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Form PTO-1594 (Rev. 03/05)
OMB No. 0651-0027 (exp. 6/30/2005)

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



12/8/5

103131599
TRADEMARKS ONLY

HEET

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

SDC International, Inc.
SDC Innovations, Inc.
B. Kenneth Holiday
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

Citizenship (see guidelines) _____

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

3. Nature of conveyance/Execution Date(s) :

Execution Date(s) January 30, 2004
 Assignment Merger
 Security Agreement Change of Name
 Other Asset Purchase Agreement (w/o exhibits and schedules)

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Atlas Die, LLC
Internal Address: _____
Street Address: c/o Keystone Capital, Inc.
520 Lake Cook Road, Suite 650
City: Deerfield State: Illinois
Country: USA Zip: 60015

Association Citizenship _____
 General Partnership Citizenship _____
 Limited Partnership Citizenship _____
 Corporation Citizenship _____
 Other LLC Citizenship USA

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
See Attached Exhibit A

B. Trademark Registration No.(s)
See Attached Exhibit A

Additional number(s) attached? Yes No

Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Kilyk & Bowersox, P.L.L.C.
Internal Address: _____
Street Address: 3603-E Chain Bridge Road
City: Fairfax
State Virginia Zip: 22030
Phone Number: (703) 385-9688
Fax Number: (703) 385-9719
Email Address: _____

6. Total number of applications and registrations involved:

4

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 160.00

Authorized to be charged by credit card
 Authorized to charge any discrepancy to deposit account
 Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers 0253
Expiration Date October 2007
b. Deposit Account Number 50-0925
Authorized User Name Leonard D. Bowersox

9. Signature:

Leonard D. Bowersox

Signature
Leonard D. Bowersox
Name of Person Signing

12/08/2005 November 14, 2005
Date Date

01 of 0501 of pages including cover
02 of 0322 of pages including cover

48.00 CP
75.00 CP

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

Date: November 14, 2005 Label No. EV333351630US I hereby certify that, on the date indicated above, I deposited this paper with identified attachments and/or fee with the U.S. Postal Service and that it was addressed for delivery to The Commissioner for Trademarks, P.O. Box 1451, Alexandria, VA 22313-1451 by "Express Mail Post Office to Addressee" service.

Donald S. Prater
Name (Print)

Donald S. Prater
Signature



11-15-2005
U.S. Patent & TMOc/TM Mail Rcpt Dt. #64

TRADEMARK
REEL: 003266 FRAME: 0854

Exhibit A
Trademarks & Pending Trademark Applications

<u>Status</u>	<u>Date of Reg. or Filing Date</u>
Registration No. 1,979,693	Registered: 06/11/1996
Registration No. 2,395,517	Registered: 10/17/2000
Registration No. 2,746,805	Registered: 08/05/2003
Trademark App. No. 76/450117	Filed: 09/16/2002

ASSET PURCHASE AGREEMENT

by and among

SDC INTERNATIONAL, INC.,

SDC INNOVATIONS, INC.,

B. KENNETH HOLLIDAY

And

ATLAS DIE, LLC,

Dated as of January 30, 2004

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EXHIBITS

Exhibit A	Form of Seller Note
Exhibit B	Form of Investment and Employment Agreement
Exhibit C	Form of Bill of Sale
Exhibit D	Form of Patent Assignment
Exhibit E	[INTENTIONALLY OMITTED]
Exhibit F	Form of Trademark Assignment
Exhibit G	Form of Seller's Closing Certificate
Exhibit H	Form of Buyer's Closing Certificate

DISCLOSURE AND OTHER SCHEDULES

Allocation Schedule
Assumed Liabilities Schedule
Bank Accounts Schedule
Capital Expenditures Schedule
Change of Control Payments Schedule
Compliance Schedule
Contracts Schedule
Customers Schedule
Developments Schedule
Employee Benefits Schedule
Environmental and Safety Schedule
Excluded Assets Schedule
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Financial Statements Schedule
Insurance Schedule
Intellectual Property Schedule
Leased Real Property Schedule
Litigation Schedule
Permits Schedule
Permitted Liens Schedule
Qualifications Schedule
Related Party Schedule
Restrictions Schedule
Suppliers Schedule
Tax Schedule
Third-Party Approvals Schedule
Vehicles Schedule

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (including all Schedules and Exhibits hereto, this "Agreement") is made and entered into as of January 30, 2004 by and among SDC International, Inc., a Georgia corporation ("Seller"), SDC Innovations, Inc., a Georgia corporation ("Innovations"), B. Kenneth Holliday, the sole shareholder of Seller and Innovations ("Shareholder"), and Atlas Die, LLC, a Delaware limited liability company ("Buyer"). Except as otherwise provided herein, capitalized terms used herein have the meanings set forth in Article I hereof.

Seller is engaged in the conduct of the Business, and Buyer desires to acquire, and Seller desires to sell, substantially all of the assets of the Business (subject to certain related liabilities).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. Whenever used in this Agreement, the following terms and phrases have the following respective meanings:

"Affiliate" shall mean, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 10% or more of the stock or other interests having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person, and (iii) each of such Person's officers, directors, joint venturers, managers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership or voting securities, by contract or otherwise.

"Business" means all business activities conducted by Seller as of the date hereof and as of the Closing Date (including, without limitation, the business of manufacturing steel rule cutting dies and converting tooling and related products from distribution facilities located in the following geographic areas: Decatur, Georgia, Greensboro, North Carolina, Richmond, Virginia, Elmhurst, Illinois, and the in-house operations located at the MEAD/Westvaco facilities in Mebane, North Carolina and Garner, North Carolina.

"Business Intellectual Property" means Intellectual Property owned or used by Seller or Innovations.

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

"Contracts" means all contracts, leases, licenses, supply and distribution agreements, sales and purchase agreements and orders, confidentiality agreements, insurance policies and contracts and other agreements (including dealership, service, maintenance, vendor, customer and service agreements) and business arrangements (including all such items listed on the attached Contracts Schedule, Insurance Schedule and Employee Benefits Schedule or specifically identified on any other Schedules attached hereto or not required to be described thereon due to specific dollar thresholds specified in this Agreement but not including those items listed on the Excluded Contracts Schedule).

For purposes of this definition, "**Seller**" shall be deemed to include all Affiliates of Seller and any predecessors to Seller and any Person with respect to which Seller is a successor-in-interest (including by operation of law, merger, liquidation, consolidation, assignment, assumption or otherwise).

"Facilities" means Seller's offices and facilities located in Decatur, Georgia, Greensboro, North Carolina, Richmond, Virginia, and Elmhurst, Illinois.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time, applied in a manner consistent with the preparation of the financial statements in Section 5.3.

"Guaranty" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon the debt, obligation or other liability of any other Person (other than by endorsements of instruments in the ordinary course of collection), or guarantees of the payment of dividends or other distributions upon the shares of any other Person.

"Indebtedness" means, with respect to any Person at any date, without duplication: (i) all obligations of such Person for borrowed money or in respect of loans or advances; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments (including, without limitation, any seller notes, deferred purchase price obligations or earnout obligations issued or entered into in connection with any acquisition undertaken by such Person); (iii) all obligations in respect of letters of credit, whether or not drawn, and bankers' acceptances issued for the account of such Person; (iv) all capitalized lease liabilities of such Person; (v) all interest rate protection agreements of such Person (valued on a market quotation basis); (vi) all obligations of such Person secured by a contractual lien; (vii) all Guarantees of such Person in connection with any of the foregoing; and (viii) any accrued interest, prepayment premiums or penalties related to any of the foregoing.

"Intellectual Property" means all of the following in any jurisdiction throughout the world, together with all income, royalties, damages and payments due or payable as of the Closing or thereafter (including damages and payments for past, present or future infringements or misappropriations thereof, the right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world): patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice) and any reissue, continuation, continuation-in-part, revision, extension or reexamination thereof; registered and unregistered

trademarks, service marks, trade dress, logos, slogans, trade names, Internet domain names and corporate names, together with all goodwill associated therewith (including, without limitation, the trademarks and trade names "SDC International" and "SouthEastern Die"), and all translations, adaptations, derivations and combinations of the foregoing and all logos related to the foregoing; copyrights and copyrightable works; mask works; and all registrations, applications and renewals for any of the foregoing; trade secrets and confidential and proprietary information (including ideas, formulae, recipes, compositions, know-how, related processes and techniques, research and development information, drawings, specifications, designs, plans, proposals and technical data and manuals); referral source lists and related information; and computer software (including data and related documentation); together with all associated goodwill with respect thereto and all books, records, drawings or other indicia, however evidenced; in each case including the items set forth on the attached Intellectual Property Schedule.

"Inventory" means all inventory (including all raw materials, packaging materials, manufactured or purchased parts, work in process, finished goods, goods in transit, consigned goods and returned goods).

"Liens" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction and including any lien or charge arising by statute or other laws, which secures the payment of a debt (including, without limitation, any Tax) or the performance of an obligation.

"Material Adverse Change" or "Material Adverse Effect" means any change, development or effect that has been or would reasonably be expected to be materially adverse to the business, assets, liabilities, operations, financial condition, operating results, earnings, customer and supplier relations, employee and sales representative relations or business prospects of Seller or the Business taken as a whole or on the ability of any Party hereto to consummate timely the transactions contemplated hereby.

"Permitted Liens" means (i) liens for current property taxes or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings by Seller and for which appropriate reserves have been established in accordance with GAAP; (ii) mechanics, carriers workers, repairers and similar statutory liens arising or incurred in the ordinary course of business for amounts which are not delinquent and which are not, individually or in the aggregate, material to the Business; (iii) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over the Purchased Assets which are not violated by the current use and operation of the Purchased Assets; (iv) covenants, conditions, restrictions, easements and other similar matters of record affecting title to the Purchased Assets which do not materially impair the occupancy or use of the Purchased Assets for the purposes for which it is currently used in connection with the Business and (v) all other Liens described on the attached Permitted Liens Schedule.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Related Party" means any officer, director, shareholder or Affiliate of Seller or any individual related by blood or marriage to any such Person.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purpose hereof, a Person or Person shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Person shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall, profits, environmental, customs, duties, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative or add-on minimum, or other tax, governmental fee, governmental assessment or governmental charge of any kind whatsoever, including any interest, penalties or additions thereto or additional amounts in respect of the foregoing.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

ARTICLE II
PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Basic Transaction.

(a) Purchased Assets. On the terms and subject to the conditions set forth in this Agreement, Buyer shall purchase from Seller, and Seller shall sell, convey, assign, transfer and deliver to Buyer as of the Closing, all right, title and interest in and to all properties, rights, titles, interests and other assets of every kind and nature (whether tangible or intangible, absolute or contingent, real or personal, whether or not shown on the Latest Balance Sheet, and wherever

located and by whomever possessed) owned, licensed or leased by Seller (including indirect and other forms of beneficial ownership) as of the Closing (collectively, the "Purchased Assets"), excluding the Excluded Assets, free and clear of all Liens other than Permitted Liens, including, without limitation, the following:

(i) all cash and cash equivalents in the amount of \$100,000, certificates of deposit, bankers' acceptances, government securities and other investment securities (including all petty cash, deposit and demand accounts in financial institutions and money market investments);

(ii) all accounts receivable, notes receivable and other receivables, whether current or non-current (including all employee advances, and billbacks, cash deposits, and other receivables from suppliers) and all prepaid expenses;

(iii) all Inventory;

(iv) all office supplies, production supplies, spare parts, other miscellaneous supplies and other tangible property of any kind wherever located (including all property of any kind located in any building, warehouse, office or other space leased, owned or occupied by Seller);

(v) all leasehold improvements and all machinery, equipment (including all production equipment, testing equipment, office equipment, transportation equipment and vehicles (including all transportation equipment and vehicles having certificates of title listed on the Vehicles Schedule attached hereto)), fixtures, trade fixtures, computers and related software, tooling, dies, jigs, molds, spare and replacement parts and furniture (including all such items which are located in any building, warehouse, office or other space leased, owned or occupied by Seller);

(vi) all insurance policies (including all of the policies listed on the Insurance Schedule attached hereto), prepaid insurance premiums, insurance deposits, insurance premium payments and adjustments and all related prepayment and prepaid expenses (other than to the extent related to Excluded Assets or Excluded Liabilities);

(vii) subject to Section 2.6 hereof, all Contracts;

(viii) the Intellectual Property (including, without limitation that certain Patent #US6,659,927 B2 on the "Speed Bar" owned by Innovations and any trademarks related thereto, including Trademark #US2,746,805);

(ix) all claims, refunds, credits, causes of action, choses in action, rights of recovery and rights of set-off of any kind (other than to the extent related to Excluded Assets or Excluded Liabilities);

(x) all rights to receive and retain mail, payments of receivables and other communications (other than to the extent related to Excluded Assets or Excluded Liabilities);

(xi) the right to bill and receive payment for products shipped or delivered and/or services performed but unbilled or unpaid as of the Closing;

(xii) all lists, records and other information pertaining to accounts, personnel and referral sources, all lists, records and other information pertaining to suppliers and customers and all drawings, reports, studies, plans, books, ledgers, files and business and accounting records of every kind (including all financial, business and marketing plans), in each case whether evidenced in writing, electronic data, computer software or otherwise;

(xiii) Seller's corporate name "SDC International";

(xiv) all advertising, marketing and promotional materials and all other printed or written materials;

(xv) all permits, licenses, franchises certifications, orders, authorizations, approvals and other similar rights from governmental, quasi-governmental or regulatory bodies, authorities, organizations and agencies (including all of the foregoing listed or described on the attached Permits Schedule), and the rights to all data and records held by such bodies and agencies;

(xvi) all other properties, assets, rights and interests related to, used or useful in the Business and not referred to in subsections (i) through (xv) above which are recorded on the December 31, 2002 balance sheet or acquired by Seller thereafter, except for Inventory and other assets which has been sold or disposed of by Seller in the ordinary course of business and consistent with past practice since the December 31, 2002 balance sheet;

(xvii) all rights and interests of Seller under Seller Employee Benefit Plans and related trust agreements, but only to the extent set forth in Section 7.6;

(xviii) all rights and interests in and to Seller's bank accounts #66-846-059, 86-709-837, 66-846-092, 66-846-070, 62-731-630 and 66-846-081 at SouthTrust Bank (including, without limitation, all checks and wire transfers which are in transit as of the Closing Date and are credited to such bank account on or after the Closing Date);

(xix) all goodwill as a going concern and all other intangible property;
and

(xx) all other properties, assets, rights and interests owned by Seller as of the Closing, or in which Seller has an interest, which are related to or used or useful in the Business and not otherwise Excluded Assets.

