

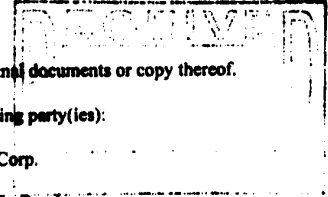
Client Code: ROBOT.05T

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Send original documents or copy thereof.

1. Name of conveying party(ies): (If multiple assignors, list numerically)

Robot Research, Inc.

- Individual
- Association
- General Partnership
- Limited Partnership
- Corporation - State CALIFORNIA
- Other:

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

2. Name and address of receiving party(ies):

Name: Robot Acquisition Corp.  
Internal Address:  
Street Address: 5636 Ruffin Road  
City: San Diego State: California ZIP: 92123

- Individual
- Association
- General Partnership
- Limited Partnership
- Corporation - State DELAWARE
- Other:

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No

(Designations must be a separate document from Assignment)  
Additional name(s) and address(es) attached?  
 Yes  No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other: ASSET PURCHASE AGREEMENT

Execution Date: (If multiple assignors, list execution dates in numerical order corresponding to numbers indicated in 1 above) August 27, 1993

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

- a. Trademark Application No(s):
- b. Trademark Registration No(s):  
1,585,359

Additional numbers attached?  Yes  No

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

Name: Drew S. Hamilton  
KNOBBE, MARTENS, OLSON & BEAR, LLP  
Customer No. 20,995  
Internal Address: Sixteenth Floor  
Street Address: 620 Newport Center Drive  
City: Newport Beach State: CA ZIP: 92660  
Attorney's Docket No.: ROBOT.05T

7. Total fee (37 CFR 3.41): \$40  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number: 11-1410

Please charge this account for any additional fees which may be required, or credit any overpayment to this account.

6. Total number of applications and registrations involved: 1

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct, and any attached copy is a true copy of the original document.

Drew S. Hamilton  
Name of Person Signing

*Drew S. Hamilton*  
Signature

2/25/00  
Date

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

Mail documents to be recorded with required cover sheet information to:

04/06/2000 INBUYEN 00000177 1585359

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Commissioner of Patents and Trademarks  
Box Assignments  
Washington, D.C. 20231

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**TRADEMARK**  
**REEL: 002044 FRAME: 0867**

**ASSET PURCHASE AGREEMENT**

**Dated as of August 27, 1993**

**among**

**SENSORMATIC ELECTRONICS CORPORATION,**

**ROBOT ACQUISITION CORP.,**

**ROBOT RESEARCH INC.**

**and**

**JOHN P. STAHLER**

**EXECUTION COPY**

**TRADEMARK  
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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of August 27, 1993, among SENSORMATIC ELECTRONICS CORPORATION, a Delaware corporation ("sensormatic"), ROBOT ACQUISITION CORP., a Delaware corporation ("Purchaser"), ROBOT RESEARCH INC., a California corporation ("Seller"), and JOHN P. STAHLER ("Stockholder").

**H I T N E S S E T H:**

WHEREAS, Seller is engaged principally in the business (the "Business") of developing, designing, manufacturing and marketing component equipment which makes possible the display, long distance transmission, switching and recording of digitized and analog video signals, principally within the closed circuit television ("CCTV") segment of the private security industry, which equipment includes digital picture processors, remote video signal transmission equipment, and remote camera controls; and

WHEREAS, Seller wishes to sell to Purchaser, and Purchaser wishes to purchase, all of Seller's assets (except as excluded pursuant to Section 1.1), on the terms and conditions set forth herein;

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

**1. Purchase and Sale of Assets.**

1.1 Transfer of Assets. On the Closing Date (as such term is defined in Section 1.5), subject to the terms and conditions of this Agreement, and in reliance on the representations, warranties and agreements set forth in this Agreement, Purchaser shall purchase, and Seller shall sell, convey, assign, transfer and deliver to Purchaser, all of the right, title and interest of Seller in and to all of the assets, business, goodwill and rights of Seller of every kind and description, tangible and intangible and wherever located, except as expressly excluded below (the "Assets"). The Assets shall be transferred to Purchaser free and clear of all claims, liens, security interests, charges, encumbrances, equities, adverse interests and restrictions of any kind ("Liens") other than Liens identified as surviving the Closing

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in Item 2.7(a) of the Disclosure Schedule attached hereto and incorporated by reference herein (the "Disclosure Schedule"), and shall include, without limitation, all of the following assets of Seller:

