of all liens pursuant to Section 363(f) of the Bankruptcy Code, and (b) the assumption of the Assumed Obligations by Purchaser shall constitute legal, valid, and effective delegation of the Assumed Obligations to Purchaser and shall divest the Debtors of all liability with respect to the Assumed Obligations.

6. The sale of the Sale Assets to Purchaser under the Agreement will constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and the laws of the State of Illinois. The transfer of the Sale Assets by the Debtors to Purchaser is a legal, valid and effective transfer of the Sale Assets notwithstanding any requirement for approval or consent of any person. All entities presently or on the Closing Date in possession of some or all of the Sale Assets are directed to surrender possession of the Sale Assets to Purchaser on such Closing Date or at such time thereafter as Purchaser may request.

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7. Purchaser is hereby granted and entitled to the protections provided to a good-faith purchaser under Section 363(m) of the Bankruptcy Code, including with respect to any transfer of any executory contract to be assumed and assigned as part of the sale of the Sale Assets pursuant to Section 365 of the Bankruptcy Code and a separate order of this Court.

8. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code, all Persons are enjoined from taking any action against Purchaser or the Sale Assets to recover any claim which such Person had solely against the Debtors or any of the Debtors' affiliates or the Sale Assets, other than claims constituting Assumed Obligations; provided, that nothing in this Order shall affect any claims or rights of the Debtors, any of the Debtors' affiliates or any Person against the Purchaser unrelated to the transactions under the Agreement.

9. The Debtors are authorized to assign and transfer to Purchaser all of Debtors' right, title and interest (including common law rights) in and to all of Debtors' intangible property falling within the definition of Sale Assets and to be assigned and transferred to Purchaser under and pursuant to the Agreement.

10. All objections and responses concerning the Sale Motion have been withdrawn or are overruled and denied.

11. Purchaser has not assumed or otherwise become obligated for any of the Debtors' liabilities other than as set forth in Section 2.3 of the Agreement, and Purchaser has not purchased any of the Excluded Assets. Consequently, all holders of liabilities that are not Assumed Liabilities ("Unassumed Liabilities") are hereby enjoined from asserting or prosecuting any claim or cause of action against Purchaser or the Sale Assets to recover on account of any Unassumed Liabilities. All Persons having any interest in the Excluded Assets are hereby enjoined from asserting or prosecuting any claim or cause of action against Purchaser or Purchaser's affiliates, or the Sale Assets for any liability associated with the Excluded Assets.

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12. Pursuant to Bankruptcy Rule 7062, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing.

13. This Court shall retain exclusive jurisdiction through the earlier of dismissal or closing of the Debtors' cases to interpret and enforce the provisions of the Agreement, the Sale Procedures Order, and this Order in all respects and further to hear and determine all matters arising from the construction or implementation of this Order or the Agreement and any and all disputes between the Debtors and/or Purchaser, as the case may be, and any party other than one of the Debtors that is party to, among other things, any Assumed Contracts concerning, inter alia, Debtors' assumption and assignment thereof to Purchaser under the Agreement; provided, however, that in the event the Court abstains from exercising or declines to exercise such jurisdiction or is without jurisdiction with respect to the Agreement, Sale Procedures Order, or this Order, such abstention, refusal or lack of jurisdiction shall have no effect upon, and shall not control, prohibit, or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

14. The provisions of this Order are nonseverable and mutually dependent.

15. This Order shall inure to the benefit of Purchaser, the Debtors, and their respective successors and assigns, including, but not limited to, any successor Chapter 11 or Chapter 7 trustee that may be appointed in any of the Debtors' cases and shall be binding upon any trustee, party, entity or other fiduciary that may be appointed in connection with these cases or any other or further cases involving the Debtors, whether under Chapter 7 or Chapter 11 of the Bankruptcy Code.

16. Pursuant to section 1146(c) of the Bankruptcy Code: (i) the transactions contemplated by the Agreement are under or in contemplation of a plan to be confirmed under section 1129 of the Bankruptcy Code, in that the net proceeds of the sale of the Sale Assets are

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essential and required to fund a chapter 11 plan for the Debtors, and (ii) therefore, are exempt from any transfer, stamp or similar tax or any so-called "bulk-sale" law in all necessary jurisdictions arising as a result of or in connection with Debtors' sale and transfer of the Sale Assets to Purchaser. The Court retains jurisdiction to hear such dispute.

17. Each and every federal, state, and local governmental agency, department or entity is hereby directed to accept the filing of any and all documents and instruments necessary and appropriate to implement, effectuate or consummate the transactions contemplated by the Agreement and this Order.

18. The Debtors are hereby authorized to execute and deliver any and all instruments as may be required to effectuate the terms of the Agreement and this Order. The Debtors and each other person having duties or responsibilities under the Agreement, any agreements related thereto or this Order, and their respective directors, officers, general partners, agents, representatives, and attorneys, are authorized and empowered – subject to the terms and conditions contained in this Order, the LMC Order, the Agreement and the schedules annexed to the Agreement to carry out all of the provisions of the Agreement and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents evidencing and consummating the Agreement, and any related agreements; to take any and all actions contemplated by the Agreement, any related agreements or this Order; and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, indentures, mortgages, deeds, bills of sale, assignments, leases, or other agreements or documents and to perform such other acts and execute and deliver such other documents, as are consistent with, and necessary or appropriate to implement, effectuate and consummate, the Agreement, any related agreements and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Court or further action by their respective

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directors, stockholders, or partners, and with like effect as if such actions had been taken by unanimous action of the respective directors, stockholders, and partners of such entities. The Debtors shall be, and hereby are, authorized to certify or attest to any of the foregoing actions (but no such certification or attestation shall be required to make any such action valid, binding, and enforceable). The Debtors are further authorized and empowered to cause to be filed with the secretary of state of any state or other applicable officials of any applicable governmental units any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Agreement, any related agreements and this Order, including amended and restated certificates or articles of incorporation and by-laws or certificates or articles of amendment, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units or as any of the officers of the Debtors may determine are necessary or appropriate. The execution of any such document or the taking of any such action shall be, and hereby is, deemed conclusive evidence of the authority of such person to so act. Without limiting the generality of the foregoing, this Order shall constitute all approvals and consents, if any, required by the corporation laws of the States of Delaware and/or Illinois, as applicable, and all other applicable business corporation, trust, and other laws of the applicable governmental units with respect to the implementation and consummation of the Agreement, any related agreements and this Order, and the transactions contemplated thereby and hereby.

19. Pursuant to Fed. R. Bankr. Proc. 6004(g) and 6006(d), this Order shall not be stayed, and in the absence of any entity obtaining a stay pending appeal, the Debtors and the Purchaser are free to close under the Agreement as provided therein. In the absence of any entity obtaining a stay pending appeal, if the Debtors and Purchaser close under the Agreement, the Purchaser shall be entitled to the protection of Section 363(m) of the Bankruptcy Code as to all

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aspects of the transaction pursuant to the Agreement if this Order or any authorization contained herein is reversed or modified on appeal.

20. The Agreement and any related agreements may be modified, amended or supplemented by agreement of the Debtors and Purchaser without further action of the Court; provided that any such modification, amendment or supplement is not material and conforms to and effectuates the Agreement.

21. All net proceeds paid by the Purchaser to the Debtors for the Sale Assets shall be paid to Bank One, NA, as agent pursuant to the terms of the Final Order Authorizing Debtors' Use of Cash Collateral and Granting Adequate Protection (revised June 11, 2003), entered on or about June 20, 2003, and applied provisionally pursuant to the terms of the Loan Documents until all of the indebtedness owing by the Debtors to the Lenders has been paid in full, provided however, that nothing contained in this paragraph shall prejudice the rights of any party in interest or the Official Committee of Unsecured Creditors with respect to any objection to the claims of the Lenders.

AUG 29 2003

ENTER:



UNITED STATES BANKRUPTCY COURT JUDGE

EXECUTION COPY

ASSET PURCHASE AGREEMENT

**BETWEEN AND
AMONG**

**INGERSOLL, INC.
INGERSOLL INTERNATIONAL, INC.
THE INGERSOLL MILLING MACHINE COMPANY
INGERSOLL CTC REAL ESTATE COMPANY
INGERSOLL CONTRACT MANUFACTURING COMPANY**

AND

CAMOZZI PNEUMATICS, INC.

DATED AS OF AUGUST 14, 2003

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), dated as of August 14, 2003, is made between INGERSOLL, INC., INGERSOLL INTERNATIONAL, INC., THE INGERSOLL MILLING MACHINE COMPANY, INGERSOLL CTC REAL ESTATE COMPANY and INGERSOLL CONTRACT MANUFACTURING COMPANY (collectively referred to herein as "Seller") and CAMOZZI PNEUMATICS, INC., a Texas corporation, a fully owned subsidiary of CAMOZZI HOLDING S.p.A., or any of its assignees, parent or affiliates ("Buyer").

RECITAL

Seller desires to sell the assets described herein and Buyer desires to purchase such assets for the consideration hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and agreements herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 **Definitions.** As used herein, the following terms have the following meanings:

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Allocation Schedule" has the meaning set forth in Section 7.11

"Assets" has the meaning set forth in Section 2.1

"Assumed Contracts" has the meaning set forth in Section 5.9.

"Auction" has the meaning set forth in Section 7.12(a)(i).

"Auction Date" has the meaning set forth in Section 7.12(a)(i).

"Auction Notice" has the meaning set forth in Section 7.12(a)(iii).

"Authority" means any national, federal, state or local governmental, judicial or regulatory agency or authority within or outside the United States.

"Back-up Bid" has the meaning set forth in Section 7.12(a)(x).

"Bankruptcy Code" means Chapter 11 of Title 11 of the United States Code.

"Bid Analysis" has the meaning set forth in Section 7.12(a)(v).

"Bid Deadline" has the meaning set forth in Section 7.12(a)(ii).

"Bid Term" has the meaning set forth in Section 7.12(a)(i)(K).

"Break-Up Fee" has the meaning set forth in Section 11.2.

"Business" means the business of Seller, including but not limited to, the manufacture, sale, and service of machines for use in various industries.

"Buyer" has the meaning set forth in the introductory paragraph hereof

"Capital Stock" means all of the issued and outstanding capital stock and other equity interests held by Seller in any other entity.

"CBRCLA" means the Comprehensive Environmental Response Compensation and Liability Act codified at 42 U.S.C., § 9601 et seq. (including the amendments made by the Superfund Amendments and Reauthorization Act of 1986).

"Chapter 11 Cases" means the various cases commenced by Seller in the Bankruptcy Court on April 22, 2003 upon the filing of separate voluntary Chapter 11 petitions.

"Closing" shall mean the consummation of the transactions contemplated by this Agreement.

"Closing Date" shall mean (i) the later of (A) the business day that is three (3) business days after the date that all the conditions to the Closing described in Article VIII and Article IX have been fully satisfied or waived by the appropriate party or parties or (B) the business day that is 3 business days following the entry of the final and nonappealable Sale order, or (ii) such other date as the Buyer and Sellers may mutually agree upon.

"CM Systems Sale Order" has the meaning set forth in Section 2.2(i).

"COBRA" means the Consolidated Omnibus Reconciliation Act of 1985, as amended, and the applicable regulations promulgated thereunder.

"Contracts" has the meaning set forth in Section 2.1(e).

"Court" means the United States Bankruptcy Court for the Northern District of Illinois - Western Division.

"Delinquent Taxes" means any real or personal property taxes assessed against any of the Assets and that are past due.

"Drop Dead Date" has the meaning set forth in Section 11.1(a)(iv).