(b) Excluded Assets. Notwithstanding the foregoing, the following assets are expressly excluded from the purchase and sale contemplated hereby (collectively, the "Excluded Assets") and, as such, are not included in the Purchased Assets:

(i) all of the properties, assets, rights and interests listed on the Excluded Assets Schedule attached hereto;

(ii) Seller's and Innovations' corporate charter and all qualifications to conduct business as foreign corporations, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books and blank stock certificates and other documents relating to the organization, maintenance and existence of Seller and Innovations as corporations;

(iii) cash and cash equivalents in excess of \$100,000;

(iv) all insurance policies and associated prepayments, rights of recovery, reserves and deposits, in each case to the extent related to the Excluded Assets or the Excluded Liabilities;

(v) all claims, refunds, credits, causes of action, choses in action, rights of recovery and rights of setoff and all rights to receive mail and communications, in each case to the extent related to the Excluded Assets or the Excluded Liabilities;

(vi) the artwork located in the office of Shareholder at the Seller's premises in Decatur, Georgia;

(vii) those certain vehicles set forth on the Excluded Assets Schedule;
and

(viii) Seller's, Innovations' and Shareholder's rights under or pursuant to this Agreement and the Schedules and Exhibits hereto.

2.2 Assumption of Liabilities.

(a) Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, in addition to the Purchase Price and as additional consideration for the Purchased Assets, Buyer shall assume as of the Closing only the following debts, obligations and other liabilities of Seller (collectively, the "Assumed Liabilities"), and Buyer shall not assume or otherwise be responsible for any other debts, obligations or liabilities of Seller, Innovations or Shareholder:

(i) all trade accounts payable, current accrued expenses and other current liabilities, in each case arising in the ordinary course of business consistent with past practice, but only to the extent such items are recorded on the Latest Balance Sheet;

(ii) obligations under Contracts (including, without limitation, existing customer and supplier contracts, real property leases and existing security and fire protection agreements) that were entered into in the ordinary course of business (but only to the extent such Contracts are assigned to Buyer and excluding any liability or obligation arising out of or in connection with any breach thereof occurring prior to the Closing);

(iii) all refunds, repairs or replacements in accordance with the terms of Seller's standard warranties for products sold or services rendered prior to the Closing with respect to which claims are made by customers under warranty after the Closing (it being understood that such obligation shall not include any liability for products liability or tortious conduct or any other liability not expressly assumed herein or any implied warranties of fitness for use; and

(iv) the other liabilities specifically identified and described on the Assumed Liabilities Schedule attached hereto.

(b) Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, Buyer shall not assume, take subject to, or in any way become liable for, or be deemed to assume, take subject to, or in any way become liable for any of Seller's, Innovations' or Shareholder's debts, obligations or other liabilities of any nature whatsoever (other than the Assumed Liabilities), whether accrued, absolute or contingent, whether known or unknown, whether due or to become due and whether or not related to the Business or the Purchased Assets, and regardless of when or by whom asserted (collectively, the "Excluded Liabilities"), including, without limitation, the following:

(i) any of Seller's, Innovations' or Shareholder's liabilities or obligations under this Agreement and the Schedules and Exhibits hereto;

(ii) any of Seller's, Innovations' or Shareholder's liabilities or obligations for expenses, fees or taxes incident to or arising out of the negotiation, preparation, approval or authorization of this Agreement or the consummation (or preparation for the consummation) of the transactions contemplated hereby (including all attorneys' and accountants' fees, brokerage fees and transfer taxes);

(iii) any liability or obligation of Seller, Innovations or Shareholder for Taxes which are imposed on or measured by the income of Seller, Innovations or Shareholder for any period (including interest, penalties and additions to such Taxes, and any liability or obligation relating to Taxes arising as a result of Seller or Innovations at any time being a member of an affiliated group (as defined in Code Section 1504(a));

(iv) any liability or obligation of Seller or Innovations for Taxes, and any liability or obligation relating to Taxes of any Person under Treasury Regulation §1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise;

(v) any liability of Seller, Innovations or Shareholder for income, transfer, sales, use, and other Taxes arising in connection with the consummation of the transactions contemplated hereby (including any income Taxes arising because the Seller and Innovations are transferring the Purchased Assets);

(vi) any liability or obligation under or with respect to any Seller Employee Benefit Plans maintained or contributed to by any member of the controlled group of companies (as such term is defined in Code Section 414) of which Seller is or was a member or with respect to which such controlled group member has any liability;

(vii) any liability or obligation (whether absolute, contingent, or otherwise) relating to workers compensation, health care claims or other similar employee welfare claims which were filed on or before the Closing Date or relate to claims which arose due to occurrences or events on or before the Closing Date, to the extent that the foregoing liabilities and obligations are not specifically reflected and recorded on the Latest Balance Sheet;

(viii) any liability or obligation for vacation pay, sick pay, salary, bonuses or other payments of any kind to any Business Employee to the extent that the foregoing liabilities and obligations are not specifically reflected and recorded on the Latest Balance Sheet or specifically identified and described on the Assumed Liabilities Schedule attached hereto;

(ix) any liabilities or obligations with respect to any products that were sold or services that were rendered by Seller and are subsequently returned to Buyer or otherwise rejected by the purchaser thereof as a result of a breach of warranty or other breach of Seller to such purchaser, to the extent that the foregoing liabilities and obligations are not specifically reflected and recorded on the Latest Balance Sheet;

(x) any of Seller's, Innovations' or Shareholder's liabilities or obligations for Indebtedness;

(xi) any of Seller's, Innovations' or Shareholder's liabilities or obligations (A) arising by reason of any violation or alleged violation of any federal, state, local or foreign law, rule or regulation or any other requirement of any governmental authority, (B) arising under any Environmental and Safety Requirements or (C) arising by reason of any breach or alleged breach by Seller, Innovations or Shareholder of any agreement, contract, lease, license, commitment, instrument, judgment, order or decree (regardless of when any such liability or obligation is asserted), whether or not disclosed on the Schedules hereto;

(xii) any of Seller's liabilities or obligations which Buyer may become liable for as a result of or in connection with the failure by Buyer or Seller to comply with any bulk sales or bulk transfers laws or as a result of any "defacto merger" or "successor-in-interest" theories of liability, except for the Assumed Liabilities;

(xiii) any of Seller's liabilities or obligations for tort claims, known or unknown, product liability occurrences (including occurrences relating to the destruction of property, personal injury or death and occurrences resulting from any failure to warn or any defect or deficit in design, engineering, process, manufacture or construction) with respect to products manufactured or services rendered on or prior to the Closing Date and any related claims and litigation arising prior to on or after the Closing Date, whether or not disclosed on the Schedules hereto;

(xiv) any of Seller's liabilities or obligations relating to any other legal action, claim, right of action or proceeding arising out of or in connection with Seller's conduct of the Business or otherwise or any other conduct of Seller, Seller's officers,

directors, employees, consultants, agents or advisors on or prior to the Closing Date, whether or not disclosed on the Schedules hereto;

(xv) any of Seller's liabilities or obligations (including, without limitation, severance or termination pay) relating to Business Employees who are offered employment by Buyer in accordance with Section 7.6 below but who decline to accept such offer;

(xvi) any liabilities or obligations arising out of or in connection with any agreements, contracts, purchase orders and other similar arrangements which are set forth on the Excluded Contracts Schedule attached hereto;

(xvii) any liabilities or obligations with respect to any of the Excluded Assets (including, without limitation, under any contracts, leases, commitments or understandings related thereto); and

(xviii) any other liability or obligation of Seller not expressly assumed by Buyer pursuant to Section 2.2(a).

Each of Seller, Innovations and Shareholder hereby acknowledge that they are retaining the Excluded Liabilities, and Seller, Innovations and Shareholder shall pay, discharge and perform all such liabilities and obligations promptly when they become due and payable in accordance with their respective terms.

2.3 Purchase Price. The purchase price for the Purchased Assets (the "Purchase Price") shall consist of:

(i) cash in the amount of \$775,000 (the "Cash Consideration");

(ii) a subordinated promissory note issued by Buyer to Shareholder, dated as of the Closing Date, in form and substance as set forth in Exhibit A attached hereto (the "Seller Note"), in the aggregate principal amount of \$1,000,000 (the "Note Consideration");

(iii) the assumption by Buyer of up to \$3,040,000 of Indebtedness of Seller (calculated as if such Indebtedness were repaid in full at the Closing), which such Indebtedness shall be paid in full by Buyer; and

(iv) the assumption by Buyer of the Assumed Liabilities.

2.4 Closing Transactions.

(a) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois or at such other place as is mutually agreeable to Buyer and Seller, commencing at 10:00 a.m. local time on the second business day following full satisfaction or due waiver of the last to occur of the closing conditions set forth in Article III hereof (other than those required to be satisfied by deliveries at the Closing) or on such other

date as is mutually acceptable to Buyer and Seller. The date and time of the Closing are referred to herein as the "Closing Date."

(b) Closing Deliveries. Subject to the conditions set forth in this Agreement, at the Closing:

(i) Buyer shall execute and deliver the Seller Note to Shareholder;

(ii) Buyer shall deliver to Seller the Cash Consideration (by wire transfer of immediately available funds to an account designated by Seller);

(iii) Buyer shall assume the Assumed Liabilities by delivery of an appropriate instrument to Seller and shall deliver all of the items specified in Section 3.2; and

(iv) Seller and Innovations shall convey all of the Purchased Assets to Buyer and shall deliver to Buyer such appropriately executed instruments of sale, transfer, assignment, conveyance and delivery, warranty deeds, warranty assignments of leases, assignments, vehicle titles and all other instruments of conveyance which are necessary or desirable to effect transfer to Buyer of good and marketable title to the Purchased Assets, free and clear of all Liens, other than Permitted Liens (including documents acceptable for recordation in the United States Patent and Trademark Office, the United States Copyright Office and any other similar domestic or foreign office, department or agency), all in form and substance reasonably satisfactory to Buyer and its counsel, and shall deliver all other items specified in Section 3.1 (collectively, the "Transfer Documents").

2.5 Allocation of the Purchase Price. The allocation of the purchase price among the Purchased Assets shall be made as set forth on the "Allocation Schedule" attached hereto. Such allocation shall be determined jointly by the Buyer and Seller reasonably and in good faith, and such allocation shall be used by the parties in preparing all Tax Returns.