(a) machinery, equipment, plant, vehicles, office furniture and equipment, computer hardware, tools, spare parts, other chattels, fixtures and leasehold improvements;

(b) inventories of raw materials, supplies, work-in-progress and finished goods;

(c) cash in hand or in accounts with others, cash equivalents, prepayments, deposits and securities;

(d) accounts receivable;

(e) real property and leases, easements and other rights and interests in real property owned by others;

(f) purchase and sale orders, contracts, agreements, equipment leases, licenses and other instruments to which Seller or under which Seller claims any rights, including, without limitation, any manufacturing, marketing or distribution rights;

(g) Intellectual Property (as such term is defined in Section 2.15) owned by Seller and any rights or licenses held thereby with respect to Intellectual Property owned by others;

(h) the rights of Seller under all contracts, agreements and understandings, including the Listed Instruments referred to in Section 2.14 (except as noted in Item 2.14 of the Disclosure Schedule), and any other claims and rights of Seller against third parties;

(i) originals or true and complete copies of books and records, including customer and supplier lists, employee records, tax records, credit files, quotations and bids, and all sales literature and specifications;

(j) Permits (as such term is defined in Section 2.10(a)) issued by governments or governmental agencies or instrumentalities, to the extent transferable;

(k) the names "Robot" and "Robot Research" and all of Seller's rights thereto; and

(1) the goodwill of the Business;

all as the same exist on the date of this Agreement and shall exist on the Closing Date, subject only to the disposition of any assets in the ordinary course of business and in accordance with this Agreement and to the distribution contemplated by Section 4.8.

Notwithstanding the foregoing, the Assets to be sold, conveyed, assigned, transferred and delivered hereunder shall not include (i) the corporate minute books and stock books of Seller, (ii) any treasury stock held by Seller or (iii) that certain BMW automobile leased to Seller (or any rights or obligations associated therewith). No contract or agreement which is by law not assignable without the consent of any party thereto shall be deemed assigned pursuant to this Agreement unless and until such consent is given.

#### 1.2 Purchase Price.

(a) As consideration for the sale, conveyance, assignment, transfer and delivery contemplated by Section 1.1, on the Closing Date, Purchaser shall deliver to Seller (i) \$4,750,000 by wire transfer to an account designated by Seller to Purchaser not later than three business days prior to the Closing Date, and (ii) a number of shares of Sensormatic common stock, par value \$.01 per share ("Sensormatic Common Stock"), determined by dividing (a) \$15,000,000 by (b) the average of the closing prices (last sale) of Sensormatic Common Stock on the New York Stock Exchange for each of the five trading days immediately prior to the Closing Date (or within two trading days prior thereto, as determined by Purchaser). Such five-day average is sometimes referred to herein generically as the "Average Closing Price", and such average as of the date specified in the preceding sentence is sometimes referred to herein as the "Closing Date Price". Such number of shares shall be subject to further adjustment following the Closing Date pursuant to Section 1.4. In lieu of any fractional share, Seller shall receive on the Closing Date cash in an amount equal to such fraction of a share times the Closing Date Price. The consideration delivered pursuant to this Section 1.2 or, if applicable, pursuant to Section 1.4, is sometimes referred to herein as the "Purchase Price".

(b) As consideration for the personal obligations of Stockholder pursuant to Section 11, Purchaser shall transfer to Stockholder \$250,000 by wire transfer to an account designated by Seller to Purchaser not later than three business days prior to the Closing Date.



**1.3 Liabilities.** As additional consideration for the sale, conveyance, assignment, transfer and delivery of Assets, Purchaser shall assume and agree to pay, perform and discharge the following liabilities of Seller, and no other liabilities, as and when due, and shall hold Seller and Stockholder harmless therefrom:

(a) current liabilities reflected on the Interim Balance Sheet (as such term is defined in Section 2.6) or incurred following the date thereof by Seller solely in the ordinary course of business;

(b) payroll liabilities to employees of Seller for services rendered prior to the Closing Date and liabilities for accrued vacation, sick and holiday time and pay incurred in the ordinary course of business of Seller to its employees prior to the Closing Date, all as reflected on the Interim Balance Sheet or incurred following the date thereof by Seller solely in the ordinary course of business;