"Earnest Money Deposit" means a sum equal to One Million Dollars (\$1,000,000) or, in the case of any Qualified Bid for a Separate Lot, an amount equal to ten percent (10%) of the amount of such Qualified Bid.

"Environmental Laws" means Environmental Statutes and any common law governing the contamination, pollution or protection of the environment or allocating liabilities in respect thereof

"Environmental Statutes" means federal statutes and regulations promulgated thereunder intended to provide protection for public health and the environment, including, without limitation, the Clean Air Act, the Clean Water Act, CERCLA, the Solid Waste Disposal Act (including the Resource Conservation and Recovery Act), the Toxic Substances Control Act, their state statutory and regulatory counterparts and other substantially similar foreign statutes and regulations.

"Equipment" has the meaning set forth in Section 2.1(b).

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Exhibit Book" means that certain hardcover book assembled by Seller and Morris-Anderson & Associates, Ltd. describing the Assets in detail, which book is dated as of June 30, 2003.

"Hazardous Substance" means (i) any hazardous substance, hazardous material, hazardous waste, regulated substance or toxic substance (as those terms are defined by any applicable Environmental Laws) and (ii) any chemicals, pollutants, contaminants, or oil.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Inventory" has the meaning set forth in Section 2.1(c).

"Iveco Contract" means a certain contract between and among Iveco, S.p.A., Comau, S.p.A., and Ingersoll CM Systems, Inc. evidenced by certain purchase orders and other related documents dated April 2, 1999 and thereafter. Ingersoll International UK, Ltd., a subsidiary of Ingersoll International, Inc., is presently acting as agent for Ingersoll CM Systems, Inc. to collect sums due and payable by Iveco, to remit certain amounts to subcontractors and then to remit to Ingersoll CM Systems, Inc. in the United States all of the net proceeds thereof.

"Knowledge" with respect to the Seller means the actual knowledge and awareness after reasonable inquiry and due diligence of Paul Ballweg and, with respect to environmental matters only, Gary Downing.

"Liability" or "Liabilities" means and includes any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, duty, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured.

"LMC Agreements" has the meaning set forth in Section 2.1(m).

"Motion" has the meaning set forth in Section 7.12(a).

"Non-Disclosure Agreements" has the meaning set forth in Section 2.1(e).

"Overbid" has the meaning set forth in Section 7.12(a)(vi).

"Parent Guaranty" has the meaning set forth in Section 3.2.

"Permitted Exceptions" means and includes those interests in Real Estate that will remain of record notwithstanding the Sale of the Assets as contemplated herein and that are disclosed on title search reports on the Real Property obtained and to be obtained by Seller prior to the Closing.

"Person" means an individual, partnership (general or limited), corporation, association or other form of business organization (whether or not regarded as a legal entity under applicable law), trust, estate or any other entity.

"Personal Property" has the meaning set forth in Section 2.1(b).

"Potential Bidder" has the meaning set forth in Section 7.12(a)(ii).

"Procedures Order" means the order of the Court in the Chapter 11 Cases approving, among other things, certain sale and auction procedures to apply to Seller's sale of the Assets.

"Purchase Price" has the meaning set forth in Section 3.1.

"Purchaser" has the meaning set forth in Section 7.12(a)(xv).

"Qualified Bid" has the meaning set forth in Section 7.12(a)(ii).

"Qualified Bidder" has the meaning set forth in Section 7.12(a)(ii).

"Real Property" has the meaning set forth in Section 2.1(a).

"Related Agreements" has the meaning set forth in Section 4.

"Roll Transaction" has the meaning set forth in Section 2.1(n).

"Sale" has the meaning set forth in Section 7.12(a)(xi).

"Sale Order" means an Order entered by the Court in the Chapter 11 Cases authorizing the sale of Assets contemplated herein, and approving the form and substance of this Agreement, which order shall be final and non-appealable, unless Buyer and Seller agree to waive the non-appealability of the Sales Order.

"Sale Proceeds" has the meaning set forth in Section 7.12(a)(xi).

"Separate Lots" has the meaning set forth in Section 7.12(a)(v).

"Tax Returns" means all returns, declarations, remittances, information returns, reports, forms, notices, statements, correspondence and other documents with respect to taxes due by Seller to any governmental units, including any schedule or attachment thereto, and including any amendment thereof.

"Transition Services Agreement" has the meaning set forth in Section 4.1(b).

"Winning Bid" has the meaning set forth in Section 7.12(a)(v).

"Winning Bidder" has the meaning set forth in Section 7.12(a)(v).

ARTICLE II. PURCHASE AND SALE OF ASSETS

2.1 **Purchase and Sale of Assets.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, at Closing and free and clear of any and all liens, claims, encumbrances and interests (except those interests specified later in this Section), all of the right, title and interest of Seller in and to all assets, properties and rights of Seller, including, but not limited to, the following specified assets, properties, rights and interests, all of which shall be sold "as is" and "where is", with no representations or warranties of fitness or condition from Seller, but specifically excluding the Excluded Assets as defined in Section 2.2 (collectively, the "Assets"):

(a) **Real Property.** The interests in real property described in Schedule 2.1(a) hereto, including all plants, buildings, fixtures and other improvements located thereon, and all easements, licenses, rights of way, permits and all appurtenances to such property (collectively, the "Real Property") but subject to the Permitted Exceptions, all of which are identified in Schedule 2.1(aa).

(b) **Equipment.** The machinery, equipment, vehicles, parts, spare parts, computers, computer equipment, copiers, plotters, security systems, operating manuals, training aids, office furniture and fixtures, tools, supplies and other tangible personal property (other than the tangible personal property and fixtures described in other clauses

of this Section 2.1) owned, used or held for use in or relating to the Business, including, without limitation, the assets described in Schedule 2.1(b) (collectively, the "Equipment"). The Equipment specifically does not include any computer or other equipment in which the Seller's Intellectual Property is stored or otherwise contained and cannot be readily separated from such equipment.

(c) Inventory. Any and all raw materials, work in process and finished goods inventory (the "Inventory"), other than the items described in Section 7.1(b)(i). This property is described in the Exhibit Book.

(d) Intellectual Property. Any intellectual property owned by Seller including (i) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (ii) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (iii) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities, and financial data), (iv) rights in Internet web sites and domain names used by Seller and (v) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller (collectively, the "Intellectual Property"). Intellectual Property includes, but is not necessarily limited to, the property listed in Tab A-1 of the Exhibit Book and also specifically includes any computer or other equipment of Seller in which Intellectual Property is stored or otherwise contained and cannot be readily separated from such equipment.

(e) Contracts. All of Seller's rights under the purchase orders, contracts and executory contracts to which it is a party, to the extent assumable and assignable under applicable law (the "Contracts"), and which the Buyer shall designate as those Buyer wishes to be assigned to it by Seller. Buyer's designation as to which Contracts Buyer wants to have the Seller assume and assign must be delivered to Seller prior to or concurrently with the execution of this Agreement. Seller shall attempt to assume and assign the designated Contracts in accordance with the applicable provisions of Section 365 of the Bankruptcy Code pursuant to an order or orders entered by the Court in the Chapter 11 Cases. The category of Contracts does not include a series of separate nondisclosure and confidentiality agreements between Seller and third parties concerning Seller's use of those parties' intellectual property in Seller's design and manufacturing processes (the "Non-Disclosure Agreements").

(f) Records. All documents related to the Business, including all production records, engineering records, purchasing and sales records, accounting records, business

plans, budgets, cost and pricing information, correspondence, prospective client information, customer and vendor lists and data and other records and files, wherever located (including, without limitation, any such records maintained in connection with any computer system) related to the Business, other than those documents described in Section 2.2.(m).

(g) Orders and Literature. All purchase order forms, forms, labels, stationery, shipping materials, catalogues, brochures, art work, photographs and advertising materials which relate to the Business.

(h) Prepaid Assets. All prepaid property insurance listed on Schedule 2.1(h).

(i) Names. The names Ingersoll, Inc., Ingersoll International, Inc., The Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company and Ingersoll Contract Manufacturing Company, and any and all (i) logos and trade names used by Seller anywhere in the world; and (ii) copyrights, registered or unregistered.

(j) Insurance. All proceeds of insurance payable in the event any property that would have been an Asset has been damaged or destroyed by fire or other cause prior to the Closing Date or prior to the delivery of any such asset hereunder to Buyer, used in connection with the Business, including the right of Buyer to represent that it has acquired the Business.

(k) Software Licenses. To the extent Buyer elects to accept an assignment of such, all assignable software licenses, with any costs of such assignment to be at Buyer's expense. Seller will use reasonable efforts to assign any such assignable software licenses. This property is described in the Exhibit Book.

(l) Warranty Claims. All claims or warranty claims related to the Equipment and the Inventory and all benefits of warranties on Equipment and Inventory.

(m) Lockheed Agreement. All of Seller's rights and interests in a certain Settlement Agreement, Asset Transfer Agreement and Lease (the "LMC Agreements") with Lockheed Martin Corporation (Aeronautics Division) and its designee, UNOVA Industrial Automation Systems, Inc. (collectively referred to as "LMC"), all of which documents were approved and authorized by an order entered by this Court in the Chapter 11 Cases on June 4, 2003; provided, however, that Buyer shall not obtain any rights to the proceeds paid by LMC to Seller prior to the Closing. Notwithstanding the foregoing, the remaining balance of funds in the escrow agreement established at the closing of the LMC Agreement shall be transferred to Buyer at the Closing.

(n) Court Holdings Agreement. All of Seller's rights and interest under a consent Entry on Motion for Relief from Stay entered by the Court in the Chapter 11 Cases on June 24, 2003, which document affects the rights of Court Holdings, Ltd. and Roll Surface Technologies, Inc. (collectively, "Roll") in certain of the Assets (the "Roll

Transaction"); provided, however, that Buyer shall not obtain any rights in the proceeds paid by Roll at the closing of the Roll Transaction.

(o) Capital Stock. All of the Capital Stock owned by Seller and all certificates and documentation evidencing ownership of only those entities set forth on Schedule 2.1(o). Buyer agrees to use its best efforts to collect and remit to Ingersoll CM Systems, Inc. all net proceeds of payments received from Iveco, S.p.A. under the Iveco Contract by Ingersoll International UK, Ltd. The remaining sums due to Seller under the Iveco Contract are identified on Schedule 2.1(oo). These sums must be segregated in a separate account maintained by Buyer and shall not be subject to any offset or recoupment by Buyer.

(p) Notes Receivable and Settlement Payments. All notes receivable of Seller (except as otherwise provided in Section 2.2 herein) and all of Seller's rights to receive payments under any settlement agreements to which Seller is a party to or beneficiary of.

Notwithstanding the foregoing, the Assets are being sold subject to, and not free and clear from, the following:

(i) all of the rights and interests of LMC pursuant to the terms of an order entered by the Court on June 4, 2003, and all supporting documents approved by such order, all of which documents are dated prior to the date of this Agreement.

(ii) all of the rights and interests of Roll pursuant to the terms of a certain Entry on Motion for Relief from Stay entered by the Court on June 24, 2003, and any other rights and interests of Roll that may be recognized and preserved pursuant to any subsequent orders of the Court entered in the Chapter 11 Cases.

2.2 Excluded Assets. The following assets (the "Excluded Assets") to the extent that, but for this sentence, would constitute Assets, shall not be included in the Assets:

(a) all utility deposits made by the Seller after the commencement of the Chapter 11 Cases, cash and cash equivalents, including cash on hand or in the bank accounts, certificates of deposit, commercial paper and securities owned, used or held for use by Seller;

(b) all cash retainers held by any professional retained by Court order in the Chapter 11 Cases.