2.6 Nonassignable Contracts. To the extent that the assignment hereunder by Seller or Innovations to Buyer of any Contract is not permitted or is not permitted without the consent of any other party to such Contract, this Agreement shall not be deemed to constitute an assignment of any such Contract if such consent is not given or if such assignment otherwise would constitute a breach of, or cause a loss of contractual benefits under, any such Contract, and Buyer shall assume no obligations or liabilities under any such Contract. Seller shall advise Buyer promptly in writing with respect to any Contract which Seller knows or has substantial reason to believe will not be able to be assigned to Buyer hereunder. Without in any way limiting Seller's relevant representations and warranties or its obligation to obtain all consents and waivers necessary for the sale, transfer, assignment and delivery of the Contracts and the Purchased Assets to Buyer hereunder, if any such consent is not obtained or if such assignment is not permitted irrespective of consent and the Closing hereunder is consummated, Seller shall cooperate with Buyer following the Closing Date in any reasonable arrangement designed to provide Buyer with the rights and benefits (subject to the obligations) under any such Contract, including enforcement for the benefit of Buyer of any and all rights of Seller against any other

party arising out of any breach or cancellation of any such Contract by such other party and, if requested by Buyer, acting as an agent on behalf of Buyer or as Buyer shall otherwise reasonably require, all at Buyer's expense.

ARTICLE III
CONDITIONS TO CLOSING

3.1 Conditions to Buyer's Obligations. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions as of the Closing:

(a) the representations and warranties set forth in Article V hereof shall be true and correct in all material respects at and as of the Closing as though then made and as though the Closing Date was substituted for the date of this Agreement throughout such representations and warranties (without taking into account any disclosures made by Seller to Buyer pursuant to Section 4.2(j) hereof);

(b) Seller, Innovations and Shareholder shall have performed and complied with in all material respects all of the covenants and agreements required to be performed and complied with by them under this Agreement at or prior to the Closing;

(c) Buyer shall be satisfied (in its sole discretion) with the results of its and its representatives' business, legal, environmental, tax, accounting and financial due diligence investigation and evaluation of the Business;

(d) Buyer shall have obtained financing in an amount sufficient to consummate the transactions contemplated hereby on terms satisfactory to Buyer;

(e) Seller's available cash balances as of the Closing shall not be less than \$100,000;

(f) Seller's Indebtedness shall not be in excess of \$3,040,000 (assuming for these purposes that the Indebtedness were to be paid in full as of the Closing);

(g) Seller's accounts receivable shall not be less than \$1,400,000 as of the Closing;

(h) Seller's Inventory shall not be less than \$850,000 as of the Closing;

(i) Seller's accounts payable and accrued liabilities shall not be in excess of \$1,230,000 as of the Closing;

(j) Buyer and each of Shareholder and Donald R. Moore shall have entered into investment and employment agreements in form and substance as set forth in Exhibit B attached hereto (the "Investment and Employment Agreements"), and the Investment and Employment Agreements shall be in full force and effect as of the Closing;

(k) Buyer, Seller and Innovations shall have entered into one or more Assignment and Assumptions and Bills of Sale ("Bills of Sale") accepting the transfer of the Purchased Assets and Assumed Liabilities as set forth in Exhibit C attached hereto.

(l) Buyer, Seller, Innovations and Shareholder shall have entered into one or more Patent Assignments ("Patent Assignments") accepting the transfer of any of Seller's, Innovations' or Shareholder's patents, patent applications and patent disclosures as set forth in Exhibit D attached hereto.

(m) [INTENTIONALLY OMITTED]

(n) Buyer, Seller, Innovations and Shareholder shall have entered into one or more Trademark Assignments ("Trademark Assignments") accepting the transfer of any of Seller's, Innovations' or Shareholder's trademarks as set forth in Exhibit F attached hereto.

(o) Buyer and Shareholder shall have entered into a new seven-year lease of Seller's facility located in Decatur, Georgia, at a rate of \$17,500 per month, and such lease will contain two five-year renewal options at fair market rental rates, with a right of first refusal and an option to purchase at fair market value (the "Georgia Facility Lease"), and the Georgia Facility Lease shall be in full force and effect as of the Closing;

(p) Seller shall have obtained payoff letters (collectively, the "Payoff Letters") with respect to the Indebtedness outstanding as of the Closing Date, which Payoff Letters shall identify, with respect to such Indebtedness, the outstanding balance thereof, all prepayment penalties, fees and breakage costs associated with the repayment thereof, any interest accrued through and including the Closing Date with respect to the outstanding balance thereof and any other costs, fees or expenses associated with respect to such Indebtedness;

(q) Seller shall have obtained releases of all Liens relating to the Purchased Assets, other than Permitted Liens, in form and substance reasonably satisfactory to Buyer (collectively, "Lien Releases");

(r) Seller shall have received or obtained all third party consents and approvals that are necessary for the consummation of the transactions contemplated hereby and Buyer's operation of the Business after the Closing or that are required in order to prevent a material breach of or material default under, a termination or material modification of, or acceleration of the terms of, any material Contract (collectively the "Third-Party Approvals"), in each case on terms reasonably satisfactory to Buyer, including, without limitation, those Third-Party Approvals set forth on the Third-Party Approvals Schedule attached hereto;

(s) Buyer and Seller shall have received or obtained all governmental and regulatory consents and approvals that are necessary for the consummation of the transactions contemplated hereby and Buyer's operation of the Business after the Closing, in each case on terms reasonably satisfactory to Buyer (collectively, the "Governmental Approvals");

(t) Since the date of this Agreement, there shall have been no change, event or development that has had or would reasonably be expected to have a Material Adverse Effect, whether or not covered by insurance (it being understood and agreed that a Material Adverse

Effect shall be deemed to have occurred if any key Business Employees, as determined by Buyer, shall have failed to accept employment with Buyer commencing as of the Closing on terms reasonably satisfactory to Buyer);

(u) no suit, action or other proceeding, or injunction or final judgment, order or decree relating thereto, shall be pending or threatened before any court or arbitrator or any governmental or regulatory body or authority in which it is sought to restrain or prohibit or to obtain damages or other relief (including rescission) in connection with the transactions contemplated hereby, or that has had or would reasonably be expected to have a Material Adverse Effect or would adversely affect the right of Buyer to own, operate or control the Purchased Assets or the Business; no investigation that would result in any such suit, action or proceeding shall be pending or threatened; and no such injunction, judgment, order or decree has been entered and not subsequently dismissed or discharged with prejudice; and

(v) Seller shall have obtained an estoppel, consent and waiver letter from each lessor of the real property described on the attached Leased Real Property Schedule, in form and substance reasonably satisfactory to Buyer and Buyer's lenders, and such letter shall consent to the assignment of the lease by Seller to Buyer, consent to a leasehold mortgage or collateral assignment of lease in form and substance reasonably satisfactory to Buyer and Buyer's lender and contain such language as may be required by Buyer's lenders in order to permit Buyer to include such leasehold and the Purchased Assets (including all inventory, equipment and trade fixtures) located thereon in Buyer's borrowing base for purposes of loans advanced from time to time by such lenders to Buyer.

(w) At the Closing, Seller shall have delivered to Buyer all of the following:

(i) a certificate signed by Seller in the form of Exhibit G attached hereto, dated the date of the Closing, stating that the conditions specified in subsections (a) through (v) (other than subsections (c) and (d)), inclusive, have been fully satisfied as of the Closing;

(ii) copies of all Payoff Letters, Lien Releases, Third-Party Approvals and Governmental Approvals;

(iii) all books, records and other materials related to the Business and its administration and record keeping (which Seller may deliver by delivery of the foregoing to Buyer's principal place of business);

(iv) the Transfer Documents (including the Bills of Sale, Patent Assignments and Trademark Assignments);

(v) certified copies of resolutions of Seller's and Innovations' Board of Directors and Seller's and Innovations' stockholders authorizing and approving this Agreement, the Other Documents and the transactions contemplated hereby and thereby; and

(vi) such other documents or instruments as are required to be delivered at the Closing pursuant to the terms hereof or that Buyer reasonably requests prior to the Closing Date to effect the transactions contemplated hereby.

All proceedings to be taken by Seller, Innovations and Shareholder in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments and other documents required to effect the transactions contemplated hereby reasonably requested by Buyer shall be satisfactory in form and substance to Buyer, and any conditions specified in this Section 3.1 may be waived only in writing by Buyer.

3.2 Conditions to Seller's Obligations. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions as of the Closing:

(a) the representations and warranties set forth in Article VI hereof shall be true and correct in all material respects at and as of the Closing Date as though then made and as though the Closing was substituted for the date of this Agreement throughout such representations and warranties (without taking into account any disclosures made by Buyer pursuant to Section 6.7);

(b) Buyer shall have performed in all material respects all the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

(c) no suit, action or other proceeding shall be pending or threatened before any court or any governmental or regulatory body or authority in which it is sought to restrain or prohibit or to obtain damages or other relief (including rescission) in connection with the transactions contemplated hereby, and no order, judgment or decree has been entered preventing the transaction contemplated hereby;

(d) Buyer shall have executed and delivered to Seller the Seller Note, and such Seller Note shall be in full force and effect as of the Closing;

(e) Shareholder shall have been released from any personal guarantees in connection with the Seller's Indebtedness; and

(f) Buyer shall have delivered to Seller a certificate signed by Buyer in the form of Exhibit H attached hereto, dated the date of the Closing, stating that the conditions specified in subsections (a) through (e) above have been satisfied.

All proceedings to be taken by Buyer in connection with the consummation of the transactions contemplated hereby and all documents required to be delivered by Buyer to effect the transactions contemplated hereby reasonably requested by Seller shall be reasonably satisfactory in form and substance to Seller, and any condition specified in this Section 3.2 may be waived only in writing by Seller.

ARTICLE IV
COVENANTS PRIOR TO CLOSING

4.1 **General.** Subject to the terms of this Agreement, each party shall use reasonable efforts to cause the Closing to occur.

4.2 **Affirmative Covenants of the Seller.** Except as otherwise expressly provided herein or as expressly consented to in writing by Buyer, prior to the Closing, Seller shall:

(a) conduct the Business only in the usual and ordinary course of business in accordance with past custom and practice (including with respect to maintenance of working capital balances, collection of accounts receivable, payment of accounts payable and cash management practices generally);

(b) preserve intact its corporate existence and business organization and goodwill and use reasonable efforts to keep available the services of its officers and employees and maintain satisfactory relationships with suppliers, customers and others having business relationships with the Business;

(c) afford, and cause its officers, directors, employees, attorneys, accountants and other agents to afford, to Buyer and its accounting, legal and other representatives (including potential lenders), as well as their respective officers, employees, affiliates and other agents, full and complete access at all reasonable times to the Business' facilities and to Seller's directors, officers and personnel and to business, financial, legal, tax, compensation and other data and information concerning the Business and its affairs and operations;

(d) maintain the Purchased Assets in good operating condition and repair (ordinary wear and tear excepted), maintain insurance reasonably comparable to that in effect on the date hereof, maintain Inventory, supplies and spare parts at customary operating levels consistent with past practices, replace in accordance with past practice any inoperable, worn out or obsolete Purchased Assets with assets of comparable quality and, in the event of a casualty, loss or damage to any of Purchased Assets prior to the Closing Date for which Seller is insured, either repair or replace such Purchased Assets or, if Buyer agrees, transfer the proceeds of such insurance to Buyer;

(e) maintain its books, accounts and records in accordance with past custom and practice and generally accepted accounting principles as used in the preparation of the Latest Balance Sheet and the financial statements described in Section 5.3 below;

(f) maintain in full force and effect the existence of all Business Intellectual Property;

(g) comply with all material legal requirements and all material contractual obligations applicable to the Business and pay all applicable Taxes as and when such become due and payable, except to the extent any such Taxes are being contested in good faith in appropriate proceedings by Seller and adequate reserves with respect thereto (as determined in accordance with GAAP) have been established on Seller's books and financial statements;

(h) give all notices and use reasonable efforts to obtain all authorizations, consents, accreditations, licenses, permits and approvals necessary or desirable to consummate the transactions contemplated hereby and to permit Buyer to operate the Business after the Closing and to cause the other conditions to Buyer's obligation to close to be satisfied (including the execution and delivery of all agreements and documents contemplated hereunder to be so executed and delivered);

(i) permit Buyer and its representatives to perform any and all environmental assessments with respect to the Business' Facilities deemed necessary in Buyer's sole judgment; and

(j) promptly inform Buyer in writing of any material variances from the representations and warranties contained in Article V hereof which become known to Seller or any breach of any covenant hereunder by Seller (which disclosure shall in no way be deemed to amend or supplement any Exhibit or Schedule hereto or to prevent or cure any misrepresentation, breach of warranty or breach of covenant hereunder).