(c) Seller's obligations arising after the Closing Date under the Listed Instruments (except as noted in Item 2.14 of the Disclosure Schedule), including without limitation the Lease Agreement dated September 24, 1991 between Seller and Theodore R. Schonlaw, among others (the "Office Lease"), and the Royalty Agreements dated August 25, 1989 and October 21, 1991 between Seller and Russell F. Richardson, and including those liabilities under Seller's warranties relating to its products (including those sold prior to the Closing Date);

(d) liabilities arising out of product liability claims as to Seller's products sold prior to the Closing Date, to the extent not covered by Seller's existing insurance;

(e) Seller's obligations under its term loan agreement with San Diego Trust & Savings Bank, but (notwithstanding clause (c) of this Section 1.3) not in excess of \$1,000,000 in outstanding principal amount plus not more than one month's accrued interest;

(f) California State "S" corporation taxes for 1993, and real property, personal property, sales and payroll taxes of Seller, all as reserved against on the Interim Balance Sheet, contemplated by Section 4.8 or payable with respect to the period July 1, 1993 through the Closing Date; and

(g) California sales taxes applicable to the sale of certain of the Assets, as applicable, in an amount estimated at approximately \$50,000.

Such liabilities are referred to collectively as the "Assumed Liabilities". In no event shall Purchaser assume or be deemed to have assumed any other debts, obligations, liabilities or commitments of Seller, including, without limitation:

- (i) other than the warranty claims referred to in Section 1.3(c) or product liabilities referred to in Section 1.3(d), any liability of Seller with respect to any tort or general liability claim with respect to the operations, acts or omissions of Seller or any of its employees or agents;
- (ii) except as set forth in Section 1.3(f) or Section 1.3(g), any liability for Taxes (as such term is defined in Section 2.11) of Seller;
- (iii) any liability which constitutes a breach of, or is inconsistent with, the representations, warranties and agreements of Seller or Stockholder set forth in this Agreement;
- (iv) any liability to employees of Seller or to any Seller Benefit Plans (as such term is defined in Section 2.14), other than those referred to in Section 1.3(b);
- (v) other than product liability claims referred to in Section 1.3(d), any liability arising out of, and any expenses related to, any litigation involving Seller (which shall not be deemed to include litigation arising out of or in connection with the operation of the Business by Purchaser after the Closing Date);
- (vi) any liability of Seller for fines, penalties, damages or other amounts payable by Seller to any government or governmental agency or instrumentality;
- (vii) any liability of Seller for any expenses incurred in negotiating, preparing or consummating the transactions contemplated by this Agreement (other than sales taxes referred to in Section 1.3(g)); or
- (viii) any other liability of Seller not expressly assumed by Purchaser pursuant to this Section 1.3.

#### 1.4 Purchase Price Protection.

(a) As contemplated by Section 4.5, Sensormatic shall file a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission in order to register the resale by the Seller of the Sensormatic Common Stock included in the Purchase Price at Closing (the "Closing Date Shares") and any additional shares issued pursuant to this Section 1.4, and shall use its best efforts to cause the same to become effective on or promptly after the Closing Date. With respect to all sales of Closing Date Shares by Seller during the period beginning on the date the Registration Statement becomes effective and ending on the thirtieth day following such date (the "Resale Period"), within three business days following the end of the Resale Period and the delivery by Seller of a schedule showing the calculation on a trade-by-trade basis of the cash proceeds of all sales of Closing Date Shares during the Resale Period less commissions and transaction expenses (such difference being hereinafter referred to as the "Net Proceeds"), Purchaser shall reimburse Seller, in cash or Sensormatic Common Stock (or a combination thereof) at Purchaser's option, for the amount, if any, by which (i) the product of the Closing Date Price times the number of Closing Date Shares sold by Seller during the Resale Period exceeds (ii) the Net Proceeds of sale of such Closing Date Shares sold. In the event that all the Closing Date Shares are sold before the end of the Resale Period, such reimbursement shall be made within three business days after the schedule of Net Proceeds referred to above is furnished to Sensormatic. In the event that the closing price (last sale) of the Sensormatic Common Stock on the New York Stock Exchange on any day of the Resale Period is less than the Closing Date Price by \$3.50 or more, Seller shall, unless waived by Purchaser, begin an orderly liquidation of any unsold Closing Date Shares on the next trading day and expeditiously pursue the same thereafter (except as to any Closing Date Shares which Seller promptly notifies Purchaser that Seller wishes to retain, which shares shall no longer be subject to reimbursement pursuant to this section 1.4(a)). Seller agrees that all sales during the Resale Period and the period referred to in section 1.4(c) of Sensormatic Common Stock issued to Seller pursuant to this Agreement shall be made in an orderly fashion and in a manner reasonably acceptable to Sensormatic. Seller shall notify Purchaser by facsimile on the first day of each week of the number of shares sold during the immediately preceding trading day, and the gross and Net Proceeds of such sales, and shall also furnish similar information (or a reasonable estimate thereof) as soon as practicable after any day in which a substantial number of shares are sold. Seller shall also provide a

cumulative definitive schedule of such information promptly following the end of the Resale Period.