(c) all accounts receivable;

(d) all inventory described in Section 7.1(b)(i), *viz.*, inventory sold by Seller in the ordinary course of its business and any other inventory owned by third parties and bailed with Seller, including, but not limited to, the inventory subject to the LMC Agreements and the Roll Transaction;

(e) all executory contracts, unexpired leases and contracts other than those Contracts listed in Schedule 5.9;

(f) all Capital Stock of Seller and, except as set forth on Schedule 2.1(o), any of Seller's other affiliates or stock or other ownership interests owned by Seller in any other entity;

(g) all tax refunds from any federal, state or local governmental entity;

(h) any and all claims and causes of action of any kind or nature, including without limitation under contract or tort, or under federal, state or local law or ordinance or under the Bankruptcy Code and any intercompany claims, except any claims or warranty claims specifically relating to the Equipment or the Inventory; and

(i) all assets of Ingersoll CM Systems, Inc., an affiliate of Seller that is not a signatory to this Agreement, sold pursuant to an order entered by the Court on June 18, 2003 (the "CM Systems Sale Order") and any rights of Ingersoll CM Systems, Inc. pursuant to the terms of a certain Asset Purchase Agreement between it and China FTL-Production Systems, Inc., which Agreement was approved pursuant to the CM Systems Sale Order.

(j) all of Seller's right, title and interest in a certain promissory note dated October 10, 2002, in the principal amount of \$2,195,750, which note is payable by IPS Systems, LLC, a Delaware limited liability company, to the order of The Ingersoll Milling Machine Company.

(k) any claims of the Seller against any Person for avoidance of any transfers, obligations or liens arising under Chapter 5 of the Bankruptcy Code;

(l) all sums paid to Sellers under the LMC Agreements and the Roll Transaction.

(m) all Tax Returns, the corporate charter, seals, minute books, stock transfer books, financial records and other documents relating solely to the organization, existence and maintenance of Seller as a business entity.

(n) any intellectual property owned by any entity other than Sellers including, but not limited to, intellectual property subject to the Non-Disclosure Agreements.

2.3 Assumed Liabilities. Buyer shall assume the following obligations and Liabilities of Seller relating to the Business and Assets:

(a) Liabilities with respect to Contracts that Buyer has identified in Schedule 5.9 and which Contracts are thereafter assumed by the Seller and assigned to Buyer pursuant to an order or orders entered by the Court in these Chapter 11 Cases;

(b) All costs and expenses necessary to cure all defaults existing under the Contracts so designated by the Buyer and that are assumed and assigned to Buyer as described herein; and

2.4 **Liabilities Not Assumed.** Buyer shall not assume any Liabilities and other obligations of Seller relating to the Business or Assets, other than Liabilities with respect to the Contracts as provided by Section 365(k) of the Bankruptcy Code and as assumed in Section 2.3 herein. Seller shall remain solely responsible for all Liabilities associated with the Business and Assets relating to or incurred by Seller before Closing (other than the Assumed Liabilities) including, without limitation, the following (collectively, the "Excluded Liabilities"):

(a) Liabilities for federal, state and local income and franchise taxes and any other taxes incurred by Seller in the conduct of the Business or with respect to the Assets prior to the Closing;

(b) all Liabilities or other obligations relating to any employee or any employee benefits, including, without limitation, Liabilities for any postpetition employee stay bonus or other similar award approved by order or orders entered by this Court, and any Liabilities that may arise or have arisen under or on account of COBRA, the WARN Act, worker's compensation, withholding taxes, medicare, pension, retirement benefits, vacation and any and all other fringe benefits, if any;

(c) all Liabilities or other obligations arising under Environmental Laws in connection with facts, events, conditions, actions or omissions existing on or occurring prior to Closing in the conduct of the Business or use of the Assets including, but not limited to, any contribution obligations arising from the disposal of Hazardous Substances on real estate owned by third parties;

(d) all claims for product liability or under warranties associated with the Business or Assets (whether known or unknown, and whether recorded or reported), in each case other than those relating to any items produced or sold by Buyer after Closing; and

(e) any Liability with respect to any litigation or threatened litigation, claims, obligations, damages, costs and expenses arising out of, in connection with, or as a result of the conduct of the Business by Seller or any use of the Assets prior to the Closing.

(f) all Liabilities in respect of all indebtedness for borrowed money owed by Seller to any Person;

Liabilities for commissions payable for sales prior to Closing; and

any Liabilities not expressly assumed herein.

**ARTICLE III.
PURCHASE PRICE AND PARENT GUARANTY**

3.1 Purchase Price. The consideration to be paid for the Assets (the "Purchase Price") shall be Twelve Million Six Hundred Ten Thousand Dollars (\$12,610,000), payable as follows: (i) delivery of cash to Seller by wire transfer in an amount equal to the Earnest Money Deposit, which sum shall be deposited by Buyer in an interest-bearing account to be established and maintained at Bank One, NA and designated by Seller, immediately upon execution of this Agreement (the "Earnest Money Deposit"); and (ii) the balance of the Purchase Price to be paid to Seller by wire transfer at Closing, which wire transfer shall be made to an account maintained at Bank One, NA, as directed by Bank One, NA. Any interest earned on the Earnest Money Deposit shall accrue to the benefit of Buyer.

3.2 Parent Guaranty. The obligation of the Buyer to pay the Purchase Price to Seller shall be unconditionally guaranteed pursuant to the terms of written guaranty of Camozzi Holdings S.p.A., with headquarters at Via Eritrea 20/1, 25126 Brescia-Italy. The form of this guaranty (the "Parent Guaranty"), is attached hereto as Schedule 3.2. The identity of the Person executing the Parent Guaranty and the form and substance of the Parent Guaranty must be completely acceptable to Bank One, NA. The Parent Guaranty shall be executed and delivered to Seller upon the execution and delivery of this Agreement.

3.3 Proceeds of Collateral/Cash Collateral. The parties hereto acknowledge that the Earnest Money Deposit and any payments of the Purchase Price (whether by Buyer at Closing, or by Buyer's parent pursuant to the Parent Guaranty) constitute "cash collateral," as that term is defined in Section 363(a) of the Bankruptcy Code, and are subject to the liens and security interests of Bank One, NA.

**ARTICLE IV.
RELATED AGREEMENTS**

4.1 Related Agreements. In connection with the consummation of the transactions contemplated hereby, Seller and Buyer shall enter into each of the following agreements (collectively referred to herein as the "Related Agreements") at or before the Closing:

(a) Patent, trademark and license assignment agreement with respect to the Intellectual Property and licenses being assigned to Buyer, in the form attached hereto as Schedule 4.1(a).

(b) A transition services agreement, in the form attached hereto as Schedule 4.1(b) (the "Transition Services Agreement").

The Buyer and Seller also acknowledge, consent to and incorporate by reference herein the bidding procedures for the Auction and Sale of the Assets as specified in the Procedures Order.

4.2 No Successor. The parties hereby acknowledge and agree that Buyer is not acting as a successor to Seller in any manner whatsoever.

4.3 Intellectual Property Not Owned by Seller. Buyer agrees that it will not use in any manner whatsoever or disclose to any other entity any intellectual property not owned by Seller but in the Seller's possession, custody or control and shall return such property to its owner upon its request. This covenant shall survive the Closing.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer, as of the date hereof and as of the Closing Date, and as of no other date, as follows:

5.1 Organization; Qualification. Each Seller is a corporation duly organized, validly existing and in good standing under the laws of its respective state of organization. Seller is subject to the jurisdiction of the Court and has necessary corporate power and authority to own all of the Assets.

5.2 Authority Relative to this Agreement and the Related Agreements. Subject to the entry of the Procedures Order and the Sale Order by the Court, Seller has the necessary corporate power and authority to execute and deliver each agreement or other document to be executed by it in connection with the transactions contemplated by this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby. Subject to the entry of the Procedures Order and the Sale Order by the Court, the execution and delivery by Seller of each agreement or other document to be executed by it in connection with the transactions contemplated by this Agreement and the Related Agreements, and the consummation by it of any transactions contemplated on its part hereby and thereby, have been duly authorized by Seller's respective Boards of Directors and no other corporate action on the part of Seller is necessary with respect thereto. Subject to the provisions of the Procedures Order and the Sale Order and assuming the accuracy of Buyer's representations and warranties and compliance with its obligations set forth herein, this Agreement constitutes, and each agreement or other document to be executed by Seller in connection with the transactions contemplated by this Agreement (when executed and delivered by Seller), will evidence and constitute the valid and binding obligations of Seller, enforceable in accordance with their terms.

5.3 Non-Contravention. Subject to the entry of the Sale Order and assuming the accuracy of Buyer's representations and warranties and compliance with its obligations set forth herein, the execution and delivery by Seller of this Agreement and the other agreements and documents to be executed in connection with the transactions contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby will not (i) violate or result in a breach of any provision of the Articles of Incorporation or Bylaws of Seller, (ii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Seller or any of the Assets or the Business, or (iii) violate any agreement or obligation to which Seller or any subsidiary of Seller is a party or by which any of their respective assets are bound, excluding

from the foregoing clause (ii) such violations that would not have a material adverse effect on any of the Assets or the Business.

5.4 Compliance with Laws. Except as set forth in Schedule 5.4, Seller has not received from any governmental authority any notice of any failure to substantially comply with any laws, regulations, policies, guidelines, orders, judgments or decrees of any Authority applicable to, or having jurisdiction over, Seller, the Assets or the Business, and Seller is not currently subject to any sanction for such noncompliance.

5.5 Environmental Matters. Except as described in the following sentence, to Seller's Knowledge, Seller has not received notice from any Authority or Person of any failure of any of the Assets or the Business to comply in any material respect with, or of any material liability or any potential liability under, any Environmental Law. To Seller's Knowledge, Seller has delivered to Buyer true and complete copies of any reports, studies, analyses, tests or monitoring results possessed or initiated by or on behalf of any Seller pertaining to Hazardous Substances or activities in, on or under any Real Property, or concerning compliance by Seller with Environmental Laws. Other than the information contained in these reports, studies, analyses, tests or monitoring results and in certain written information previously delivered by Seller to Buyer concerning potential contribution liabilities arising from Seller's disposal of Hazardous Substances and real estate owned by third parties, Seller has no Knowledge of any failure of any of the Assets or the Business to comply with or of any material liability under any Environmental Law. No representation or warranty is made by Seller to Buyer regarding the disposal of materials in landfills owned by third parties.

5.6 Title to Assets. Seller has good title to all Assets and will sell, transfer and convey the Assets free and clear of all liens and interests (other than the Permitted Exceptions) as provided in Section 363(f) of the Bankruptcy Code.