4.3 Negative Covenants of the Seller. Except as otherwise expressly provided herein or as expressly consented to in writing by Buyer, prior to the Closing, Seller shall not:

(a) enter into, amend or modify any employment or severance agreement or other agreement or arrangement with any employees of the Business, or grant any increase in salary or bonus or otherwise increase the compensation payable to any director, officer, employee, consultant, advisor or agent employed in connection with or rendering services to the Business, except wage or salary increases required by existing contracts or by compensation policies which are consistent with past practices and of which Buyer is notified in writing;

(b) enter into, establish, amend, terminate or (except as required by the express terms thereof) make any contribution to any employment or labor agreement or any employee pension benefit plan or any employee welfare benefit plan (as described in Section 5.18 below) which covers employees of the Business;

(c) sell, lease, license or otherwise dispose of any interest in any of the Purchased Assets, other than sales of Inventory in the ordinary course of business consistent with past practice, or permit, allow or suffer any of the Purchased Assets to be subjected to any Lien, other than any Lien which exists as of the date of this Agreement (all which shall be released, satisfied or otherwise discharged as of the Closing, other than Permitted Liens);

(d) engage in any promotional sales or discount or other activity with customers that has or would reasonably be expected to have the effect of accelerating to pre-Closing periods sales that would otherwise be expected to occur in post-Closing periods;

(e) terminate, amend or modify any material contract or any government license, permit or other authorization relating to the Business;

(f) enter into any new, or amend any existing, material contracts, agreements or commitments relating to the Business, except in the ordinary course of business consistent with past practice;

(g) institute any material change in the conduct of the Business, or any change in its method of purchase, sale, lease, management, marketing, operation or accounting;

(h) take or omit to take any action which would reasonably be expected to have a Material Adverse Effect; or

(i) take any action that would require disclosure pursuant to Section 5.10 hereof.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER

As a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Seller hereby represents and warrants to Buyer that:

5.1 Organization and Corporate Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of its state or province of organization or incorporation, as the case may be. Seller, with respect to the Business, has obtained and currently maintains all qualifications to do business as a foreign corporation in all other jurisdictions in which the character of Seller's properties or the nature of Seller's activities require it to be so qualified, all of which jurisdictions are listed on the attached Qualification Schedule. Seller has all requisite corporate power and authority and all material authorizations, licenses and permits necessary to own and operate the Business and to conduct the Business as now conducted and as presently proposed to be conducted.

5.2 Authorization; No Breach. This Agreement and the other agreements, instruments and certificates contemplated hereby (the "Other Documents") have been duly authorized, executed and delivered by Seller, Innovations and Shareholder, and this Agreement and the Other Documents constitute valid and binding obligations of each of Seller, Innovations and Shareholder, enforceable in accordance with their respective terms. Except as set forth on the attached Restrictions Schedule, the execution, delivery and performance of this Agreement and the Other Documents by each of Seller, Innovations and Shareholder and the consummation of the transactions contemplated hereby and thereby do not and shall not (i) conflict with or result in any breach of any of the material provisions of, (ii) constitute a material default under, (iii) result in a material violation of, (iv) give any third party the right to terminate or modify or to accelerate any material obligation under, (v) result in the creation of any material Lien upon any of the Purchased Assets or (vi) require any material authorization, consent, approval, exemption or other action by or notice to or filing with any court or other governmental body, under the provisions of Seller's certificate of incorporation or bylaws or any indenture, mortgage, lease, loan agreement, contract, understanding, commitment, instrument or other agreement to which Seller, Innovation or Shareholder are bound or which affects the Purchased Assets, or any law, statute, rule or regulation to which Seller, Innovations, Shareholder or the Purchased Assets are subject. Without limiting the generality of the foregoing, there are no agreements, options, commitments or rights for any Person (other than Buyer) to purchase or otherwise acquire any of the capital stock of Seller or any of the Purchased Assets or any interests therein, except those

entered into in the ordinary course of business consistent with past practice for the sale of Inventory.

5.3 Financial Statements. Attached hereto as the Financial Statements Schedule are the following financial statements:

(i) unaudited consolidated and consolidating balance sheet as of November 30, 2003 (the "Latest Balance Sheet") and the related statements of income and cash flows of Seller for the 11-month period then ended; and

(ii) the audited balance sheet of Seller as of December 31, 2002, and the related statements of income and cash flows for the year then ended.

Each of the foregoing financial statements has been based upon the information contained in Seller's books and records and presents fairly in all material respects the financial condition and results of operations for the Seller as of the times and for the periods referred to therein, and such financial statements have been prepared in accordance with GAAP, consistently applied throughout the periods indicated, except in the case of the unaudited interim financial statements, the absence of footnotes and subject to customary year end audit adjustments for recurring accruals (none of which would, alone or in the aggregate, have a Materially Adverse Effect) and except as otherwise set forth in the Financial Statements Schedule.

5.4 Absence of Undisclosed Liabilities. Seller has no material obligations or liabilities (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to Seller, whether due or to become due and regardless of when or by whom asserted) relating to the Business arising out of transactions entered into at or prior to the Closing, or any action or inaction at or prior to the Closing, or any state of facts existing at or prior to the Closing, including Taxes with respect to or based upon transactions or events occurring on or before the Closing, except for (i) liabilities and obligations under contracts or commitments expressly described on the attached Contracts Schedule or other schedule hereto or under contracts and commitments entered into in the ordinary course of business which are not required to be disclosed thereon due to specified dollar thresholds (but not liabilities for breaches or violations thereof occurring on or prior to the Closing Date), (ii) liabilities and obligations reflected on the liability side of the Latest Balance Sheet, (iii) liabilities and obligations which have arisen after the date of the Latest Balance Sheet in the ordinary course of business (none of which is a liability for breach of contract, tort, infringement, claim, lawsuit or breach of warranty, a violation of law or environmental liability) and (iv) other liabilities and obligations expressly disclosed in or contemplated by this Agreement or the Schedules attached hereto.

5.5 Accounts Receivable. All notes and accounts receivable reflected on the Latest Balance Sheet, on the books and records of Seller relating to the Business as of the Closing Date and to be reflected on the Closing Balance Sheet (in each case net of allowances for doubtful accounts as reflected thereon) are or shall be valid receivables arising in the ordinary course of business, and to the Seller's knowledge are or shall be current and collectible, subject to no valid counterclaims or setoffs, at the aggregate recorded amount therefor as shown on the Latest Balance Sheet, the books and records of Seller relating to the Business as of the Closing Date or the Closing Date Balance Sheet, as the case may be. No Person has any Lien on such

receivables or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made by Seller with respect to any such receivables.

5.6 Inventories. The Inventory shown on the Latest Balance Sheet and on the books and records of Seller as of the Closing Date or otherwise included in the Purchased Assets, net of the reserves applicable thereto (as shown on the Latest Balance Sheet and on the books and records of Seller as of the Closing Date, as the case may be), consists of a quantity and quality usable and saleable in the ordinary course of business, is not obsolete or damaged, is merchantable and fit for its intended use, and is not defective.

5.7 Product and Service Warranty. Each product sold or delivered and each service rendered by Seller with respect to the Business has been in conformity in all material respects with all applicable contractual commitments and all express and implied warranties, and Seller does not have any material liabilities or obligations for replacement or repair thereof or other damages in connection therewith, subject only to the reserve for product and service warranty claims accrued on the Latest Balance Sheet. No product sold or delivered or service rendered by Seller with respect to the Business is subject to any guaranty, warranty or other indemnity beyond the applicable standard terms and conditions with respect thereto. Prior to the date hereof, Seller has delivered to Buyer copies of the standard terms and conditions of sale for products delivered and services rendered by Seller with respect to the Business (containing all applicable guaranty, warranty, and indemnity provisions).

5.8 Customers and Suppliers. Since the date of the Latest Balance Sheet, none of Seller's ten (10) largest suppliers as listed on the Suppliers Schedule has indicated that it shall stop, or materially decrease the rate of, supplying materials, products or services to Seller, and none of Seller's ten (10) largest customers as listed on the Customers Schedule has indicated that it shall stop, or materially decrease the rate of, buying materials, products or services from Seller.

5.9 No Material Adverse Effect. Since the date of the Latest Balance Sheet, there has been no change, event or development that has had or would reasonably be expected to have a Material Adverse Effect.

5.10 Absence of Certain Developments. Except as set forth on the attached Developments Schedule or as otherwise expressly contemplated herein, since the date of the Latest Balance Sheet, Seller has not, with respect to the Business or the Purchased Assets:

(a) redeemed or purchased, directly or indirectly, any shares of its capital stock or other ownership interests or declared or paid any dividends or distributions with respect to any shares of its capital stock or other interests or permitted any other withdrawal or distribution of funds or other assets from Seller to any of its Affiliates other than normal and reasonable salaries and the payments of Seller's normal expenses in the ordinary course of business consistent with past practices;

(b) discharged or satisfied any material Lien or paid any material liability, other than current liabilities paid in the ordinary course of business;

(c) mortgaged, pledged or subjected to any material Lien any of the Purchased Assets, except for Permitted Liens;

(d) sold, assigned or transferred any of its tangible assets, except in the ordinary course of business consistent with past practice, or canceled without fair consideration any debts or claims owing to or held by it;

(e) sold, assigned, licensed, transferred or encumbered any Intellectual Property or other intangible assets, or disclosed any proprietary confidential information to any Person;

(f) made or granted any bonus or any wage or salary increase to any employee or group of employees (except as required by existing contracts or consistent with past practice), or made or granted any increase in any employee benefit plan or arrangement, or amended or terminated any existing employee benefit plan or arrangement or adopted any new employee benefit plan or arrangement;

(g) made any capital expenditures or commitments therefor (other than capital expenditures required by the Business and previously disclosed in writing to Buyer) in excess of \$10,000 in the aggregate;

(h) borrowed any money or issued or exchanged any notes or other evidences of any indebtedness for borrowed money or incurred or become subject to any material liability or obligation, except current liabilities incurred in the ordinary course of business consistent with past practice and liabilities under contracts entered into in the ordinary course of business consistent with past practice;

(i) made any loans or advances to, or guarantees for the benefit of, any Person, except for advances made to employees in the ordinary course of business consistent with past practice;

(j) conducted its cash management practices other than in the ordinary course of business consistent with past practice (including the maintenance of working capital balances, the collection of accounts receivable and the payment of accounts payable) or changed any material accounting practices or policies;

(k) suffered any extraordinary losses or waived any rights of material value, whether or not in the ordinary course of business or consistent with past practice;

(l) suffered any damage, destruction, theft or casualty loss to its tangible assets in excess of \$10,000, whether or not covered by insurance; or

(m) entered into any other material transaction other than in the ordinary course of business or entered into any other transaction, not in the ordinary course of business.

5.11 Purchased Assets.

(a) Seller owns good and marketable title to all of the Purchased Assets, free and clear of all Liens, except for Permitted Liens. At the Closing, Seller shall deliver to Buyer good and marketable title to the Purchased Assets, free and clear of all Liens, except for Permitted Liens.

(b) The Purchased Assets include all of the assets, whether tangible or intangible, real or personal, that are necessary or desirable for the conduct of the Business as currently conducted and as currently proposed to be conducted.

(c) The buildings, improvements, fixtures, machinery, equipment, vehicles and other tangible assets (whether owned or leased) included in the Purchased Assets are, except for ordinary wear and tear, in good condition and repair and are usable in the ordinary course of business. Seller owns, or leases under valid leases, all buildings, machinery, equipment and other tangible assets used in the conduct of the Business in conformity with past practices. All such assets have been installed, maintained and operated in accordance with all applicable laws, regulations and ordinances and insurance policies. The Purchased Assets include all machinery, equipment, vehicles and other tangible assets necessary for the conduct of the Business.

5.12 Tax Matters. Except as set forth on the attached Tax Schedule:

(a) Seller has timely filed all material Tax Returns which are required to be filed with respect to its business, activities, properties, employees or ownership;

(b) all such Tax Returns are true, complete and accurate in all material respects, and such filings accurately reflect the Tax liabilities of Seller;

(c) all Taxes, assessments and other governmental charges imposed upon Seller, or upon any of the assets, income or franchises of Seller (whether or not shown on any Tax Return), have been timely paid or, if not yet payable, shall be timely paid and are adequately accrued on Seller's books and records;

(d) there are no actual or proposed Tax deficiencies, assessments or adjustments with respect to Seller or any assets or operations of Seller;

(e) no consent has been given with respect to Seller to extend the time in which any Tax may be assessed or collected by any taxing authority;

(f) Seller has not extended the date on which any Tax return was or is to be filed;

(g) there are no ongoing or pending Tax audits by any taxing authority against Seller;

(h) there are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Seller;

(i) no claim has ever been made by an authority in a jurisdiction where Seller did not file Tax Returns that it is or may be subject to taxation by that jurisdiction;

(j) Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party;

(k) Seller (i) has not ever been a member of an affiliated group (as defined in Code Section 1504(a)) which files a consolidated return (other than a group the common parent of which was Seller) or (ii) does not have any liability for Taxes of any Person (other than Seller) under Treasury Regulation §1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise;

(l) Seller has not ever filed a consent relating to any assets or property pursuant to Code Section 341(f);

(m) Seller is not a party to or bound by any agreement relating to the allocation or payment of Taxes with any Person;

(n) Seller is not a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code Section 280G (or any corresponding provision of state, local or foreign Tax law) and (ii) any amount that will not be fully deductible as a result of Code Section 162(m) (or any corresponding provision of state, local or foreign Tax law);

(o) Seller will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period (or portion thereof) ending on or prior to the Closing Date, (ii) "closing agreement," as described in Code Section 7121 (or any corresponding provision of state, local or foreign income Tax law), (iii) intercompany transaction or excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision or administrative rule of federal, state, local or foreign income Tax law), (iv) any installment sale or open transaction made on or prior to the Closing Date or (v) as a result of any prepaid amount received on or prior to the Closing Date;

(p) none of the assets or income items of Seller have been or potentially are subject to Tax under Code Section 1374 (or any corresponding provision of state, local or foreign law); and

(q) a valid election to be an S Corporation (as defined in Code Section 1361(a) and any corresponding provision of state, local or foreign law) has been in effect for Seller at all times since December 31, 1993.