(b) ~~At any time during the Resale Period that the market price of the Sensormatic Common Stock is less than the Closing Date Price, Sensormatic may request in writing that Seller cease all further sales of Closing Date Shares, and Seller shall cease such sales as promptly as is practicable after receiving such notice. In such event, Purchaser shall promptly deliver to Seller, in good funds, in exchange for the unsold Closing Date Shares, an amount equal to the product of the Closing Date Price times such number of Closing Date Shares, and Seller shall redeliver such shares to Purchaser. Notwithstanding the foregoing, however, as to any or all of such shares, Seller may, by written notice to Purchaser delivered prior to the consummation of the exchange provided for in the preceding sentence, elect to retain all or a portion of such shares in lieu of such exchange, in which event the provisions of Section 1.4(a) shall no longer be applicable to such shares retained by Seller. In no event shall this Section 1.4(b) alter or impair any rights of Seller accrued under Section 1.4(a) prior to the giving of notice by Sensormatic.~~

(c) In the event that Purchaser elects to deliver additional Sensormatic Common Stock pursuant to Section 1.4(a), (i) the number of such shares delivered shall be equal to the amount payable pursuant to such Section 1.4(a) divided by the Average Closing Price as of the date of delivery of such shares (or within two trading days prior thereto, as determined by Purchaser), and (ii) with respect to any shares so delivered (or a like number of Closing Date Shares) which are sold by Seller during the five New York Stock Exchange trading days following delivery of such shares to Seller, Purchaser shall further promptly reimburse Seller, in cash, for the amount, if any, by which the aggregate valuation of such shares as determined pursuant to clause (i) of this Section 1.4(c) exceeds the Net Proceeds of sale of such shares.

(d) In the event that the Registration Statement does not become effective until after the Closing Date, for the period following the Closing Date through the date the Registration Statement becomes effective, Purchaser shall pay Seller, promptly following the end of the Resale Period, interest at a fixed rate ~~per annum~~ equal to the prime rate identified as such in the Wall Street Journal for the Closing Date (the "Prime Rate"). Such rate shall be payable on \$15,000,000, if all the Closing Date Shares are sold during the Resale Period, or if less than all such shares are sold,

on the product of the Closing Date Price times the number of Closing Date Shares sold during the Resale Period. In the event the Registration Statement has not become effective as of December 15, 1993 (or such later date as may be agreed to in writing by the parties), Purchaser shall deliver to Seller, in exchange for all of the Closing Date Shares, \$15,000,000, together with accrued interest at the Prime Rate from the Closing Date to the date of delivery of such amount, provided, that Seller may by written notice to Purchaser given within three business days prior to the date set forth above elect to retain some or all of the Closing Date Shares, in which event the principal amount delivered pursuant to this sentence and interest thereon shall be reduced in proportion to the number of shares so retained.

1.5 Closing. Subject to Section 12.1, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at 10:00 a.m. on September 17, 1993, or such later date agreed upon by the parties as is within three business days after all of the conditions precedent set forth in Sections 5 and 6 to be satisfied prior to the Closing have been satisfied or waived (the "Closing Date"), at the offices of Higgs, Fletcher & Mack, or such other date, time and place is agreed to by the parties. At the Closing, Seller shall execute and deliver to Purchaser a Bill of Sale substantially in the form of Exhibit A hereto (the "Bill of Sale") and Seller and Stockholder shall deliver the certificates, documents and instruments contemplated to be delivered by Seller and Stockholder pursuant to Section 5; and Purchaser shall deliver the Purchase Price to Seller, the amount payable pursuant to Section 1.2(b) to Stockholder and an Instrument of Assumption substantially in the form of Exhibit B hereto (the "Instrument of Assumption") to Seller and Sensoromatic and Purchaser shall execute and deliver the certificates, documents and instruments contemplated to be delivered by Sensoromatic and Purchaser pursuant to Section 6.