5.7 Intellectual Property. To Seller's Knowledge, Section 2.1(d) and Tab A-1 of the Exhibit Book describe the Intellectual Property that is owned by Seller in connection with the Business and the Assets. Except as set forth in Schedule 5.7 and to Seller's Knowledge, Seller owns the Intellectual Property. Except as described in Schedule 5.7, to Seller's Knowledge, there is no claim, suit, action or proceeding pending or, to the best of Seller's knowledge, threatened against Seller asserting that its use of any Intellectual Property infringes upon the rights of any third parties. Except as disclosed in Schedule 5.7, to Seller's Knowledge, Seller is not infringing upon the rights of any Person, and no Person is infringing upon the rights of Seller, in the Intellectual Property. To Seller's Knowledge, none of the former or present employees, officers, directors or independent contractors of the Seller holds any contractual right, title or interest, directly or indirectly, in whole or in part, in or to any part of the Intellectual Property, or has asserted any claim with regard to any Intellectual Property. To Seller's Knowledge, the Intellectual Property was developed by either employees of the Seller during the time they were employed by the Seller or independent contractors hired by the Seller or by employees of or independent contractors engaged by previous owners of the Business, and all rights arising from the work of such employees and independent contractors are owned by the Seller and included in the Assets. Except as disclosed in Schedule 5.7, to Seller's Knowledge, there have been no

written claims, applications, disputes, oppositions or proceedings in relation to the Intellectual Property. Notwithstanding the foregoing, Seller does not represent or warrant to Buyer that any contracts or licenses of the Intellectual Property, or any portion thereof, may be assumed and assigned to Buyer pursuant to Section 365 of the Bankruptcy Code.

5.8 Actions and Proceedings. Subject to the entry of the Sale Order and not including any outstanding judgments, orders, injunctions, decrees, lawsuits, actions, proceedings or investigations related to the qualifications of the Buyer, there are no (a) outstanding judgments, orders, injunctions or decrees of any Authority or arbitration tribunal against Seller or any of its respective affiliates, (b) lawsuits, actions or proceedings pending or, to the knowledge of Seller, threatened against Seller or any of its affiliates, or (c) investigations by any Authority which are, to the knowledge of Seller, pending or threatened against Seller or any of its affiliates, and which, in the case of each of clauses (a), (b) and (c), have a material adverse effect on the ability of Seller to consummate the transactions contemplated hereby to be consummated by Seller.

5.9 Assumed Contracts. Schedule 5.9 attached hereto sets forth a list of the Contracts sought to be assumed by the Seller and assigned to the Buyer (the "Assumed Contracts"). Schedule 5.9 may be amended and supplemented by the Buyer at any time prior to 5:00 p.m. (Chicago time) on August 15, 2003. The Seller shall deliver to the Buyer by the day of the entry of the Sale Order complete, accurate, true and correct copies of all of the Assumed Contracts. The Seller has not received any notice (whether written or oral) threatening to terminate, cancel or limit a business relationship from any party to an Assumed Contract. Seller agrees that it will file and serve, in accordance with Section 7.12(c) a motion for the assumption and assignment of all of the Seller's interest in the Assumed Contracts.

5.10 Finders. No broker, finder or investment banker retained by or working on behalf of Seller is entitled to any fee or commission from Buyer for services rendered on behalf of Seller in connection with the transactions contemplated by this Agreement or the Related Agreements.

5.11 Copies of Documents. Seller has provided to Buyer true, complete and accurate copies of all documents and instruments listed on any of the Schedules to this Agreement.

5.12 Full Disclosure. None of the representations and warranties made in this Article contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.13 Nonsurvivability of Seller's Representations and Warranties. The representations and warranties made by Seller to Buyer herein shall not survive the Closing and shall expire and be of no force and effect whatsoever after the Closing except for any representations or warranties fraudulently made by Seller.

**ARTICLE VI.
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants the following to Seller.

6.1 Organization; Qualification. Buyer is duly organized, validly existing and in good standing under the laws of the State of Texas and has the necessary corporate power and authority to own all of its properties and to carry on its business as it is now being conducted. Buyer is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business makes such qualification necessary.

6.2 Authority Relative to this Agreement and the Related Agreements. Buyer possesses the necessary power and authority to execute and deliver this Agreement and the Related Agreements to which it is contemplated to be a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and the Related Agreements and the consummation by Buyer of the transactions contemplated hereby and thereby has been duly authorized by Buyer's Board of Directors and no other action on the part of Buyer is necessary with respect thereto. This Agreement constitutes, and any Related Agreement to which Buyer is a party when executed and delivered by it will constitute, its valid and binding obligations, enforceable in accordance with their terms.

6.3 Non-Contravention. The execution and delivery by Buyer of this Agreement does not, and its execution and delivery of any Related Agreements to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby will not, (i) violate or result in a breach of the certificate of incorporation or bylaws of Buyer, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Buyer is a party or by which Buyer may be bound, except for such defaults (or rights of termination, cancellation or acceleration) which would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement, or (iii) to violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer.

6.4 National Defense Clearance. Buyer has received verbal assurances from the United States Department of Defense that Buyer is qualified to receive all necessary Department of Defense clearances subject to complete CFIUS review.

6.5 Full Disclosure. None of the representations and warranties made in this Article contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

6.6 No Consent. Except as set forth herein, no material consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Authority is required to be obtained or made by or with respect to Buyer or any of its affiliates in connection

with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE VII. ADDITIONAL AGREEMENTS

7.1 Forbearances by Seller. Except as specifically contemplated by this Agreement:

(a) From the date hereof until the Closing Date, subject to the requirements and restrictions of the Bankruptcy Court proceedings, Seller shall use its best efforts to preserve the Assets of the Business.

(b) Seller shall not, from the date hereof until the Closing, without the written consent of Buyer:

(i) sell, dispose of, transfer or encumber any of the Assets other than (y) inventory sold in the ordinary course of Seller's business; and (z) bailed inventory;

(ii) amend, modify or cancel any Assumed Contract except in accordance with its terms;

(iii) agree, so as to legally bind Buyer (whether in writing or otherwise) to take any of the actions set forth in this Section 7.1 and not otherwise permitted by this Agreement.

7.2 Notice of Certain Events.

(a) Seller shall promptly notify Buyer of:

(i) any notice or communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) any notice or other communication from any Authority in connection with the transactions contemplated by this Agreement;

(iii) any actions, suits, claims, investigations or proceedings commenced or, to its knowledge threatened against, relating to or involving or otherwise affecting Seller or the Business that relate to the consummation of the transactions contemplated by this Agreement; and

(iv) the damage or destruction by fire or other casualty of any material portion of the Assets or if any material portion of Assets becomes the subject of any proceeding or, to the knowledge of Seller, threatened proceeding, for the

taking thereof or any part thereof or of any right relating thereto by condemnation, eminent domain or other similar governmental action.

(b) Seller shall promptly notify Buyer of, and furnish Buyer any information which Buyer may reasonably request with respect to, the occurrence to Seller's knowledge of any event or condition or the existence to Seller's knowledge of any fact that would cause any of the conditions to Buyer's obligations to consummate the purchase and sale of the Assets or any Separate Lots not to be fulfilled. If between the date hereof and the Closing Date, any of the matters referenced in Section 7.2(a)(iv) shall have occurred, then Seller, at its option, shall either (i) repair any damage or casualty at its expense; (ii) deliver to Buyer on the Closing Date any insurance proceeds (including but not limited to condemnation insurance proceeds) or rights to receive insurance proceeds with respect thereto; or (iii) reduce the Purchase Price by the amount of the proceeds described in subsection (ii) herein.

7.3 Confidentiality. Seller shall not have disclosed any proprietary or confidential information concerning the Business to any other Persons unless such Persons have first executed a confidentiality agreement.

7.4 Retention of Books and Records. On the Closing Date, Seller shall provide Buyer with all documents and records relating to the Business, including hard copies of all such documents and records currently maintained by Seller in electronic format. Buyer will retain and maintain, in substantially the same form and condition as received by Buyer, all such documents and records and will make available such documents and records as may be reasonably requested by Seller for a period of four (4) years from Closing Date in order to expeditiously comply with all pertinent requests from the Internal Revenue Service and state taxing authorities which relate to the period prior to the Closing. This access shall also be afforded to authorized representatives of the United States Trustee, any trustee who may be appointed in any of the Chapter 11 Cases, and any other Person authorized to have such access pursuant to the terms of any order entered by the Court in the Chapter 11 Cases. Seller or other persons requesting copies of such documents and records shall be responsible for paying any reasonable copying costs.

7.5 Mail Received After Closing. Following the Closing, Buyer shall deliver or cause to be delivered to Seller, promptly after receipt by Buyer, all mail and other deliveries addressed to Seller including payments of accounts receivable or any other sums due and payable by any third party to Seller.

7.6 Information and Access. Subject to applicable law and Seller's contractual obligations (including those obligations contained in the Non-Disclosure Agreements) from and after the date of this Agreement to the Closing Date, the Seller will, upon reasonable prior notice given to Seller by Buyer (i) permit representatives of the Buyer to have full access during normal business hours to all premises, properties, personnel, accountants, books, records, files, electronic systems, contracts and documents of or pertaining to the Assets, (ii) allow the Buyer to examine the Assets and (iii) otherwise cooperate and assist, to the extent reasonably requested by the

Buyer, with the Buyer's due diligence investigation. The Buyer and its representatives will treat and hold such information as confidential. Subject to applicable law and Seller's contractual obligations (including those obligations contained in the Non-Disclosure Agreements) Seller further agrees to permit and to use reasonable efforts as reasonably requested by the Buyer for the facilitation of representatives of the Buyer to contact vendors and other third parties relating to the Assets for purposes of the transactions contemplated by this Agreement.

7.7 Assumption and Assignment of Certain Contracts. Seller shall request by motion made to the Court that the Sale Order authorize the Seller to assume and assign to the Buyer the Assumed Contracts. The Seller does not represent, warrant or covenant that the Court will authorize the Seller to assume and assign to the Buyer any one or more of the Assumed Contracts. The Seller agrees that the Buyer shall have no obligation to assume any Assumed Contract (i) if the Buyer is unwilling to pay the cure amounts as determined by the Bankruptcy Court; (ii) if the Buyer provides written notice before or at Closing that it wishes to delete certain contracts from the list of Assumed Contracts in Schedule 5.9; or (iii) the Sale Order does not grant to Seller the authority to assume such Assumed Contract. With respect to each Assumed Contract, the Buyer shall make reasonable efforts to provide adequate assurance as required under the Bankruptcy Code of the future performance of such Assumed Contract by the Buyer and to assist in obtaining the Bankruptcy Court's entry of the Sales Order. In furtherance thereof, the Buyer shall furnish such affidavits, non-confidential financial information or other documents or information for filing with the Bankruptcy Court as the Seller may reasonably request, and make the Buyer's employees and representatives available to testify before the Bankruptcy Court. In the event that an Assumed Contract is not assigned to the Buyer as a result of the Buyer's failure to provide such adequate assurance, such non-assignment shall not constitute a default by the Buyer hereunder.

7.8 Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

7.9 Efforts to Consummate. Subject to the terms and conditions of this Agreement, each of the parties hereto shall use reasonable best efforts to take, or to cause to be taken, all action and to do, or to cause to be done, all things necessary, proper or advisable to consummate, as promptly as practicable, the transactions contemplated herein including, without limitation, the satisfaction of the conditions listed in Articles VIII and IX that are within the control of such party and the obtaining of all consents, waivers, authorizations, orders and approvals of third parties, whether private or governmental, required of it by this Agreement. Each party shall cooperate fully with the other parties hereto in assisting such parties to comply with this Section 7.9. However, except as specifically provided herein, no party shall be required to (i) initiate any litigation, (ii) make any material payment; or (iii) incur any material economic burden in connection with the obtaining of any consent, waiver, authorization, order or approval.

7.10 Transfer Taxes and Recording Fees. Buyer shall be responsible for payment of all sales, use, transfer taxes and other non-income taxes and fees incurred in connection with the

sale of the Assets as contemplated herein. Any mortgage registration fees shall be at the expense of Buyer.