5.13 Contracts and Commitments.

(a) Except as set forth on the attached Contracts Schedule or the attached Employee Benefits Schedule, Seller is not a party to or otherwise bound by any oral or written:

(i) collective bargaining agreement or contract with any labor union or any bonus, pension, profit sharing, retirement or any other form of deferred

compensation plan or any stock purchase, stock option or similar plan or practice, whether formal or informal, or severance agreement or arrangement;

(ii) consulting or management agreement, contract for the employment of any officer, partner, individual employee or other individual on a full-time, part-time or consulting basis or providing for the payment of any cash or other compensation or benefits upon the sale of the Business or prohibiting competition or the disclosure of trade secrets or confidential information;

(iii) agreement or indenture relating to the borrowing of money or to mortgaging, pledging or otherwise placing a Lien on any of Seller's assets or any letter of credit arrangements;

(iv) agreements with respect to the lending or investing of funds in or to other Persons;

(v) license or royalty agreements;

(vi) nondisclosure or confidentiality agreements;

(vii) guaranty of any obligation for borrowed money or otherwise, other than endorsements made for collection in the ordinary course of business;

(viii) lease or agreement under which Seller is lessee of or holds or operates any personal property owned by any other party for which the annual rental exceeds \$10,000;

(ix) lease or agreement under which Seller is lessor of or permits any third party to hold or operate any property, real or personal, owned or controlled by Seller for which the annual rental exceeds \$10,000;

(x) franchise, dealership, vendor, customer, agency, license or service center agreements;

(xi) contract or group of related contracts with the same party for the purchase or sale of raw materials, commodities, supplies, products or other personal property or for the furnishing or receipt of services under which the undelivered balance of such products and services has a selling price in excess of \$10,000;

(xii) other contract or group of related contracts with the same party continuing over a period of more than six months from the date or dates thereof, not terminable by Seller upon 30 days' or less notice without penalty or involving more than \$10,000;

(xiii) contract which prohibits Seller, Shareholder or the Business from freely engaging in business anywhere in the world;

(xiv) contract relating to the distribution, marketing, sale, advertising or promotion of its products or services;

(xv) contract with any officer, director, shareholder or other Affiliate;

(xvi) warranty agreement with respect to products sold or services rendered;

(xvii) agreements relating to ownership of or investments in any business or enterprise (including investments in joint ventures and minority equity investments); or

(xviii) other agreement material to the Business, whether or not entered into in the ordinary course of business.

(b) With respect to Seller's obligations thereunder and, with respect to the obligations of the other parties thereto, all of the contracts set forth or required to be set forth on a Schedule hereto are valid, binding and enforceable in accordance with their respective terms, subject to limitations imposed by any bankruptcy, insolvency or other laws affecting creditors rights generally. Except as specifically disclosed in the attached Contracts Schedule, (i) to Seller's knowledge, no contract or commitment required to be disclosed on the Contracts Schedule has been breached in any respect or cancelled by the other party thereto, (ii) since the date of the Latest Balance Sheet, none of Seller's suppliers, outside service providers or sources of referral has indicated that it will stop or decrease the rate of business done with or referred to Seller with respect to the Business, (iii) Seller has performed all material obligations under the contracts required to be listed on the Contracts Schedule required to be performed by Seller and (iv) there is no material breach of or default by Seller under any lease, contract, commitment or other agreement to which Seller is a party with respect to the Business or any event which, upon giving of notice or lapse of time or both, would constitute such a breach or default.

(c) The Contracts Schedule sets forth each contract, commitment or obligation of Seller which is secured by a letter of credit or Guarantee (including Guarantees by Shareholder) and the nature and amount of such security.

(d) Buyer has been supplied with a true and correct copy of all written contracts required to be disclosed on the attached Contracts Schedule, together with all amendments, waivers or other changes thereto.

5.14 Intellectual Property.

(a) The attached Intellectual Property Schedule sets forth a complete and correct list of: patented or registered Business Intellectual Property and pending patent applications or other applications for registration of Business Intellectual Property; all material registered trademarks, servicemarks, tradenames owned or used by Seller or Innovations, together with applications which have been filed for the foregoing; and all licenses or similar agreements or arrangements ("Licenses") to which Seller and Innovations are a party, either as licensee or licensor, for the Business Intellectual Property. Except as set forth in the attached Intellectual Property Schedule:

(i) Seller and Innovations own and possess all right, title and interest in, to and under, or have the valid right to use all Intellectual Property necessary for the operation of the Business as currently conducted or as currently proposed to be conducted, and no claim by any third party contesting the validity, enforceability, use or ownership of any of the Business Intellectual Property has been made, is currently outstanding or is threatened; the Business Intellectual Property is not subject to any liens, security interests or other encumbrances, and is not subject to any restrictions or limitations regarding use or disclosure other than pursuant to a written license set forth in the Intellectual Property Schedule;

(ii) the loss or expiration of any Business Intellectual Property or related group of Business Intellectual Property would not have a Material Adverse Effect on the conduct of the Business, and no such loss or expiration is threatened (to Seller's knowledge), pending or reasonably foreseeable, except for patents expiring at the end of their statutory terms (and not as a result of any act or omission by Seller or Innovations);

(iii) neither Seller nor Innovations has received any notices of, nor are they aware of any facts which indicate a likelihood of, any infringement or misappropriation by, or conflict with, any third party with respect to the rights set forth in the attached Intellectual Property Schedule including, without limitation, any demand or request that Seller or Innovations license rights from a third party;

(iv) neither the Seller nor Innovations has infringed, misappropriated or otherwise come into conflict with any rights of any third parties and Seller and Innovations are not aware of any infringement, misappropriation or conflict which will occur as a result of the continued operation of the Business as currently conducted or as currently proposed to be conducted;

(v) Seller and Innovations own or have the valid right to use all Intellectual Property necessary for the operation of the Business as currently conducted or as currently proposed to be conducted; and

(vi) Neither the Business Intellectual Property, Seller nor Innovations has infringed, misappropriated or otherwise come into conflict with any rights of any third parties, and Seller is not aware of any infringement, misappropriation or conflict which will occur as a result of the continued operation of the Business as currently conducted or as currently proposed to be conducted.

(b) All Business Intellectual Property, shall be assigned to Buyer on identical terms and conditions as those of Seller and Innovations. The transactions contemplated by this Agreement shall have no adverse effect on any of the Business Intellectual Property. Seller and Innovations have taken all necessary and desirable action to protect the Business Intellectual Property and shall continue to maintain those rights prior to and as of Closing so as to not adversely affect the validity or enforcement of such Business Intellectual Property.

(c) All Business Intellectual Property listed as licensed on the Intellectual Property Schedule shall be licensed to Buyer on identical terms and conditions as to Seller and Innovations.

5.15 Litigation. Except as set forth on the attached Litigation Schedule, there are no (and, during the five years preceding the date hereof, there have not been any) actions, suits, proceedings, orders or investigations pending or, to the best of Seller's knowledge, threatened against Seller or affecting the Business or the Purchased Assets at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and there is no reasonable basis known to Seller for any of the foregoing. Seller, with respect to the Business and the Purchased Assets, is not subject to or bound by any outstanding orders, judgments, injunctions or decrees of any court or governmental entity. Seller has not received any opinion or legal advice in writing, within the five years preceding the date hereof, to the effect that Seller is exposed from a legal standpoint to any liability or disadvantage which may be material to the Business as previously or presently conducted.

5.16 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Seller.

5.17 Governmental Consent, etc. No permit, license, consent, accreditation, approval or authorization of, or declaration to or filing with, any governmental or regulatory authority is required in connection with the execution, delivery or performance of this Agreement by Seller or the consummation by Seller of any other transaction contemplated hereby and thereby.

5.18 Employees. To the best of Seller's knowledge, no key employee and no group of employees of Seller has any plans to terminate or modify their status as an employee or employees of the Business (including upon consummation of the transactions contemplated hereby). Except as set forth on the attached Compliance Schedule, Seller has complied with all applicable laws relating to the employment of labor, including, without limitation, provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social security and other Taxes. There are no claims, actions, proceedings or investigations pending or, to Seller's knowledge, threatened against Seller with respect to or by any employee or former employee of the Business and, to the best of Seller's knowledge, there are no claims, actions, proceedings or investigations pending or threatened against any employees of the Business. Seller has not experienced any strikes, grievances, unfair labor practices claims, collective bargaining disputes or other labor relations problems. Seller has not engaged in any unfair labor practices. Seller has no knowledge of any organizational effort presently made or threatened by or on behalf of any labor union with respect to employees of the Business. In addition, and without limiting the generality of the foregoing, (i) there are no claims, actions, proceedings or investigations pending or threatened against any of Seller's employees, and (ii) except as set forth on the attached Contracts Schedule, no employee of Seller is subject to any non-compete or nondisclosure agreement.

5.19 Related Party Transactions. No officer, director, employee, shareholder or Affiliate of Seller or any individual related by blood, marriage or adoption to any such individual or any entity in which any such Person or individual owns any beneficial interest (an "Insider"), is a party to any contract with Seller or has any interest in any property, asset or right used by Seller or necessary for the Business or has received any funds from or on behalf of Seller or since the date of the Latest Balance Sheet. The attached Related Party Schedule describes all services provided to or for the benefit of Seller and the costs and expenses charged to Seller in respect thereof.

5.20 Employee Benefit Plans.

(a) Except as set forth on the attached Employee Benefits Schedule, with respect to Seller's current or former employees, Seller does not maintain or contribute to any (i) nonqualified deferred compensation or retirement plans or arrangements, or qualified defined contribution or defined benefit plans (including multiemployer pension plans) or arrangements which are employee pension benefit plans (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974 ("ERISA") ("Retirement Plans"), (ii) employee welfare benefit plans (as defined in Section 3(1) of ERISA), or material fringe benefit plans or programs ("Welfare Benefits Plans") or (iii) Welfare Benefit Plan which provides health, accident or life insurance benefits to former employees, their spouses or dependents, other than in accordance with Code Section 4980(B) ("Seller Employee Benefit Plans").

(b) All Seller Employee Benefit Plans (and related trusts and insurance contracts) comply in form and in operation in all respects with the applicable requirements of ERISA and the Code, any Retirement Plans which are intended to be a "qualified plan" under Code Section 401(a) has received a favorable determination letter from the Internal Revenue Service and no event or circumstance has occurred that would cause any plan to lose such tax qualified status.

(c) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions) with respect to the Seller Employee Benefit Plans have been properly and timely filed with the appropriate government agency or distributed to participants as required.

(d) With respect to the Retirement Plans, all contributions for periods prior to the Closing Date have been timely made and all PBGC premiums have been timely paid. With respect to the Welfare Benefit Plans, all premiums or other payments which are due have been paid.

(e) With respect to each of Seller Employee Benefit Plans, (i) there have been no prohibited transactions as defined in Section 406 of ERISA or Code Section 4975, (ii) no fiduciary (as defined in Section 3(21) of ERISA) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such plans, and (iii) no actions, investigations, suits or claims with respect to the assets thereof (other than routine claims for benefits) are pending or threatened, and Seller has no knowledge of any facts which would give rise to or could reasonably be expected to give rise to any such actions, suits or claims.

(f) With respect to each of Seller Employee Benefit Plans, Seller has furnished or made available to Buyer true and complete copies of (i) the plan documents and summary plan descriptions, (ii) the most recent determination letter received from the Internal Revenue Service, (iii) the financial statement for each of the plans and related trusts or group annuity contracts as of the end of the three most recent plan years, (iv) all documents filed with the Internal Revenue Service and the Department of Labor since January 1, 1999, (v) the last two Form 5500 Annual Report, and (vi) all related trust agreements, insurance contracts or other funding agreements which implement such plans.

5.21 Bank Accounts; Powers of Attorney. The attached Bank Accounts Schedule lists all of the bank accounts, safe deposit boxes and lock boxes used in connection with the Business (designating each authorized signatory). Seller has not granted a power of attorney to any person or entity which has not been terminated.