1.6 Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets purchased by Purchaser in a manner agreed by Purchaser and Seller and as set forth in a schedule to this Agreement or in such other writing to be executed by Purchaser and Seller on or prior to the Closing (the "Allocation Schedule"). Within 75 days following the Closing Date, the parties shall, in consultation with each other, make such adjustments to the Allocation Schedule as shall be necessary to conform any item of the Allocation Schedule to the corresponding item of the opening balance sheet of Purchaser, which shall be prepared by Purchaser. The amount allocated to "Goodwill" on the Allocation Schedule shall be adjusted to the extent required

to bring the Allocation Schedule into balance after all such adjustments to balance sheet items have been made. The final Allocation Schedule so arrived at shall be binding on both parties for all purposes, and each of Seller and Purchaser agrees to timely file Internal Revenue Service Form 8594 consistent with such final Allocation Schedule.

**2. Representations and Warranties of Seller and Stockholder.**

Seller and Stockholder, jointly and severally, represent and warrant to Sensoratic and Purchaser, as of the date hereof and as of the Closing Date, as follows:

**2.1 Due Incorporation and Qualification of Seller; Subsidiaries; Capitalization.**

(a) Seller is a corporation duly incorporated, validly existing and in good standing under the laws of California, with full corporate power and authority to own, lease and operate its properties and to carry on business in the places and in the manner as currently conducted.

(b) Seller has no direct or indirect subsidiaries, nor are there any other entities which Seller otherwise controls or in which it has an ownership or investment interest.

(c) Set forth in Item 2.1(c) of the Disclosure Schedule is a list of all jurisdictions in which Seller is qualified to do business and is in good standing as a foreign corporation, which are the only jurisdictions in which such qualification is necessary except for jurisdictions where the failure to so qualify would not have a material adverse effect on the business, financial condition or results of operations of Seller or on the Assets (such a material adverse effect with respect to Seller or the Assets being hereinafter referred to as a "Material Adverse Effect").

(d) None of Seller, Stockholder nor any of their respective relatives or affiliates owns, directly or indirectly, any interest in any corporation, partnership, joint venture or other business entity that (i) competes with Seller, (ii) sells or purchases products or services to or from Seller, (iii) leases real or personal property to or from Seller or (iv) otherwise does business with Seller.

(e) The authorized capital stock of Seller consists of 200,000 shares of Common Stock, par or stated value \$1.00 per share ("Seller Shares"), of which 5,400 shares are issued

and outstanding. All of such outstanding Seller Shares were duly authorized and validly issued, are fully paid and ~~nonassessable were not issued in violation of any preemptive rights, and are held beneficially and of record by Stockholder, free and clear of all Liens.~~ No Seller Shares are held as treasury shares. Except as set forth in this Section 2.1(e), there are no issued or outstanding shares of capital stock of Seller and no outstanding options, warrants, rights, conversion rights, pre-emptive rights, calls, commitments or demands of any character obligating Seller to issue, sell, redeem or repurchase any of its shares of such capital stock or any other security giving a right over such shares of capital stock.

**2.2 Authority; Due Authorization; Valid Obligation.**

(a) Seller has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The Board of Directors and shareholders of Seller have approved this Agreement and the transactions contemplated hereby, and Seller has taken any additional corporate action necessary for the execution and delivery by it of this Agreement and the consummation of the transactions contemplated hereby.

(b) This Agreement constitutes the valid and binding obligation of each of Seller and Stockholder, enforceable against each of them in accordance with its terms, except as may be limited by principles of equity or by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

**2.3 No Conflicts or Defaults.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not and shall not (a) contravene Seller's Certificate of Incorporation or By-laws; or (b) except as set forth in Item 2.3 of the Disclosure Schedule, with or without the giving of notice or the passage of time, or both, (i) violate or conflict with, or result in a breach of, or a default or loss of rights under, any agreement, mortgage, indenture, lease, instrument, permit or license to which Seller or Stockholder is a party or by which it or any of the Assets is bound, or any judgment, order, decree, law, rule or regulation to which it or any of the Assets is subject, (ii) result in the creation of, or give any party the right to create, any liens upon Seller or any of the Assets or (iii) terminate or give any party the right to terminate, abandon or refuse to perform any agreement, arrangement or commitment to which Seller is a party or by which it or any of the Assets is bound, except any such violation, con-

flict, breach, default, loss of rights, Lien, termination or failure of performance referred to in this clause (b) as will not, singly or in the aggregate, (x) have a Material Adverse Effect or (y) materially adversely effect the consummation of the transactions contemplated by this Agreement.