7.11 Tax Matters. Seller and Buyer shall cooperate in the preparation of a joint schedule (the "Allocation Schedule"), allocating the Purchase Price (including, for purposes of this Section, any other consideration paid by Buyer) among the Assets. Seller and Buyer each agrees to file Internal Revenue Service Form 8594 and any required attachments thereto, together with all federal, state, local, and foreign tax returns, in accordance with the Allocation Schedule. Seller and Buyer each agree to promptly provide the other with any other information required to complete the Allocation Schedule.

7.12 Bankruptcy Sale Procedures.

(a) The Sale Motion and Procedures Order. The proposed procedures for the Sale of the Assets in bulk or in Separate Lots are generally described herein and are not meant by the parties to be exclusive. Seller (with the written consent of Bank One, NA) may impose other procedures prior to the Auction.

On July 17, 2003, Seller filed with the Court a motion to approve procedures for any competitive bidding under Section 363 of the Bankruptcy Code (the "Procedures Motion"). The Motion provided, *inter alia*, that Magnum Integrated Technologies Corp. ("Magnum") is the "stalking horse bidder" for the Assets and shall make the opening bid at the Auction in accordance with the terms of the Procedures Order. The Court entered an order approving bid procedures, which procedures were described in the Procedures Motion (the "Procedures Order"). The Procedures Order, and a motion to sell the Assets pursuant to Section 363(f) of the Bankruptcy Code (the "Sale Motion"), were promptly served upon all creditors and other parties in interest in the Chapter 11 Cases as required by the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Court's local rules and were served upon such other entities as may be required by the Court. The Procedures Order approved, among other things, the Break-Up Fee contemplated by Section 11.2 and each of the following terms and conditions:

(i) Any competitive bidding for the Assets or any Separate Lots (as that latter term is defined herein) shall be conducted at an auction (the "Auction"), after which the Court, after notice and a hearing, shall enter an order authorizing the Sale of the Assets or Separate Lots (as that latter term is defined herein) free and clear of liens and interests (other than the Permitted Exceptions) (the "Sale Order"). The date for the Auction shall be August 19, 2003 (the "Auction Date"). At the Auction, the Seller shall conduct the sale by open bidding, except that nothing contained in the Procedures Order or elsewhere shall prohibit the Seller, at the Auction, from conducting separate or joint discussions with Magnum, the Buyer, any Qualified Bidder, the Official Creditors Committee

or Bank One, NA in private and not on the record of such proceeding. A court reporter shall make a record of the open bidding as it occurs.

(ii) Unless otherwise ordered by the Court for cause shown, for any Person other than Magnum to participate in the Auction (a "Potential Bidder"), such Person must deliver to the Seller (x) such information as the Seller shall request establishing a Potential Bidder's ability to close the Sale of the Assets or Separate Lots in a timely manner, including a demonstration of financial wherewithal to close such sale (which demonstration shall include the delivery of a parent guaranty and, at the option of Seller and Bank One, NA, a letter of credit completely acceptable to Seller and Bank One, NA); (y) a wire transfer to Seller of funds equal to the amount of the Earnest Money Deposit; and (z) an executed asset purchase agreement in substantially the same form as this Agreement, including Section 6.4 and 7.15 and, at the option of Bank One, NA, a provision requiring the Potential Bidder to obtain a letter of credit for the Purchase Price, in form and substance acceptable to the Seller and Bank One, NA. These three items must be actually received by the Seller by no later than 5:00 p.m. (Chicago time) on August 15, 2003 (the "Bid Deadline"), in order for the Potential Bidder to participate in the Auction. Any Potential Bidder meeting all of the above requirements that wishes to participate in the Auction must attend the Auction and acknowledge in writing that it is familiar with, understands and accepts the procedures specified in the Procedures Order. Any person qualifying under all of the above standards shall be entitled to bid to purchase the Assets or a Separate Lot or Lots and will be hereinafter referred to as a "Qualified Bidder." Any bid made by a Qualified Bidder shall be referred to as a "Qualified Bid." Seller acknowledges and agrees that Buyer is a Qualified Bidder without further act or deed required by Buyer for such qualification.

(iii) The procedures specified in the Procedures Order was incorporated into the Notice of Auction Sale respecting the Auction (the "Auction Notice") and served pursuant to the procedure described in this Section. The Auction Notice specified the Auction Date and the time and place of the Auction. Seller served copies of the Auction Notice upon all creditors and other parties in interest in the Chapter 11 Cases along with the Sale Motion and Procedures Order. Subsequent to this service of the Auction Notice, the Seller provided and will provide the Auction Notice to any Person requesting in writing a copy of the same.

(iv) The Seller will grant reasonable access to the Assets and Separate Lots to any Person expressing an interest in viewing the same for the purpose of making a bid thereon, and the Seller will further agree to make financial and such other information concerning the Assets and Separate Lots available to any prospective bidder. The Seller shall require any prospective bidder to enter into a confidentiality agreement, in form and substance reasonably acceptable to Seller.

(v) The Seller will offer the Assets for sale at the Auction in bulk in conformity with the Procedures Motion and the Procedures Order. Seller may also offer the Assets for sale in separate lots as specified in Schedule 7.12 attached hereto (the "Separate Lots"). At the conclusion of the Auction, the Seller and Bank One, NA will engage in an analysis (the "Bid Analysis") to determine which Qualified Bid or Bids are, in their collective best judgment, the highest or otherwise best offer(s). A Person making a Winning Bid is hereinafter referred to as a "Winning Bidder". At the conclusion of the Bid Analysis, the Seller shall ask the Court to enter an order authorizing the Seller to consummate the Sale(s) at the Winning Bid(s) with the Winning Bidder(s), and to execute such additional documentation as is reasonably necessary to close such Sale(s). Nothing herein shall be construed to prohibit the Official Creditors Committee appointed in the Chapter 11 Cases from objecting to confirmation of any Sale or Sales of the Assets or Separate Lots.

(vi) Magnum shall make the opening bid at the Auction in the amount of Twelve Million Dollars (\$12,000,000.00). The first incremental competitive bid at the Auction for the Assets shall begin at the Purchase Price (the "Overbid"), with any subsequent increases of bids by Magnum, Buyer or any Qualified Bidders to be made in at least subsequent increments of Two Hundred Fifty Thousand Dollars (\$250,000). The amount of these increments, however, is subject to modification pursuant to Section 7.12(b) herein.

(vii) The opening bids for the Separate Lots shall be determined by Seller and Bank One, NA, and announced at or prior to the Auction. The amount of the overbid for any Separate Lot and the bidding increments for those Separate Lots shall be determined by Seller and Bank One, NA, and announced at or prior to the Auction.

(viii) The offers of all Qualified Bidders shall be irrevocable until the earlier of (i) the Closing of the sale of the Assets or Separate Lots, as the case may be, or (ii) the withdrawal of the Assets or Separate Lots for sale by the Seller. The submission by a Qualified Bidder of a Qualified Bid for one or more Separate Lots shall not render a Qualified Bid for the Assets made by the same Qualified Bidder void, voidable or superseded in any manner whatsoever.

(ix) In the event that a Winning Bidder defaults in the performance of its obligation to purchase the Assets or a Separate Lot pursuant to a Winning Bid, that Person's Earnest Money Deposit shall be forfeited and shall be immediately transferred by the Seller to Bank One, NA for application against its allowed claim in the Chapter 11 Cases subject, however, to any third party rights set forth in the Final Cash Collateral Order entered in the Chapter 11 Cases. Notwithstanding the foregoing, such a forfeiture shall not be in full satisfaction of

any damages caused to any Person by the Winning Bidder's default as described herein. Any Person making an Earnest Money Deposit who does not become the Purchaser (viz., the Winning Bidder as specified in the Sale Order as entered by the Court in the Chapter 11 Cases) shall have its Earnest Money Deposit returned to it by the Seller within two (2) business days after the conclusion of the hearing at which the Winning Bid(s) are confirmed.

(x) In the event that a Winning Bidder defaults in the performance of its obligations to purchase the Assets or Separate Lot(s) pursuant to a Winning Bid, then the next highest bidder for the Assets or Separate Lot(s) shall be required to proceed as the Winning Bidder (provided, however, that Bank One, NA consents in writing). Consequently, that Person's bid (the "Back-Up Bid") will be treated as the Winning Bid without further notice and hearing and entry of any additional order by the Court.

(xi) Any sale of the Assets or Separate Lot(s) hereunder (the "Sale") shall be free and clear of all liens and interests other than the Permitted Exceptions (unless otherwise agreed to by such Winning Bidder, Seller and Bank One, NA), with such liens and interests attaching to the proceeds of the Sale (the "Sale Proceeds") in the same rank and priority as those liens and interests enjoyed prior to the Auction and Sale. The Sale Order shall expressly so provide.

(xii) The Winning Bidder shall be solely responsible for any sales, transfer or other taxes, if any, applicable to its acquisition of the Assets or any Separate Lot.

(xiii) The sale of the Assets or any Separate Lot shall be on an "as is, where is" basis and without representations or warranties of any kind, nature or description by the Seller, its respective bankruptcy estates, or its respective agents. By submitting a bid, each Qualified Bidder shall be deemed to have acknowledged and represented that (i) it has had an opportunity to inspect and examine the Assets and Separate Lots and to conduct any and all due diligence regarding the Assets and Separate Lots prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents, Assets and/or Separate Lots in making its bid; and (iii) it did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets and any Separate Lot by any Person whatsoever, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these bidding procedures or, as to the Winning Bidder, the applicable purchase agreement.

(xiv) Notwithstanding anything to the contrary in the Sale Motion or the Agreement, a Winning Bid shall have been accepted by the Seller only upon entry

of the Sale Order and the Seller will not be obligated to take any action related to the sale of the Assets or any Separate Lot unless and until the Court enters the Sale Order, which must be in form and substance reasonably satisfactory to the Seller and Bank One, NA. The Seller's presentation to the Court for approval of a Winning Bid does not constitute the Seller's acceptance thereof.

(xv) Upon the Court's entry of the Sale Order, a Winning Bidder(s) (which may be the Buyer) shall become a "Purchaser."

(b) Notwithstanding anything to the contrary herein, Seller shall have the right to (i) modify the foregoing terms from time to time; and (ii) continue the Auction by announcement either at the Auction or in open Court, without being required to serve any additional notices upon any Person. However, Seller shall be prohibited from conducting at the Auction any "closed" or "sealed" bidding where bids are not placed on the record.

(c) As part of the Sale Procedures, Seller will seek the Court's approval, under Section 365 of the Bankruptcy Code, for the assumption of the Assumed Contracts and the assignment of the Assumed Contracts. Seller shall (i) notify, in accordance with the requirements of the applicable provisions of the Bankruptcy Code, all parties entitled to receive notice of such motion, as modified by orders in respect of notice that may be issued at any time and from time to time by the Court, and (ii) use reasonable efforts to obtain the Court's approval of the same.

(d) The Buyer and all Qualified Bidders agree that they shall deliver to Seller written evidence of their respective abilities to provide adequate assurance of future performance in accordance with the requirements of Section 365(f)(B) of the Bankruptcy Code in the event of an objection on such grounds made by any Person that is party to an Assumed Contract. In addition, Buyer and all Qualified Bidders agree to cooperate with reasonable requests for additional evidence thereof that are made by any Person who is a party to any Assumed Contract. Seller acknowledges and agrees that Seller will not challenge the Buyer's demonstration of its ability to provide adequate assurance of future performance as required herein.