5.22 Insurance. The attached Insurance Schedule lists and briefly describes each insurance policy maintained for or on behalf of Seller. The insurance coverage for the Business is customary for businesses of similar size engaged in similar lines of business. True, complete and correct copies of each insurance policy maintained by Seller have been made available to Buyer. All of Seller's insurance policies are in full force and effect, and Seller is not in default with respect to its material obligations under any of such insurance policies. If between the date hereof and the Closing Date, Seller desires to alter any insurance policy, Seller shall obtain Buyer's prior written consent to any such change. Except as set forth on the Insurance Schedule, Seller does not have any self-insurance or co-insurance programs, and the reserves set forth on the Latest Balance Sheet are adequate to cover all anticipated liabilities with respect to any such self-insurance or co-insurance programs.

5.23 Compliance with Laws; Permits; Certain Operations.

(a) Except as set forth on the attached Compliance Schedule and except for the matters set forth in Section 5.24 below:

(i) Seller has complied in all material respects with all applicable laws, ordinances, rules, requirements and regulations of foreign, federal, state and local governments and all agencies thereof relating to the operation of the Business or the ownership or operation of the Leased Real Property, and no notices have been received by, and no claims have been filed against, Seller alleging a material violation of any such laws, ordinances, rules, requirements or regulations;

(ii) Seller is not in violation of any material applicable zoning ordinance, building code or other law, regulation or requirement relating to the operation of the Leased Real Property or the personal property included in the Purchased Assets. Seller has no knowledge of and has not received any notice of any violation of any such law, regulation or requirement;

(iii) Seller has, with respect to the Business, complied with all applicable laws relating to the employment of labor (including provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social security and other taxes); and

(iv) Seller holds all material permits, licenses, certificates, accreditations or other authorizations of foreign, federal, state and local governmental agencies required for the conduct of the Business and the operation of the Leased Real Property, and the attached Permits Schedule sets forth a list of all of such permits, licenses, certificates, accreditations and other authorizations, and Seller is in compliance in all material respects with all terms and conditions of any such required permits, licenses, accreditations and authorizations.

5.24 Environmental and Safety Matters. Except as set forth in the attached Environmental and Safety Schedule:

(a) To Seller's knowledge, Seller has complied and is in compliance with all Environmental and Safety Requirements.

(b) Without limiting the generality of the foregoing, to Seller's knowledge, Seller has obtained and complied with, and is in compliance with, all material permits, licenses and other authorizations that may be required pursuant to Environmental and Safety Requirements for the operation of the Business and all such permits licenses and authorizations may be relied upon by Buyer for lawful operation of the Business on and after the Closing without transfer, reissuance or other governmental action. A list of all such permits, licenses and other authorizations is set forth on the attached Permit Schedule.

(c) Seller has not received any written or, to Seller's knowledge, oral notice, report or other information regarding any liabilities or potential liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), including any investigatory, remedial or

corrective obligations, relating to the Business or the Facilities and arising under Environmental and Safety Requirements.

(d) To Seller's knowledge, none of the following exists at any property or facility owned or operated by Seller: (i) underground storage tanks or surface impoundments; (ii) asbestos-containing material in any form or condition; (iii) materials or equipment containing polychlorinated biphenyls; or (iv) landfills, surface impoundments, or disposal areas.

(e) Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, or released any substance, including without limitation any hazardous substance, or owned or, to Seller's knowledge, operated any facility or property, so as to give rise to liabilities for response costs, natural resource damages or attorneys fees pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the Solid Waste Disposal Act, as amended ("SWDA") or any other Environmental and Safety Requirements.

(f) To Seller's knowledge, neither this Agreement nor the consummation of the transactions contemplated hereby shall result in any obligations for site investigation or cleanup, or notification to or consent of government agencies or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental and Safety Requirements.

(g) To Seller's knowledge, Seller has not, either expressly or by operation of law, assumed or undertaken any liability (including any obligation for corrective or remedial action) of any other Person relating to Environmental and Safety Requirements.

(h) Without limiting the foregoing, to Seller's knowledge, no facts, events or conditions relating to the past or present facilities, properties or operations of Seller or the Business shall prevent, hinder or limit continued compliance with Environmental and Safety Requirements by the Business, give rise to any investigatory, remedial or corrective obligations pursuant to Environmental and Safety Requirements or give rise to any other liabilities (whether accrued, absolute, contingent, unliquidated or otherwise) pursuant to Environmental and Safety Requirements (including any relating to onsite or offsite releases or threatened releases of hazardous materials, substances or wastes, personal injury, property damage or natural resource damage).

(i) Seller has furnished to Buyer all environmental audits, reports and other material environmental documents relating to the current and former operations and facilities of Seller and its Affiliates, which are in their possession, custody or control.

(j) For purposes of this Agreement, "Environmental and Safety Requirements" means all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollution or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge,

release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise or radiation; and (B) "Release" shall have the meaning set forth in CERCLA.

5.25 Capital Expenditures. The Capital Expenditures Schedule attached hereto sets forth in reasonable detail (i) the actual capital expenditures made by Seller (in both dollar amounts and classifications of expenditures) during the fiscal year ended 2003 and (ii) the actual capital expenditures made by Seller (in both dollar amounts and classifications of expenditures) prior to the date hereof during the current fiscal year. Except as set forth on Capital Expenditures Schedule, to the best of Seller's knowledge, the capital expenditures made and estimated for the current fiscal year and for the 12-month period ending each as set forth on Capital Expenditures Schedule, are intended to be reasonably sufficient for Seller to carry on its business as presently conducted and as proposed in the business plan made available to Buyer by Seller and to allow Seller to serve its customers in the ordinary course of business and consistent with the manner in which customers of Seller has been served by Seller in the past.

5.26 No Acceleration of Rights or Benefits. Except as provided in the Change of Control Payments Schedule, Seller has not made, and is not obligated to make, any payment to any Person in connection with the transactions contemplated by this Agreement or the Other Documents or any other change of control transaction and (ii) no rights or benefits of any Person have been (or will be) accelerated or increased as a result of the consummation of the transactions contemplated by this Agreement or the Other Documents and no Person's rights or obligations are modified upon a change of control of Seller or provide any Person the right to receive a payment or remedy (including rescission or liquidated damages) upon a change of control of Seller.

5.27 Products Liability; Recalls. There are no existing liabilities, claims or obligations arising from or, to Seller's knowledge, alleged to arise from any actual or alleged injury to Persons, damage to property or other loss as a result of the ownership, possession or use of any product manufactured, sold, distributed, leased or delivered by Seller. There have been no product recalls or requests for product recalls by any governmental authorities or by any customers of Seller.

5.28 Names and Locations. During the five-year period prior to the execution and delivery of this Agreement, neither Seller nor Innovations has used any name or names under which it has invoiced account debtors, maintained records concerning its assets or otherwise conducted business other than the exact name under which it has executed this Agreement, and other than goods in transit, all of the tangible Purchased Assets are located at the Facilities. During the five-year period prior to the execution and delivery of this Agreement, neither Seller nor Innovations has reincorporated or reorganized in a different jurisdiction.

5.29 Investment Representations. Shareholder (A) understands that the Seller Note has not been, and will not be, registered under the Securities Act, or under any state securities laws, and is being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (B) is acquiring the Seller Note solely for its own account for investment purposes, and not with a view to the distribution thereof, (C) is a

sophisticated investor with knowledge and experience in business and financial matters, (D) has received certain information concerning Buyer and has had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding the Seller Note, (E) is able to bear the economic risk and lack of liquidity inherent in holding the Seller Note, and (F) is an "accredited investor" within the meaning of Rule 501 or Regulation D under the Securities Act.

5.30 Disclosure. Neither this Agreement, nor any of the Schedules or Exhibits hereto or to be delivered in connection herewith (including the certificate to be delivered by Seller pursuant to Section 3.1(w)(i) above) contains any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading. There is no fact, event or circumstance which Seller has not disclosed to Buyer in writing and of which any of its officers, directors or executive employees is aware and which has had or would reasonably be anticipated to have a Material Adverse Effect.

5.31 Closing Date. All of the representations and warranties of the Seller, Innovations and Shareholder in this Article V and elsewhere in this Agreement and all information delivered in any Schedule or Exhibit hereto or in any certificate delivered to Buyer are true and correct on the date of this Agreement and shall be true and correct as of the Closing, except to the extent that Seller has advised Buyer otherwise in writing prior to the Closing.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to Seller and Shareholder to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Seller and Shareholder as follows:

6.1 Corporate Organization and Power. Buyer is a limited liability company duly organized and validly existing under the laws of the State of Delaware, with full corporate power and authority to enter into this Agreement and the Other Documents and to perform its obligations hereunder.

6.2 Authorization; No Breach. The execution, delivery and performance of this Agreement and the Other Documents by Buyer and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate action on the part of Buyer, and no other corporate proceedings on the part of Buyer are necessary to authorize the execution, delivery, or performance of this Agreement and the Other Documents. This Agreement and the Other Documents each constitutes a valid and binding obligation of Buyer, enforceable in accordance with its terms.

6.3 No Violation. Buyer is not subject to or obligated under its certificate of formation, articles of association, any applicable law, or rule or regulation of any governmental authority, or any agreement or instrument, or any license, franchise or permit, or subject to any order, writ, injunction or decree, which would be breached or violated by its execution, delivery

or performance of this Agreement and the other agreements contemplated hereby, except to the extent valid consents and approvals have been obtained.

6.4 Governmental Authorities and Consents. Buyer is not required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement and the Other Documents or the consummation of the transactions contemplated hereby. No consent, approval or authorization of any governmental or regulatory authority is required to be obtained by Buyer in connection with its execution, delivery and performance of this Agreement or the transactions contemplated hereby.

6.5 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer.

6.6 Litigation. There are no actions, suits, proceedings, orders or investigations pending or, to the best of Buyer's knowledge, threatened against or affecting Buyer at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would adversely affect Buyer's performance under this Agreement or the consummation of the transactions contemplated hereby.

6.7 Notification. From the date hereof to the Closing, Buyer shall promptly inform Seller in writing of any material variance from the representations and warranties contained in this Article VI.

ARTICLE VII ADDITIONAL AGREEMENTS

7.1 Survival. The representations, warranties, covenants and agreements set forth in this Agreement or in the Schedules and Exhibits hereto or in any writing delivered by Buyer, Seller, Innovations or Shareholder to any other party in connection with this Agreement (including the certificate required to be delivered by Seller pursuant to Section 3.1(w)(i) above and the certificate required to be delivered by Buyer pursuant to Section 3.2(e) above) shall survive the Closing and the consummation of the transactions contemplated hereby as follows:

(i) the representations and warranties contained in Sections 5.12 (Tax Matters), 5.20 (Employee Benefit Plans) and 5.24 (Environmental and Safety Matters) shall terminate on the 60th day after the expiration of the applicable statutes of limitations with respect to the liability or obligation in question (giving effect to any extensions or waivers thereof);

(ii) the representations and warranties in Sections 5.1 (Organization and Corporate Power), 5.2 (Authorization; No Breach), 5.16 (Brokerage), 6.1 (Corporate Organization and Power), 6.2 (Authorization; No Breach), 6.3 (No Violation) and 6.5 (Brokerage) shall not terminate;

(iii) all other representations and warranties in this Agreement or in the Schedules and Exhibits hereto or in any writing delivered by Buyer, Seller, Innovations

or Shareholder to any other party in connection with this Agreement (including the certificate required to be delivered by Seller pursuant to Section 3.1(w)(i) above and the certificate required to be delivered by Buyer pursuant to Section 3.2(e) above) shall terminate on the third anniversary of the Closing Date; and

(iv) the covenants and other agreements set forth in this Agreement shall not terminate, except to the extent of any fixed duration set forth herein;

provided that any representation or warranty in respect of which indemnity may be sought under Section 7.2 or Section 7.3, and the indemnity with respect thereto, shall survive the time at which it would otherwise terminate pursuant to this Section 7.1 if written notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time. The representations and warranties in this Agreement and the Schedules and Exhibits hereto or in any writing delivered by Buyer, Seller, Innovations or Shareholder to any other party in connection with this Agreement (including the certificate required to be delivered by Seller pursuant to Section 3.1(w)(i) above and the certificate required to be delivered by Buyer pursuant to Section 3.2(e) above) shall survive for the periods set forth in this Section 7.1 and shall in no event be affected by any investigation, inquiry or examination made for or on behalf of Buyer, Seller or Shareholder or the knowledge of any of Buyer's or Seller's officers, directors, shareholders, employees or agents or the acceptance by Buyer, Seller or Shareholder of any certificate hereunder.