#### 2.4 Copies of Charter Documents and Stock Records.

(a) Correct and complete copies of the Certificate of Incorporation, By-laws and other organizational or governing instruments of Seller, in each case as amended to the date hereof, have been furnished to Purchaser by Seller.

(b) Seller has made available to Purchaser correct and complete copies of the minute books, stock ledgers or other statutory books of Seller.

2.5 Authorizations. No authorization, approval, order, license, permit or consent of, or filing or registration with, any court or governmental authority, or consent of any other party, is required in connection with the execution, delivery and performance by Seller of this Agreement, except (a) as set forth in Item 2.5 of the Disclosure Schedule, and (b) such other authorizations, approvals, licenses, permits, consents, filings or registrations which, if not obtained or made, the failure to obtain or make would not have a Material Adverse Effect or materially adversely affect the consummation of the transactions contemplated by this Agreement.

#### 2.6 Financial Statements.

(a) Seller has furnished to Purchaser (i) audited financial statements for and as of the end of each of the four years ended December 31, 1992, reported upon by Ernst & Young and (ii) unaudited interim financial statements as of and for the six months ended June 30, 1993 (collectively, the "Financial Statements"). The Financial Statements were prepared in accordance with U.S. generally accepted accounting principles applied on a consistent basis, are reconcilable to the books and records of Seller and present fairly the financial position of Seller as at the dates thereof and the results of its operations, cash flows and changes in financial position for the periods then ended, except, in the case of such unaudited financial statements, for the omission of footnote information and for year end audit adjustments neither of which are, singly or in the aggregate, material.

(b) As of June 30, 1993, Seller had no material liabilities of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due



(“Liabilities”), which were not specifically disclosed or provided for in the unaudited consolidated balance sheet of Seller as of June 30, 1993, included in Financial Statements (the “Interim Balance Sheet”) or the notes to the Financial Statements as of and for the period ended December 31, 1992 (the “Notes”). Since June 30, 1993, Seller has not incurred any Liabilities outside of the ordinary course of business, or any Liabilities which, individually or in the aggregate, are likely to have a Material Adverse Effect. All such Liabilities incurred since June 30, 1993 are fully reflected or reserved on the books and records of Seller.

(c) All of the accounts receivable and notes receivable reflected on the Interim Balance Sheet and the books of Seller are actual and bona fide receivables representing obligations for the amounts thereof shown on the Interim Balance Sheet or such books, which resulted or shall have resulted from the regular course of Seller’s business and, to Seller’s knowledge, are fully collectible by Seller, except to the extent reserved for on the Interim Balance Sheet or, in the case of such accounts and notes receivable arising after June 30, 1993, on the books of Seller.

(d) Seller has furnished to Purchaser true and correct schedules of its aged accounts receivable and accounts payable as of June 30, 1993, and will provide updated schedules thereof as reasonably requested by Purchaser prior to the Closing.

(e) Except as set forth in Item 2.6(a) of the Disclosure Schedule, the inventories reflected on the Interim Balance Sheet and on the books of Seller consist of items in good and merchantable condition and which were acquired in the ordinary course of business of Seller. The inventories reflected on the Interim Balance Sheet or such books of Seller are valued at the lower of cost (under the first-in, first-out method) or market, determined in a manner consistent with prior periods. The level of inventories currently owned by Seller is not excessive, and is adequate, in relation to the current requirements of Seller.

(f) Set forth in Item 2.6(f) of the Disclosure Schedule is a true and complete list of all sale and lease orders or commitments and outstanding bids or proposals of Seller with respect to its products or services, which remained undelivered or uninstalled or unperformed, in whole or in part, as of the latest practicable date. All such outstanding sale and lease orders and commitments and bids and proposals are in customary quantities, at customary prices and on customary terms, based upon the past marketing policies

with respect to such products, and, to the best knowledge of Seller and Stockholder, there are no such material orders or commitments which will not, upon fulfillment in accordance with their terms, result in a profit to Seller based upon its recent experience and operations.