(e) The Buyer acknowledges and agrees that Buyer has entered into this Agreement at arms-length and in good faith. It further acknowledges and agrees that the Purchase Price agreed upon in this Agreement has not been controlled by any agreement among any potential bidders and that the Buyer's offer has not been collusive with any other bidder, whether or not Qualified, in any way. Seller agrees to apply to the Court for a finding that Buyer, if the Winning Bidder, is a good faith purchaser within the meaning of Section 363(m) of the Bankruptcy Code and, accordingly, is entitled to all the benefits and protections thereof.

7.13 Auction. Provided that Buyer is not in default under the terms of this Agreement, Buyer shall be deemed a Qualified Bidder and entitled to participate as a Qualified Bidder at the Auction in the event a Qualified Bid is made by another Qualified Bidder.

7.14 Survey. Seller shall provide Buyer with the most recent survey or surveys of the Real Property currently in Seller's possession.

7.15 Maintenance of Sensitive Military Information. Buyer shall maintain the confidentiality of all sensitive military information and agrees to retain all sensitive military information concerning the United States within the United States. Buyer shall comply with the Exon-Florio Act, the Department of Defense Directive Number 5230.25 dated November 6, 1984, revised as of August 18, 1995, and all other restrictions imposed by law (i) with respect to the purchase of the Assets or Separate Lots; or (ii) with respect to the exercise of any of Buyer's rights hereunder, including those rights contained in Section 7.6.

ARTICLE VIII. CONDITIONS TO OBLIGATIONS OF BUYER

The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject, to the extent not waived, to the satisfaction of each of the following conditions before or at the Closing.

8.1 Representations and Warranties. Except for changes contemplated by this Agreement, the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing, subject to changes made to the Schedules attached hereto as permitted by this Agreement.

8.2 Performance of this Agreement. Seller shall have performed all obligations and complied with all conditions required by this Agreement to be performed or complied with by it before or at the Closing, to the extent not waived.

8.3 Proceedings. All necessary corporate actions to be taken by Seller in connection with the transactions contemplated herein shall have been completed, all such actions and all documents incident thereto shall be reasonably satisfactory in substance and form to Buyer, and Buyer shall have received all such counterparts, originals or certified or other copies of such documents as Buyer may reasonably request.

8.4 Sale Order. The Court shall have entered the Sale Order which shall have authorized Seller to convey to Buyer all of its right, title and interest in and to the Assets free and clear of all liens and interests ("Liens") and the Court shall have approved the assignment and assumption of the Contracts as contemplated hereby. The Sale Order, which must be reasonably satisfactory in form and substance to Buyer and to Bank One, NA, shall authorize Seller to enter into and consummate this Agreement and the transactions contemplated herein in their entirety, and shall further provide, among other things, that (i) the transfers of the Assets by Seller to Buyer pursuant to this Agreement (a) are or will be valid and effective transfers of the Assets; (b)

vest or will vest Buyer with good title to the Assets, free and clear of all Liens other than the Permitted Exceptions; (c) constitute the best offer or value received by Seller for the Assets; and (d) do not and will not subject Buyer to any liability as a successor of Seller; (ii) the Court retains jurisdiction to enforce the provisions of this Agreement in all respects; (iii) the provisions of the Sale Order are nonseverable and mutually dependent; (iv) the transactions contemplated by this Agreement are undertaken by Buyer in good faith, as that term is used in Section 363(m) of the Bankruptcy Code; (v) pursuant to Section 363(n) of the Bankruptcy Code, the consideration paid under this Agreement was not controlled by an agreement among potential bidders at the hearing; (vi) Seller has fully satisfied the requirements of Sections 365(b)(1)(A) and (B) of the Bankruptcy Code with regard to the Contracts; (vii) the terms and provisions of the Sale Order and this Agreement shall remain in full force and effect upon the dismissal or conversion of the Chapter 11 Cases to a case or cases under Chapter 7 of the Bankruptcy Code; (viii) the stay provided for under Federal Rule of Bankruptcy Procedure 6004(g) is waived; and (ix) the terms and provisions of the Sale Order and this Agreement shall be binding on all creditors and other parties in interest in these Chapter 11 Cases. The Sale Order shall provide that, notwithstanding Rules 6004(g) and Rule 6006(d) of the Federal Rules of Bankruptcy Procedure, the Sale Order shall take effect immediately upon signature and any stay of such Sale Order is lifted and waived.

8.5 Legislation. No statute, rule or regulation shall have been enacted which prohibits the consummation of the transactions contemplated hereby.

8.6 Related Agreements. Seller shall have executed and delivered all Related Agreements.

8.7 Real and Personal Property Taxes. Seller shall pay and discharge any and all delinquent real and personal property taxes assessed against the Assets (the "Delinquent Taxes") out of the Sale Proceeds as described herein. The parties intend for the transactions contemplated herein shall be exempt from state and local taxation pursuant to Bankruptcy Code Section 1146(c). In the event that the transactions are determined not to be so exempt from state and local taxation, then the Buyer shall be responsible for the payment of such taxes, as provided in Section 7.9.

8.8 Access. Prior to the Closing Date and subject to the restrictions on Buyer's access described in Section 7.6 herein, Seller shall, upon reasonable prior notice to Seller, (i) grant to Buyer and its representatives, employees, counsel and accountants, reasonable access during normal business hours and upon reasonable notice to key personnel, properties, books, commitments, contracts and records of Seller relating to the Assets and the Business; (ii) will furnish to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Business as such Persons may reasonably request and (iii) will instruct the agents, counsel and financial advisors of Seller to cooperate with Buyer in its investigation of the Business.

8.9 Insurance Coverage for Material Damage. In the event of physical damage to a material portion of the Assets prior to Closing, Seller shall have sufficient property and casualty insurance coverage in an amount sufficient to cover the payment described in Section 7.2(b)(ii).

8.10 Employees. Buyer shall not be restricted from hiring any employees of Seller with respect to the Business.

8.11 No Bankruptcy Sale Objections. As of the Closing Date, there shall be no written objection filed by an Authority with the Court and not withdrawn or overruled in the Chapter 11 Cases seeking to prohibit consummation of the transaction contemplated by this Agreement as a result of any asserted foreign ownership of Buyer (the "Bankruptcy Sale Objection").

ARTICLE IX. CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject, to the extent not waived, to the satisfaction of each of the following conditions before or at the Closing:

9.1 Representations and Warranties. Except for changes contemplated by this Agreement, the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing.

9.2 Performance of this Agreement. Buyer shall have performed all obligations and complied with all conditions required by this Agreement to be performed or complied with by it before or at the Closing, to the extent not waived by Seller.

9.3 Proceedings. All corporate and other proceedings to be taken by Buyer, if any, in connection with the transactions contemplated hereby shall have been completed, all such proceedings and all documents incident thereto shall be reasonably satisfactory in substance and form to Seller and Seller shall have received all such counterparts originals or certified or other copies of such documents as Seller may reasonably request.

9.4 Consents and Approvals. All consents, authorizations, orders or approvals of any Authority and of individuals or business entities which Buyer is required to obtain in order to consummate the transactions contemplated by this Agreement shall have been obtained by Buyer and all waiting periods specified by law with respect thereto shall have passed.

9.5 Sale Order. The Court shall have entered the Sale Order which shall authorize the Seller to convey to the Buyer all of Seller's right, title and interest in and to the Assets free and clear of all liens and interests (except as otherwise specified herein), and the Court shall have approved the assignment and assumption of the Contracts as contemplated herein.

9.6 Legislation. No statute, rule or regulation shall have been enacted that prohibits or restricts the consummation of the transactions contemplated hereby.

9.7 **Related Agreements.** Buyer shall have executed and delivered each of the Related Agreements to which it is a party.

**ARTICLE X
DELIVERIES, ETC., IN CONNECTION WITH CLOSING**

10.1 Time and Place of Closing. If all the conditions to Closing set forth in this Agreement have been satisfied or waived in writing prior to such date, the Closing will take place on the Closing Date and at the Chicago, Illinois offices of Shaw, Gussis, Fishman, Glantz, Wolfson & Towbin, LLC. Notwithstanding the foregoing, the Closing must occur by no later than 5:00 p.m. (Chicago time) on September 30, 2003, unless that date is extended pursuant to Section 11.1(a)(iv). If the Closing takes place, the Closing and all of the transactions contemplated by this Agreement shall be deemed to have occurred simultaneously and become effective as of 12:01 a.m. on the date of Closing.

10.2 Deliveries by Seller. At or before the Closing, Seller shall deliver to Buyer, as applicable, the following:

- (a) a bill or bills of sale, a deed or deeds (transferring the Real Property, and such other document or documents suitable for filing, registration or recording, (if applicable) as are necessary to transfer to Buyer the Assets;
- (b) evidence that all of the proceedings contemplated by Section 8.3 have been completed;
- (c) each of the Related Agreements executed by Seller to which it is a party;
- (d) certified copies of the Sale Order and any separate order authorizing assumption and assignment of the Assumed Contracts;
- (e) such other documents, instruments or writings required to be delivered to the Buyer at or prior to the Closing pursuant to his Agreement and documents as Buyer may reasonably request; and
- (f) the Transition Services Agreement executed by Seller.

10.3 Deliveries by Buyer. At or before the Closing, Buyer shall deliver to Seller, as applicable, the following:

- (a) the Purchase Price of the Assets or any Separate Lot(s) in immediately available funds;
- (b) the Transition Services Agreement executed by Buyer;

- (c) evidence that all of the proceedings contemplated by Section 9.3 have been completed;
- (d) copies of any consents obtained as contemplated by Section 9.4;
- (e) certified copies of Buyer's certificates of incorporation and bylaws and a Secretary's Certificate regarding the resolutions adopted by the board of directors of Buyer authorizing the Buyer to enter into and consummate this Agreement and of the transactions contemplated thereby;
- (f) each of the Related Agreements duly executed by Buyer to which it is a party; and
- (g) such other documents, instruments or writings required to be delivered to the Seller at or prior to the Closing pursuant to his Agreement and documents as Seller may reasonably request.

ARTICLE XI TERMINATION

11.1 Grounds for Termination.

- (a) This Agreement may be terminated at any time prior to the Closing:
 - (i) by mutual written agreement of the Seller, Buyer and Bank One, NA;
 - (ii) by Buyer upon written notice in the event of a material breach of any covenant or agreement to be performed or complied with the Seller, or in the event of a material breach of any representation or warranty of the Seller, which breach would result in a condition to Closing set forth in Article VIII hereof becoming incapable of fulfillment or cure (which condition has not been waived by the Buyer in writing) prior to the Drop Dead Date;
 - (iii) by Seller upon written notice in the event of a material breach of any covenant or agreement to be performed or complied with the Buyer, or in the event of a material breach of any representation or warranty of the Buyer, pursuant to the terms of this Agreement which breach would result in a condition to Closing set forth in Article IX hereof becoming incapable of fulfillment or cure (which condition has not been waived by the Seller in writing) prior to the Drop Dead Date;
 - (iv) by either the Seller or the Buyer if the Closing shall not have been consummated on or before 5:00 p.m. (Chicago time) on September 30, 2003,

provided, however, that Seller and Bank One, NA, acting in their sole discretion, may agree in writing to extend such date up to and including November 28, 2003, which determination, if made by Seller and Bank One, NA, shall be binding upon Seller and Buyer (as the case may be, the "Drop Dead Date");

(v) by the Seller if there shall be any law or administrative regulation enacted or adopted by any Authority that would prohibit the Closing of the Sale or if consummation of the transactions contemplated hereby would violate any nonappealable final order of any court or Authority having competent jurisdiction (other than the Court); or

(vi) by either the Seller or the Buyer if the Court shall have issued an order which has become final and nonappealable restricting or restraining in a material manner or enjoining or otherwise prohibiting or making illegal the effectuation of the transactions contemplated by this Agreement.