7.2 General Indemnification.

(a) Indemnification of Buyer. Seller and Shareholder shall jointly and severally indemnify Buyer and its Affiliates, stockholders, officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "Buyer Parties") and save and hold each of them harmless against and pay on behalf of or reimburse such Buyer Parties as and when incurred for any loss, liability, demand, claim, action, cause of action, cost, damage, deficiency, diminution in value, tax, penalty, fine or expense, whether or not arising out of third party claims (including, without limitation, interest, penalties, reasonable attorneys' fees and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing) (collectively, "Losses") which any such Buyer Party may suffer, sustain or become subject to, as a result of, in connection with, relating or incidental to or by virtue of:

(i) any misrepresentation or breach of representation or warranty under Article V of this Agreement or in any of the certificates or other instruments or documents furnished to Buyer by Seller, Innovations or Shareholder pursuant to this Agreement (in each case, determined without regard to any qualifications therein referencing the terms "material", "materiality", "Material Adverse Change", "Material Adverse Effect" or other terms of similar import or effect, except for Section 5.9 (No Material Adverse Effect));

(ii) any nonfulfillment or breach of any covenant, agreement or other provision by Seller, Innovations or Shareholder under this Agreement or the Schedules and Exhibits hereto;

(iii) any liability or obligation of Seller, Innovations or Shareholder which is not an Assumed Liability;

(iv) any liability or obligation arising by operation of law (including under any bulk transfer law or any common law doctrine of defacto merger or successor liability) which is related to, the result of or arises out of the transactions contemplated hereby and which is not an Assumed Liability;

(v) (A) any liability or obligation relating to Business Employees who are offered employment by Buyer in accordance with Section 7.6(a) but who decline to accept such offer and (B) any claims of any employee or former employee of Seller to whom Buyer has no obligation to offer employment under this Agreement; or

(vi) any action, demand, proceeding, investigation or claim by any third party (including governmental agencies) against or affecting Buyer and/or the Business which, if successful, would give rise to or evidence the existence of or relate to a breach of any of the representations, warranties or covenants of Seller or Shareholder;

provided that, the Seller and Shareholder shall not have any liability under clause (i) above (other than with respect to the representations and warranties contained in Sections 5.1 (Organization and Corporate Power), 5.2 (Authorization; No Breach), 5.10 (Absence of Certain Developments), 5.11(a) and (b) (Purchased Assets), 5.12 (Tax Matters), 5.16 (Brokerage), 5.20 (Employee Benefit Plans) and 5.24 (Environmental and Safety Matters)) unless the aggregate of all Losses relating thereto for which the Seller and Shareholder would, but for this proviso, be liable exceeds an amount equal to \$50,000 (the "Basket"), in which case the Seller and Shareholder shall be obligated to indemnify the Buyer Parties for all Losses relating back to the first dollar; and provided further that the Seller's and Shareholder's aggregate liability under clause (i) above (other than with respect to the representations and warranties contained in Sections 5.1 (Organization and Corporate Power), 5.2 (Authorization; No Breach), 5.10 (Absence of Certain Developments), 5.11(a) and (b) (Purchased Assets), 5.12 (Tax Matters), 5.16 (Brokerage), 5.20 (Employee Benefit Plans) and 5.24 (Environmental and Safety Matters)) shall in no event exceed \$1,775,000 (the "Cap"). This Section 7.2(a) shall not govern any claims by the Buyer Parties with respect to indemnification provided under Section 7.3 below.

(b) Indemnification of Seller. Buyer shall indemnify Seller and its Affiliates, stockholders, officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "Seller Parties") and hold them harmless against any Losses which the Seller Parties may suffer, sustain or become subject to, as the result of, in connection with, relating or incidental to or by virtue of:

(i) any misrepresentation or breach of representation or warranty under Article VI of this Agreement or in any of the certificates or other instruments or documents furnished to Seller by Buyer pursuant to this Agreement (in each case, determined without regard to any qualifications therein referencing the terms "material", "materiality", "Material Adverse Change", "Material Adverse Effect" or other terms of similar import or effect);

(ii) any nonfulfillment or breach of any covenant, agreement or other provision by Buyer under this Agreement or the Schedules and Exhibits hereto; and

(iii) any Assumed Liability.

(c) Defense of Third Party Claims. Any party making a claim for indemnification under this Section 7.2 or Section 7.3 (an "Indemnitee") shall notify the indemnifying party (an "Indemnitor") of the claim in writing promptly after receiving written notice of any action, lawsuit, proceeding, investigation or other claim against it (if by a third party) or discovering the liability, obligation or facts giving rise to such claim for indemnification, describing the claim, the amount thereof (if known and quantifiable) and the basis thereof; provided that the failure to so notify an Indemnitor shall not relieve the Indemnitor of its obligations hereunder except to the extent that (and only to the extent that) such failure shall have caused the damages for which the Indemnitor is obligated to be greater than such damages would have been had the Indemnitee given the Indemnitor prompt notice hereunder or the Indemnitor is otherwise prejudiced by such failure. With respect to any third party claim, any Indemnitor shall be entitled to participate in the defense of such action, lawsuit, proceeding, investigation or other claim giving rise to an Indemnitee's claim for indemnification at such Indemnitor's expense, and at its option (subject to the limitations set forth below) shall be entitled to appoint a nationally recognized and reputable counsel reasonably acceptable to the Indemnitee to be the lead counsel in connection with such defense; provided further that, prior to the Indemnitor assuming control of such defense, it shall first (i) verify to the Indemnitee in writing that such Indemnitor shall be fully responsible (with no reservation of any rights) for all liabilities and obligations relating to such claim for indemnification and that it shall provide full indemnification (whether or not otherwise required hereunder) to the Indemnitee with respect to such action, lawsuit, proceeding, investigation or other claim giving rise to such claim for indemnification hereunder and (ii) enter into an agreement with the Indemnitee in form and substance reasonably satisfactory to the Indemnitee (including, without limitation, with respect to Indemnitor's creditworthiness) which agreement unconditionally guarantees the payment and performance of any liability or obligation which may arise with respect to such action, lawsuit, proceeding, investigation or facts giving rise to such claim for indemnification hereunder; and provided further that:

(i) the Indemnitee shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose; provided that the fees and expenses of such separate counsel shall be borne by the Indemnitee (other than any fees and expenses of such separate counsel that are incurred prior to the date the Indemnitor effectively assumes control of such defense which, notwithstanding the foregoing, shall be borne by the Indemnitor);

(ii) the Indemnitor shall not be entitled to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnitee if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (B) the Indemnitee reasonably believes an adverse determination with respect to the action, lawsuit, investigation, proceeding or other claim giving rise to such claim for indemnification would be materially detrimental to or materially injure the Indemnitee's reputation or future

business prospects; (C) the claim seeks an injunction or equitable relief against the Indemnitee; (D) the claim involves environmental matters in which case the Indemnitee shall have sole control and management authority over the resolution of such claim (including hiring legal counsel and environmental consultants, conducting environmental investigations and cleanups, negotiating with governmental agencies and third parties and defending or settling claims and actions) (provided that, the Indemnitee shall keep the Indemnitor apprised of any major developments relating to any environmental claim); or (E) upon petition by the Indemnitee, the appropriate court rules that the Indemnitor failed or is failing to vigorously prosecute or defend such claim; and

(iii) if the Indemnitor shall control the defense of any such claim, the Indemnitor shall obtain the prior written consent of the Indemnitee (which shall not be unreasonably withheld) before entering into any settlement of a claim or ceasing to defend such claim if, pursuant to or as a result of such settlement or cessation, injunctive or other equitable relief shall be imposed against the Indemnitee or if such settlement does not expressly and unconditionally release the Indemnitee from all liabilities and obligations with respect to such claim, without prejudice.

7.3 Tax Indemnification.

(a) Seller and Shareholder shall remain liable, and shall indemnify Buyer, for any liability or obligation in respect of any amount of federal, state, local or foreign Taxes which are imposed with respect to or measured by the income of Seller, value of property owned by Seller, or the conduct of the Business by Seller, for any taxable period up to and including the Closing Date. Seller and Shareholder shall also indemnify Buyer, and shall be jointly and severally liable, for any federal, state, local or foreign Taxes imposed with respect to the transfer of assets pursuant to this Agreement, or imposed on Buyer as transferee of all or part of the assets of Seller.

(b) Any indemnification payment provided for under this Section 7.3 shall include reasonable costs and expenses (including attorneys' fees and expenses and accountants' fees and expenses) incurred in contesting the amounts against which Buyer is indemnified, or incurred in satisfying any filing or other procedural requirements with respect to amounts against which Buyer is indemnified. Any indemnification payment provided for under this Section 7.3 shall be paid in the manner provided in Section 7.5 and shall also include any amount necessary to indemnify Buyer and hold it harmless against any Loss which Buyer may suffer, sustain or become subject to as a result of Seller's failure to pay, or unreasonable delay in paying, any amounts for which Buyer is indemnified.

7.4 Other Indemnification Provisions. The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory or common law remedy that Buyer, Seller or Shareholder may have for breach of any representation, warranty, covenant or agreement contained herein or in any Schedule or Exhibit.

7.5 Manner of Payment. Any indemnification of the Buyer Parties or the Seller Parties pursuant to Section 7.2 or Section 7.3 shall be effected by wire transfer of immediately available funds from Seller, Shareholder or Buyer, as the case may be, to an account

designated by Buyer or Seller, as the case may be, within ten days after the determination thereof, and such indemnification payment shall be deemed an adjustment to the Purchase Price for the Purchased Assets set forth in Section 2.3 above. In addition to any other remedies, an Indemnitee shall be entitled to set-off any amounts due to it from any Indemnitor pursuant to Section 7.2 or Section 7.3 against any amount otherwise payable by such Indemnitee to the Indemnitor. Without limiting the generality of the foregoing, the Buyer Parties shall have the right to seek recovery for any amounts that the Buyer Parties are entitled to be paid under Section 7.2 or Section 7.3 or otherwise by reducing the principal amount and accrued interest outstanding under the Seller Note.

7.6 Employee and Related Matters.

(a) Transferred Employees. As of the Closing Date, Buyer shall offer employment to all employees of Seller actively employed in the Business as of the Closing Date (the "Business Employees"); provided that Buyer shall have no obligation to offer employment to any employee of Seller who, as of the Closing Date, is absent from active employment with Seller for any reason (including as a result of layoff, leave of absence, illness or injury). Notwithstanding the immediately preceding sentence, Buyer shall offer employment to each Business Employee who is absent from active employment on the Closing Date so long as Buyer reasonably expects such employee to be able to perform all of his or her regular duties in his or her respective position within 30 days after the Closing Date. To facilitate Buyer's obligations to offer employment under this Section 7.6(a), Seller shall provide Buyer within a reasonable period prior to the Closing (and again on the Closing Date) a true, complete and accurate list of each Business Employee who is absent from active employment, the date such employee changed from active to inactive status, the reason for such inactive status and, if applicable, the anticipated date of return to active employment. Business Employees who, on or immediately after the Closing Date, become employees of Buyer shall be referred to herein as the "Transferred Employees." Seller acknowledges that it is likely that not all Business Employees to whom Buyer offers employment pursuant to this Section 7.6(a) shall accept Buyer's offer of employment, and Seller agrees that, other than as specifically set forth in the Assumed Liabilities Schedule, Buyer shall have no liability whatsoever (including under Code Section 4980B) with respect to any Business Employee who is offered employment but who does not become a Transferred Employee. Other than as specifically set forth in the Assumed Liabilities Schedule, Buyer shall not assume any liability whatsoever and Seller shall retain, bear and discharge all liabilities and obligations with respect to all employees and former employees of Seller who do not become Transferred Employees (including liabilities under Code Section 4980B and liabilities under retiree health plans).

(b) Buyer's Employee Benefit Plans. Buyer shall not assume and shall have no liability or obligation whatsoever, and Seller shall retain, bear and discharge all liabilities and obligations, under each Seller Employee Benefit Plans. As of the Closing Date and for a period equal to the lesser of twelve months after the Closing Date or the Transferred Employee's period of employment with Buyer, Buyer shall cause each Transferred Employee who was covered under the Seller Employee Benefit Plans immediately prior to the Closing Date to be covered under the employee benefit plans, programs and arrangements of Buyer (the "Buyer's Employee Benefit Plans"). Buyer's Employee Benefit Plans shall, in the aggregate, provide benefits to eligible Transferred Employees that are not less than the benefits, in the aggregate, generally

provided to employees employed in substantially similar industries. Buyer shall in its sole discretion and in good faith determine the level of benefits generally provided to employees employed in substantially similar industries and the level of benefits provided under Buyer's Employee Benefit Plans. Buyer's Employee Benefit Plans shall recognize each Transferred Employee's prior service with Seller that is recognized under the Seller Employee Benefit Plans (and prior service with Seller's predecessors to the extent such prior service is recognized under the Seller Employee Benefit Plans) for purposes of eligibility to participate, vesting, eligibility to receive benefits, waiting periods and pre-existing condition limitation periods, but not for purposes of benefit accruals.