The party desiring to terminate this Agreement pursuant to this Section 11.1 shall give written notice of such termination to the other party hereto.

11.2 Effect of Termination. If this Agreement is terminated as permitted by Section 11.1, except as set forth in this Section 11.2, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of either party thereto (or their respective directors, officers, employees, agents, consultants, advisors, other representatives, or affiliates); *provided, however*, that (i) nothing contained in this Agreement will relieve any party from any liability arising from such party's (A) willful failure to fulfill a condition to the performance of the obligations of the other party, (B) failure to perform a covenant of this Agreement, or (C) breach of any representation or warranty or agreement contained herein; and (ii) if a competing bidder(s) other than Magnum shall acquire the Assets or any Separate Lots under competitive bidding as described in Section 7.11 herein, Magnum shall be entitled to a cash break-up fee of Three Hundred Sixty Thousand Dollars (\$360,000) (the "Break-Up Fee"), which shall be paid to Magnum at Closing from the Sale Proceeds, which shall be considered to be a reasonable and necessary cost of administering the Assets, and which shall, to the extent allowed by the Court, be entitled to a superpriority administrative expense under the Bankruptcy Code. However, if Magnum acquires all of the Assets in bulk or any Separate Lot, Magnum shall not be entitled to payment of the Break-Up Fee or the return of the Earnest Money Deposit. In addition, if Buyer acquires all of the Assets in bulk or any Separate Lot, Buyer shall not be entitled to the return of the Earnest Money Deposit. In the circumstances described in the preceding sentence, the Earnest Money Deposit shall be applied against the Purchase Price or the amount of the Buyer's Winning Bid for any Separate Lot(s). If this Agreement is terminated (x) as set forth in Section 11(a)(iii) or (y) due to the Buyer's refusal or failure to timely close the Sale transactions described herein in the event that all of the conditions to Buyer's obligations set forth in Article VIII have been satisfied (or otherwise waived), then Seller shall be entitled to retain the Earnest Money Deposit as an element of its damages caused by such termination, but such retention shall not be in limitation or in full liquidation of those damages. The Earnest Money Deposit so retained by

the Seller under circumstances described in the preceding sentence shall be immediately remitted by Seller to Bank One, NA by wire transfer and applied by Bank One, NA in partial reduction of its allowed claim in the Chapter 11 Cases subject, however, to any third-party rights specified in the Final Cash Collateral Order entered in these Chapter 11 Cases. Notwithstanding anything to the contrary contained herein, neither Buyer nor Seller shall be entitled to recover consequential damages from the other.

11.3 Effect of Divestiture Order. In the event that any Authority orders the divestiture of all or a portion of the Assets by the Buyer (the "Divested Assets"), then Seller and Buyer shall cooperate with each other in arranging for a prompt disposition of the Divested Assets to another entity and the net proceeds of any such disposition shall be delivered to the Buyer. The foregoing right of the Buyer to the net proceeds of disposition shall be the sole and exclusive recourse by the Buyer on account of such divestiture. In no circumstances, however, shall the Seller or Bank One, NA, be required to return any portion of the Earnest Money Deposit or the Purchase Price to the Buyer on account of such divestiture.

ARTICLE XII GENERAL PROVISIONS

12.1 Amendment. This Agreement may be amended at any time only by writing executed by each of the parties hereto.

12.2 Extension; Waiver. At any time before the Closing, any party to this Agreement which is entitled to the benefits thereof may (i) extend the time for the performance of any of the obligations of another party hereto, (ii) waive any misrepresentation (including an omission) or breach of a representation or warranty of another party hereto, whether contained herein or in any exhibit, schedule or document delivered pursuant hereto, or (iii) waive compliance of another party hereto with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in a written instrument signed by the party or parties giving the extension or waiver.

12.3 Notices. All notices and other communications required or permitted hereunder shall be in writing (including telefax or similar writing) and shall be given,

(a) If to Seller, to:

Robert M. Fishman, Esq.
Shaw Gussis Fishman Glantz Wolfson & Towbin LLC
1144 West Fulton Street, Suite 200
Chicago, Illinois 60607
Telephone No. (312) 541-0151
Fax No. (312) 541-0155

(b) If to Buyer, to:

Camozzi Pneumatics, Inc.
c/o Camozzi S.p.A.
Via Eritrea 20/1
25126 Brescia - Italy
Telephone No. 39-030-37921
Fax No. 39-030-2400464

With copies to:

Bradley T. Koch
Holmstrom & Kennedy, P.C.
800 N. Church Street
P. O. Box 589
Rockford, IL 61105
Telephone No. (815) 962-7071
Fax No. (815) 962-7181

(c) If to Bank One, NA, to:

Mr. Richard Howard
Vice President
Bank One, NA
Mail Code IL1-0631
1 Bank One Plaza
Chicago, Illinois 60670
Telephone No. (312) 732-3179
Fax No. (312) 732-1775

With copies to:

Edgar C. Howbert, Esq.
Dickinson Wright PLLC
500 Woodward Avenue, Suite 4000
Detroit, Michigan 48226
Telephone No. (313) 223-3517
Fax No. (313) 223-3598

and

Patrick E. Mears, Esq.
Dickinson Wright PLLC
200 Ottawa Avenue, NW, Suite 900
Grand Rapids, Michigan 49503
Telephone No. (616) 336-1056
Fax No. (616) 458-6753

or (d) in either case, to such other person or to such other address or fax number as a party to whom notice is to be given may have furnished the other parties in writing by like notice. If mailed, any such communication shall be deemed to have been given on the third (3rd) business day following the day on which the communication is posted by registered or certified mail (return receipt requested). If notice is given by any other means, it shall be deemed to have been given when delivered to the address specified in this Section 12.3.

12.4 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretations of this Agreement. Unless the context otherwise requires, terms (including defined terms) used in the plural include the singular, and vice versa.

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

12.6 Miscellaneous. This Agreement (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof; (ii) is not intended to and shall not confer upon any person, association or entity, other than the parties hereto, any rights or remedies with respect to the subject matter or any provision hereof; and (iii) shall inure to the benefit of and shall be binding upon each of Buyer and Seller and their respective successors and assigns, including, without limitation any trustee appointed or elected in Seller's proceedings.

12.7 Exclusive Jurisdiction. The parties hereby agree that, without limitation of any party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder or the transactions contemplated herein; and (ii) any and all claims, actions, causes of action, suits and proceedings relating to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent and submit to the jurisdiction of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 12.3 hereof.

12.8 AS IS. SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE ASSETS ON AN "AS IS

WITH ALL FAULTS" BASIS, AND THAT, BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE ASSETS, INCLUDING, WITHOUT LIMITATION: (i) the quality, nature, adequacy and physical condition of the Assets, including, but not limited to, the structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities and appliances; (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Real Property, (iv) the compliance of the Assets with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (v) the presence of Hazardous Substance on, under or about the Real Property or the adjoining or neighboring property, (vi) the quality of any labor and materials used in any improvements on the Real Property, and (viii) the economics of the operation of the Business.

12.9 Time of the Essence. Time is of the essence with respect to the performance by Buyer and Seller of all of their respective obligations under this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

SELLER:

INGERSOLL, INC.

By: Paul J. Ballweg
Name: Paul J. Ballweg
Title: Asst. Secretary

INGERSOLL INTERNATIONAL, INC.

By: Paul J. Ballweg
Name: Paul J. Ballweg
Title: VP - Finance

THE INGERSOLL MILLING MACHINE
COMPANY

By: Paul J. Ballweg
Name: Paul J. Ballweg
Title: Asst. Secretary

**INGERSOLL CTC REAL ESTATE
COMPANY**

By: *Paul J. Bellamy*
Name: *Paul J. Bellamy*
Title: *Asst. Secretary*

**INGERSOLL CONTRACT
MANUFACTURING COMPANY**

By: *Paul J. Bellamy*
Name: *Paul J. Bellamy*
Title: *Asst. Secretary*

BUYER:

CAMOZZI PNEUMATICS, INC.

By: *Lodovico Camozzi*
Name: *Lodovico Camozzi*
Title: *Chief Financial Officer*

CONSENTED TO BY:

CAMOZZI HOLDING S.p.A.
as guarantor, for purposes of Section 3.2 only

By: *Lodovico Camozzi*
Name: *Lodovico Camozzi*
Title: *Chief Financial Officer*

SCHEDULES TO ASSET PURCHASE AGREEMENT

NOTE: The following numbered Schedules refer to the Exhibit Book prepared by the Ingersoll debtors and the lettered/numbered tabs contained therein. Please refer to the Exhibit Book for the detailed information referenced herein.



SCHEDULE 2.1(a)

(Real Estate Owned by Seller)

Exhibit Book
Reference

707 Fulton Avenue
Rockford, IL 61103

5602 Pike Road
Loves Park, IL 61111

C-3

505 Fulton Avenue
Rockford, IL 61103

Oxford Park
Rockford, IL 61111

Please refer to the Exhibit Book for the detailed information referenced herein.



SCHEDULE 2.1(aa)**(Permitted Exceptions)**

The Real Property described in Schedule 2.1(a) will be offered for sale at auction subject to the following exceptions:

1. Lease Agreement with Cincinnati Milacron, a division of UNOVA Industrial Automation Systems, Inc. dated June 17, 2003.
2. Clinic License Agreement by and between Ingersoll International, Inc. and Tracy Brito, MD and Linda Razbadouski, MD dated August 19, 2002.
3. Lease Agreement between The Ingersoll Milling Machine Company and Rockford Park District dated November 1, 1988.
4. Lease Agreement between The Ingersoll Milling Machine Company and ISCOC of Rockford, Inc. d/b/a Cellular One dated February 11, 1999 and as amended August 22, 2001 and September 24, 2002.
5. Verbal month-to-month lease agreement between The Ingersoll Milling Machine Company and Rockford Molded Products, Inc. for 5,434 square feet of storage space at 5602 Pike Road, Loves Park, Illinois at a monthly rental rate of \$2,168.

In addition, title searches have been ordered for the Real Property but Seller has not yet received the title search results. Seller anticipates that these search results will disclose certain interests of record that will continue to attach to this property after the Auction, e.g., easements.



SCHEDULE 2.1(b)**(Equipment Owned by Seller)**

	Exhibit Book <u>Tab No.</u>
Machinery and Equipment located at 707 Fulton Avenue, Rockford, IL 61103	B-2
Machinery and Equipment located at 5602 Pike Road, Loves Park, IL 61111	C-2

Please refer to the Exhibit Book for the detailed information referenced herein.



SCHEDULE 2.1(d)**(Intellectual Property Owned by Seller)**

Intellectual property owned, used or licensed (as licensor or licensee) by Seller including (a) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (b) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (c) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities, and financial data), (d) rights in Internet web sites and domain names used by Seller and (e) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller. This property includes the patents and trademarks described in A-1 of the Exhibit Book.

Please refer to the Exhibit Book for the detailed information referenced herein.

SCHEDULE 2.1(h)

(Prepaid Assets)

June 30, 2003

- Prepaid Property Insurance
- Wausau Insurance

\$18,776



SCHEDULE 2.1(e)

(Capital Stock Assumed)

Each of the wholly owned subsidiaries and designated representative offices of Ingersoll Milling Machine Company:

Ingersoll International UK Ltd.
Caxton Close, Crayton Fields, Daventry, Northants, NN11 5RT, England

Each of the wholly owned subsidiaries and representative offices of Ingersoll International Inc.:

Ingersoll International S.A. de C.V. (Mexico)
Ingersoll Internacional de Brasil LTDA
Av. Marechal Camara No. 160-SL 1314
Ext. Orly-Centro 20.020-80 Rio de Janeiro, Brazil

Buyer intends to purchase the assets and/or stock of the above entities based upon the results of due diligence.