(c) Seller's Employee Benefit Plans. Effective as of the Closing Date, Seller shall cause each Transferred Employee to be fully vested in his or her benefits under each Seller Employee Benefit Plans. With respect to each Transferred Employee who, as of the Closing Date, has a loan outstanding from any Seller Employee Benefit Plans, Seller shall permit (or cause to be permitted) the continued repayment of such loan on the terms in effect on the Closing Date until the earliest of the date such loan (and any accrued interest thereon) has been fully repaid, the date there is otherwise a default with respect to such loan or the date such Transferred Employee ceases to be employed by Buyer. Seller shall timely adopt (or cause to be adopted) any and all amendments to each such plan of Seller necessary to provide the foregoing loan continuation.

(d) Workers' Compensation. Buyer shall have no liability whatsoever and Seller shall retain, bear and discharge all liabilities and obligations (whether absolute, contingent or otherwise) relating to workers' compensation claims made by (i) any Transferred Employee filed or presented before the Closing Date, (ii) any Transferred Employee filed or presented after the Closing Date but relating to claims and/or injuries first arising before the Closing Date and (iii) any employee or former employee of Seller who does not become a Transferred Employee.

7.7 Press Release and Announcements. Without the prior approval of the other party, neither Buyer nor Seller shall disclose to the public or to any third party any information concerning the transactions contemplated hereby, other than disclosures to its financing sources and financial, legal or other advisors and to governmental authorities as may, in the reasonable opinion of counsel, be required by law. Buyer and Seller shall cooperate in (i) the preparation of all press releases and to the extent practicable issue joint press releases and (ii) contacting customers, suppliers and employees.

7.8 Expenses. Each party hereto shall pay all of its own costs and expenses (including attorneys' and accountants' fees and other out-of-pocket expenses) in connection with the negotiation and execution of this Agreement, the performance of its obligations hereunder and the transactions contemplated hereby. Without limiting the foregoing, each party shall pay its own expenses incurred in connection with its efforts to satisfy the conditions to the other party's obligation to consummate the transactions contemplated hereby.

7.9 Further Transfers; Transition Assistance.

(a) Each of Seller, Innovations and Shareholder shall execute and deliver such further instruments of conveyance and transfer and take such additional action as Buyer may

reasonably request to effect, consummate, confirm or evidence the transfer to Buyer of the Purchased Assets, the assumption by Buyer of the Assumed Liabilities and the conduct by Buyer of the Business (including with respect to obtaining and maintaining all licenses, permits, authorizations, accreditations and consents necessary or desirable in connection therewith), and each of Seller, Innovations and Shareholder shall execute such documents as may be necessary to assist Buyer in preserving or perfecting its rights in the Purchased Assets and its ability to conduct the Business. Without limiting the generality of the foregoing, Seller and Buyer agree to cooperate with each other and to provide each other with all information and documentation reasonably necessary to permit the preparation and filing of all federal, state, local, and other Tax Returns with respect to the Business; provided that, each party shall reimburse the other party for such other party's reasonable out-of-pocket expenses in connection therewith.

(b) From the date hereof, neither Seller nor Shareholder shall in any manner take or cause to be taken any action which is designed or intended, or would be reasonably anticipated to have the effect of discouraging customers, suppliers, referral sources, governmental agencies, insurance companies, lessors, consultants, advisors and other business associates from maintaining the same business relationships with Buyer or the Business after the date of this Agreement as were maintained with the Business prior to the date of this Agreement.

7.10 Confidentiality. If the transactions contemplated by this Agreement are not consummated, then Buyer shall keep confidential all information and materials regarding the Business reasonably designated by Seller as confidential (except to the extent (i) disclosure of such information is required by law, (ii) the information was previously known to Buyer or (iii) the information becomes publicly known except through the actions or inactions of Buyer). Whether or not the transactions contemplated hereby are consummated, Seller, Innovations and Shareholder shall return to Buyer and keep confidential all information and materials regarding Buyer reasonably designated by Buyer as confidential (except to the extent (i) disclosure of such information is required by law, (ii) the information was previously known to either Seller, Innovation or Shareholder or (iii) the information becomes publicly known except through the actions or inactions of Seller, Innovations or Shareholder). If the transactions contemplated hereby are consummated, Seller, Innovations and Shareholder shall maintain as confidential and shall not use or disclose (except as required by law or as authorized in writing by Buyer) any confidential or proprietary information or materials relating to the Business. In the event any party hereto is required by law to disclose any confidential information, such party shall promptly notify each other party in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with each other party to preserve the confidentiality of such information consistent with applicable law.

7.11 Discharge of Liabilities. Seller shall pay all of Seller's debts, obligations and other liabilities existing as of the Closing Date (other than the Assumed Liabilities) in a manner consistent with the usual and ordinary course of Seller's business as such existed immediately prior to the Closing and in accordance with past custom and practice.

7.12 Noncompetition and Nonsolicitation.

(a) Noncompetition. In consideration of the payment of the Purchase Price and as a condition precedent to Buyer's consummation of the transactions contemplated hereby,

during the period of five years (the "Noncompete Period") commencing on the Closing Date, Seller, Innovations and Shareholder shall not, and shall not cause or permit any of their Affiliates to, directly or indirectly, engage (whether as an owner, operator, manager, employee, officer, director, consultant, advisor, representative or otherwise) in the Restricted Business anywhere in North America; provided that the ownership of less than 2% of the outstanding stock of any class of any publicly-traded corporation shall not be deemed to be engaging the Restricted Business solely by reason thereof.

(b) Restricted Business. The term "Restricted Business" shall mean the business of manufacturing steel rule cutting dies and converting tooling which Seller conducts or proposes to conduct as of the Closing Date.

(c) Nonsolicitation. During the Noncompete Period, neither Seller nor Shareholder shall directly or indirectly through another Person (i) induce or attempt to induce any employee of Buyer to leave the employ of Buyer, or in any way interfere with the relationship between Buyer and any employee thereof, (ii) hire any person who is then an employee of Buyer or was an employee of Seller in connection with the Business at any time during the twelve-month period immediately preceding the Closing, or (iii) induce or attempt to induce any customer, supplier, licensee, licensor, franchisee or other business relation of Buyer to cease doing business with Buyer, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and Buyer.

(d) Severability. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 7.12 is invalid or unenforceable, Buyer and Seller agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of such term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

7.13 Sales and Transfer Taxes. All sales and transfer taxes imposed as a result of the sale and transfer of the Purchased Assets contemplated hereby shall be paid by Seller. Buyer and Seller shall cooperate in timely making all filings, returns, reports and forms as may be required to comply with the provisions of applicable law in connection with the payment of any such sales and transfer taxes, and Buyer and Seller shall cooperate in good faith to minimize, to the fullest extent possible, the amount of any sales or transfer taxes payable in connection with the sale and transfer of the Purchased Assets hereunder.

7.14 Name Change. In consideration of the payment of the Purchase Price and within sixty (60) days of the Closing Date, Seller and Innovations each will either, at the election of Shareholder: (i) dissolve and cease to exist as a entity or (ii) change its corporate name to a name substantially dissimilar to its names prior to the Closing Date. Shareholder shall pay all costs and expenses (including attorneys' fees and other out-of-pocket expenses) in connection with this Section 7.14.

ARTICLE VIII
MISCELLANEOUS

8.1 **Amendment and Waiver.** This Agreement may be amended, or any provision of this Agreement may be waived, so long as any such amendment or waiver is set forth in a writing executed by each party hereto. No course of dealing between or among the parties shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any party under or by reason of this Agreement.

8.2 **Notices.** All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when personally delivered, sent by telecopy (with hard copy to follow) or sent by reputable overnight express courier (charges prepaid), or (ii) five days following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, demands and communications to the Seller and Buyer shall be sent to the addresses indicated below:

Notices to Seller and Innovations:

SDC International, Inc.
5205 Snapfinger Woods Drive
Decatur, Georgia 30035
Attn: B. Kenneth Holliday, Chairman & CEO

Notices to Shareholder:

Ken Holliday
2800 Highway 212
Conyers, Georgia 30094

with a copy to:

Richard E. Thomasson
Hanes & Thomasson, LLP
3355 Lenox Rd NE
Suite 875
Atlanta, Georgia 30326

Notices to Buyer:

Atlas Die, LLC
c/o Keystone Capital, Inc.
520 Lake Cook Road, Suite 650
Deerfield, Illinois 60015
Attn: Kent P. Dauten

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Attn: Edward T. Swan, P.C.

8.3 Assignment.

(a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including all successors and assigns in the event of a liquidation or dissolution of Seller), except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by Seller without the prior written consent of Buyer.

(b) Buyer may (at any time prior to the Closing), in its sole discretion, assign in whole or in part its rights and obligations pursuant to this Agreement (including the right to purchase the Purchased Assets and the obligation to assume the Assumed Liabilities) to one or more of its Affiliates, and Buyer may, in its sole discretion, direct Seller to convey the Purchased Assets, in whole or in part, to one or more of its Affiliates. In addition, Buyer may assign its rights pursuant to this Agreement (including its rights to indemnification) to any of its lenders as collateral security.

(c) Buyer may (at any time following the Closing), in its sole discretion, assign in whole or in part its rights and obligations pursuant to this Agreement in connection with a sale of all or any portion of the Business.

8.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

8.5 Captions and Headings. The captions and headings used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no caption or heading had been used in this Agreement.

8.6 Complete Agreement. This Agreement and the Other Documents contain the complete agreement between the parties with respect to the subject matter hereof and thereof and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way (including, without limitation, that certain letter agreement, dated as of December 22, 2003, by and between Keystone Capital, Inc. and Seller, which is hereby terminated and shall have no further force or effect).

8.7 Counterparts. This Agreement may be executed in multiple counterparts all of which taken together shall constitute one and the same agreement.

8.8 Delivery by Facsimile. This Agreement and any signed agreement entered into in connection herewith or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement shall raise the use of a facsimile machine to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of facsimile machine as a defense to the formation of a agreement and each such party forever waives any such defense.

8.9 Governing Law. THE LAW OF THE STATE OF DELAWARE SHALL GOVERN ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEABILITY OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES HERETO, AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS AGREEMENT, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.

8.10 No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their collective mutual intent, and no rule of strict construction shall be applied against any Person. The term "including" as used herein shall be by way of example and shall not be deemed to constitute a limitation of any term or provision contained herein.

8.11 Specific Performance. Each of the parties acknowledges and agrees that the other parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties agrees that the other parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter (subject to the provisions set forth in Section 8.15), in addition to any other remedy to which they may be entitled, at law or in equity.

8.12 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns, and nothing herein expressed or implied (including Section 7.2, Section 7.3 and Section 7.4) shall give or be construed to give any Person (other than the parties hereto and such assigns) any legal or equitable rights hereunder.

8.13 Schedules and Exhibits. The Schedules and Exhibits constitute a part of this Agreement and are incorporated into this Agreement for all purposes. Nothing in any

Schedule attached hereto shall be adequate to disclose an exception to a representation or warranty made in this Agreement unless such Schedule identifies the exceptions with particularity, references the specific section or subsections to which it relates and describes the relevant facts in reasonable detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be adequate to disclose an exception to a representation or warranty made in this Agreement, unless the representation or warranty covers the existence of such document or such other item itself.

8.14 Bulk Transfer Laws. Buyer hereby waives compliance by Seller with the provisions of any so-called bulk transfer laws of any jurisdiction in connection with the sale of the Purchased Assets to Buyer. Seller and Shareholder shall jointly and severally indemnify Buyer against any Loss or Losses (as defined in and pursuant to Section 7.2(a) above) which Buyer may suffer due to the failure to so comply.

8.15 Submission to Jurisdiction; Choice of Forum. Each of the parties submits to the jurisdiction of any state or federal court sitting in the state of Delaware in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated herein and agrees that all claims in respect of such action or proceeding may be heard and determined in any such court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto.

* * * * *

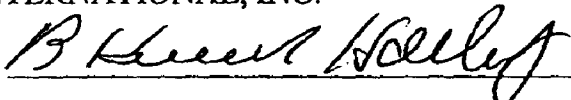
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ATLAS DIE, LLC

By: 

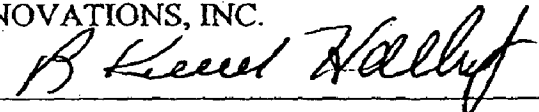
Its: Chairman

SDC INTERNATIONAL, INC.

By: 

Its: Chief Executive Officer

SDC INNOVATIONS, INC.

By: 

Its: Chief Executive Officer


B. KENNETH HOLLIDAY