SCHEDULE 2.1(oo)**(Amounts Due Seller Under Iveco Contract)
(July - November 2003)**

Net cash flow to 6/30/03	85,282
Sums Payable to Seller from Iveco, S.p.A.	1,912,115
Remit Certain Amounts to Sub-contractors:	
Ingersoll International (UK) Ltd.	(270,000)
Others	(826,648)
Remit Net Proceeds to Ingersoll CM Systems Inc.	<u>900,749</u>

SCHEDULE 3.2

(Parent Guaranty)

See Attached

16

SCHEDULE 4.1(a)

(Intellectual Property Assignment)

See Attached

~

SCHEDULE 4.1(b)

(Transition Services Agreement)

See Attached

SCHEDULE 5.4

(Notices from Governmental Units)

None

SCHEDULE 5.7

(Intellectual Property Potentially Subject to Interest of Third Parties)

Some of the Seller's Intellectual Property is subject to restrictions and limitations in favor of third parties imposed either by contractual agreement, by operation of law or both. The following is a list of the documents so affecting the Intellectual Property:

- License Agreement dated February, 1998 between Alliant Techsystems Incorporated and The Ingersoll Milling Machine Company regarding use of Alliant's patents to manufacture, use and sell fiber replacement machines including Alliant Patent No. 4867834, No. 5045147 and No. 5290389.
- U.S. Patent Nos. 5662568, 5938577 and 6217496 and European Patent No. 0742072 have been subject of certain opposition proceedings by Hüller Hille GmbH and three other German companies. The validity of the patents is being defended by the law firm of Fitch, Even, Tabin & Flannery under an agreement whereby they would receive a 20% interest in any licensing fee that may be received from settlement with the opposing companies.
 - License Agreement with Mori Seiki dated August, 1997 for exclusive use of U.S. Patent No. 5662568 for Japanese market.
License Agreement with Renault Automation Comau S.A. and The Ingersoll Milling Machine Company dated February, 2000 for non-exclusive worldwide (excluding Japan) use of U.S. Patent No. 5662568.
Trademark License Agreement dated October 10, 2002 between The Ingersoll Milling Machine Company, Ingersoll International Inc. and China FTL-Production Systems LLC regarding use of the following trademarks:
 - Ingersoll Production Systems
 - Ingersoll Production Machinery
 - Ingersoll Dalian Production System
 - Ingersoll Automation
 - Trademark License Agreement dated December 1, 2000 between Ingersoll International Inc. and IMC Group-USA Inc. regarding use of Ingersoll's trademark in connection with the operation of Licensee's cutting tool business. This Agreement expires November 30, 2005.

To the extent that Seller is determined, pursuant to the terms of a final order entered by the Court, to be the sole owner of any of the foregoing, then Seller shall be deemed to have transferred such property to the Buyer pursuant to this Agreement.

SCHEDULE 5.9**(List of Contracts to be Assumed)**

- 1 Clinic License Agreement by and between Ingersoll International, Inc. and Tracy Brito, MD and Linda Razbadouski, MD dated August 19, 2002.
 - 2 Lease Agreement between The Ingersoll Milling Machine Company and Rockford Park District dated November 1, 1988.
 - 3 Verbal month-to-month lease agreement between The Ingersoll Milling Machine Company and Rockford Molded Products, Inc. for 5,434 square feet of storage space at 5602 Pike Road, Loves Park, Illinois at a monthly rental rate of \$2,168.
- e*

SCHEDULE 7.12

(Description of Separate Lots)

<u>Exhibit Book Tab/Lot No.</u>	<u>Description</u>
A	Intellectual Property - Patents, Marks, Names, etc. - Technology, Designs, etc.
	707 Fulton Ave. (IMM)
B-1	- Inventory
B-2	- M & E
B-3	- Main Plant Facilities
B-4	- Engineering Building
	5602 Pike Road (ICM)
C-1	- Inventory
C-2	- M & E
C-3	- Real Estate
	505 Fulton Ave. (ICT)
D-1	- Real Estate (vacant)
E-1	Oxford Park (community park)

Please refer to the Exhibit Book for the detailed information referenced herein.

A

GRANDS 14374 13427411

TRADEMARK
REEL: 003112 FRAME: 0833

AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT (this "Amendment") made as of the 19th day of August, 2003, by and among INGERSOLL, INC., INGERSOLL INTERNATIONAL, INC., THE INGERSOLL MILLING MACHINE COMPANY, INGERSOLL CTC REAL ESTATE COMPANY and INGERSOLL CONTRACT MANUFACTURING COMPANY (collectively referred to herein as "Seller") and CAMOZZI HOLDING S.p.A., or any of its assignees, parent or affiliates ("Buyer").

RECITALS:

This Agreement is based upon the following recitals:

WHEREAS, Seller and Buyer have entered onto that certain Asset Purchase Agreement dated August 14, 2003.

WHEREAS, Seller and Buyer have agreed to amend the APA to clarify the

NOW THEREFORE, in consideration of the foregoing recitals, and for good and valuable consideration, the receipt and adequacy of which are hereby mutually acknowledged, the parties hereto do hereby covenant and agree as follows:

AMENDMENTS TO APA

1.1 **Section 2.1 (d)**. Section 2.1 (d) of the APA shall be replaced in its entirety with the following:

(d) **Intellectual Property**. Any intellectual property owned by Seller including (i) patents, patent disclosures, the names and any other trademarks, service marks, trade dress, trade names, logos, copyrights (registered and unregistered) and mask works, and all registrations, applications and goodwill associated with the foregoing, (ii) computer software (including source and object codes), databases, data models or structures, algorithms, system architectures and related documentation, data and manuals, (iii) trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and

files, price lists, market studies, business plans, business opportunities, and financial data), (iv) rights in Internet web sites and domain names used by Seller and (v) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller (collectively, the "Intellectual Property"). Intellectual Property includes, but is not necessarily limited to, the property listed in Tab A-1 of the Exhibit Book and also specifically includes any computer or other equipment of Seller in which Intellectual Property is stored or otherwise contained and cannot be readily separated from such equipment. Notwithstanding the foregoing, the Buyer's right, title and interest in any Seller Intellectual Property at Closing shall be subject to any existing rights of Seller affiliates and any third party in such Intellectual Property, whether such rights were granted through a license or not, prior to the date hereof.

1.2 Section 2.1 (f). Section 2.1 (i) of the APA shall be replaced in its entirety with the following:

(i) The names Ingersoll, Inc., Ingersoll International, Inc., The Ingersoll Milling Machine Company, Ingersoll CTC Real Estate Company and Ingersoll Contract Manufacturing Company, and any and all logos and trade names used by Seller in the World.

1.3 Section 2.2 (n). Section 2.2 (n) of the APA shall be replaced in its entirety with the following:

(n) any intellectual property owned by any entity other than Sellers including, but not limited to, intellectual property subject to the Non-Disclosure Agreements and the Intellectual Property of any affiliate of Seller that is not a signatory to this Agreement.

1.4 Section 8.11. Section 8.11 of the APA shall be deleted in its entirety.

MISCELLANEOUS

2.1 This Amendment is and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

2.2 Each person executing this Amendment on behalf of a party hereto, for himself and on behalf of the party for which he is executing, represents and warrants that he has received all necessary power and authority to do so.

2.3 The validity, construction, interpretation, effect and enforceability of this

Amendment shall be governed by the laws of the State of Illinois without regard to any conflicts of law principles.

2.4 This Amendment may be executed in one or more counterparts, any of which need not contain the signature of more than one party and all of which taken together shall constitute one and the same agreement.

2.5 This Amendment shall become effective when fully executed and delivered by all parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed by their duly authorized officers.

SELLER:

INGERSOLL, INC.

By: _____
Name: _____
Title: _____

INGERSOLL INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

**THE INGERSOLL MILLING MACHINE
COMPANY**

By: _____
Name: _____
Title: _____

**INGERSOLL CTC REAL ESTATE
COMPANY**

By: _____
Name: _____
Title: _____

**INGERSOLL CONTRACT
MANUFACTURING COMPANY**

By: _____
Name: _____

Title: _____

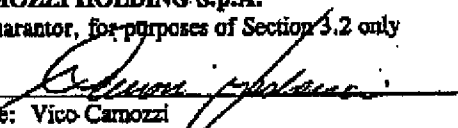
BUYER:

CAMOZZI PNEUMATICS, INC.

By: 
Name: Vico Camozzi
Title: Chief Financial Officer

CONSENTED TO BY:

CAMOZZI HOLDING S.p.A.
as guarantor, for purposes of Section 3.2 only

By: 
Name: Vico Camozzi
Title: Chief Financial Officer

TRADEMARK
REEL: 003112 FRAME: 0838

AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT (this "Amendment") made as of the 19th of August 2003, by and among **INGERSOLL, INC., INGERSOLL INTERNATIONAL, INC., THE INGERSOLL MILLING MACHINE COMPANY, INGERSOLL CTC REAL ESTATE COMPANY and INGERSOLL CONTRACT MANUFACTURING COMPANY** (collectively referred to herein as "Seller") and **CAMOZZI PNEUMATICS, INC.**, a Texas corporation, a fully owned subsidiary of **CAMOZZI HOLDING S.p.A.**, or any of its assignees, parent or affiliates ("Buyer").

RECITALS:

This Agreement is based upon the following recitals:

WHEREAS, Seller and Buyer have entered into that certain Asset Purchase Agreement dated August 14, 2003, as amended (the "APA");

WHEREAS, Seller and Buyer have agreed to amend the APA as more fully set forth in this Amendment;

NOW THEREFORE, in consideration of the foregoing recitals, and for good and valuable consideration, the receipt and adequacy of which are hereby mutually acknowledged, the parties hereto do hereby covenant and agree as follows:

AMENDMENT TO THE APA

1.1 Deletion of Section 11.1(a)(vi). Subsection 11.1(a)(vi) shall be deleted in its entirety

MISCELLANEOUS

2.1 This Amendment is and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

2.2 Each person executing this Amendment on behalf of a party hereto, for himself and on behalf of the party for which he is executing, represents and warrants that he has received all necessary power and authority to do so.

2.3 The validity, construction, interpretation, effect and enforceability of this Amendment shall be governed by the laws of the State of Illinois without regard to any conflicts of law principles.

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2.4 This Amendment may be executed in one or more counterparts, any of which need not contain the signature of more than one party and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

SELLER:

INGERSOLL, INC.

By: _____
Name: _____
Title: _____

INGERSOLL INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

**THE INGERSOLL MILLING MACHINE
COMPANY**

By: _____
Name: _____
Title: _____

**INGERSOLL CTC REAL ESTATE
COMPANY**

By: _____
Name: _____
Title: _____

**INGERSOLL CONTRACT
MANUFACTURING COMPANY**

By: _____
Name: _____
Title: _____

BUYER:

CAMOZZI PNEUMATICS, INC.

By:  _____
Name: Vico Camozzi
Title: Chief Financial Officer

{A0050451.DOC} - A-

A0031241.DOC

TRADEMARK
REEL: 003112 FRAME: 0840

CONSENTED TO BY:

CAMOZZI HOLDING S.p.A.
as guarantor,

By: _____

Name: Vico Camozzi

Title: Chief Financial Officer

(A0050451.DOC)-A-

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