(g) The tangible net worth (i.e., net assets less intangible assets) of Seller as of the Closing Date, and the value of the tangible assets included in the Assets transferred to Purchaser less the liabilities assumed by Purchaser pursuant to Section 1, shall not in either case be less than the sum of (i) \$2,600,000, plus (ii) the net income of Seller for the period July 1, 1993 through the Closing Date, determined in a manner consistent with the Financial Statements, less (iii) the amount of the distribution contemplated by Section 4.8.

(h) The income statement for the year ended December 31, 1992 is the last regularly prepared annual statement of income and expense of Seller. Stockholder (including his wife or any minor children) is not the ultimate parent entity of any person whose assets or revenues are required to be aggregated with those of Seller under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the regulations thereunder (collectively, the "HSR Regulations") for purposes of determining whether the transactions contemplated hereby are subject to the HSR Regulations.

## 2.7 Title to Assets.

(a) Except as set forth in Item 2.7(a) of the Disclosure Schedule, Seller has good and marketable title to all its principal properties and assets, real and personal, free and clear of all Liens, except: (i) Liens to secure indebtedness of Seller reflected on the Interim Balance Sheet and listed in Item 2.7(a) of the Disclosure Schedule; (ii) Liens consisting of zoning or planning restrictions, easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially detract from the value of such property, or impair the use of such property by Seller in the operation of its business; (iii) Liens for taxes, assessments or governmental charges or levies on its property listed in Item 2.7(a) of the Disclosure Schedule, if such taxes, assessments or governmental charges or levies shall not at the time be due and delinquent or if the same thereafter can be paid without penalty or if Seller shall currently be contesting the validity thereof in good faith, provided the amount thereof is fully reserved against on the Interim Balance Sheet; (iv) Liens consisting of (A) pledges or deposits to secure

obligations of Seller under workmen's compensation or other similar laws; (B) pledges or deposits to secure performance in connection with bids, tenders, contracts or leases entered into in the ordinary course of business to which Seller is a party; (C) deposits to secure public or statutory obligations of Seller; (D) leases granted in the ordinary course of business or property acquired in the ordinary course of business subject to leases or purchase money security interests; or (E) mechanics', carriers', workman's, repairmen's or other like Liens arising or incurred in the ordinary course of business or deposits to obtain the release of such Liens; and (v) other Liens which do not interfere materially with possession, ownership or use of any real or personal property of Seller.

(b) The Office Lease and all other material leases pursuant to which Seller leases real or personal property from others are in good standing, valid and effective in accordance with their respective terms.

(c) Set forth in Item 2.7(c) of the Disclosure Schedule is a list of all real property leased by Seller (the "Realty"). Seller does not own any real property.

**2.8 Ordinary Course; No Material Adverse Effect.**  
Except as set forth in Item 2.8 of the Disclosure Schedule, since June 30, 1993, Seller has conducted the Business and maintained its assets substantially in the same manner as previously conducted or maintained and solely in the ordinary course and, since such date, (a) there has not been any material adverse change in the business, financial condition or results of operations of Seller or in the Assets, (b) Seller has not sold, encumbered or committed to sell or in the Assets encumber any of its material assets or properties, other than the sale of inventory in the ordinary course of business, or incurred or committed to incur any material amount of additional indebtedness (other than under any existing bank facilities) and (c) no dividends or distributions have been declared or paid with respect to any of the Seller Shares (except as contemplated by Section 4.8).

#### **2.9 Products.**

(a) All equipment and products sold or leased by Seller are designed to meet all applicable standards for such equipment and products of the Federal Communications Commission ("FCC"), and the power supplies therefor currently in use meet the applicable standards of Underwriters Laboratories, Inc. ("UL"), for approval of such equipment and products for the applications for which they are intended. All such equipment and products which are eligible for or require any FCC or

UL approvals, registrations or certifications have received or are in the process of receiving such approvals, registrations or certifications. All such equipment and products which are intended for use outside the United States are designed to meet applicable "VDE", "FRS", "PTT" and other generally applicable standards for the applications for which they are intended in the markets in which they are sold or used. Set forth in Item 2.9(a) of the Disclosure Schedule is a list of the principal products of Seller and the approvals obtained for each such product.

(b) Except as set forth in Item 2.9(b) of the Disclosure Schedule, Seller has not received any notice of any outstanding or threatened liability or claim for defects or breaches of warranty or negligence, existing or alleged, in connection with the design, manufacture, sale, lease or use of any of the products of, or any services performed by or on behalf of, Seller. Seller has set aside a reserve of \$15,000 for warranty obligations, which, to Seller's knowledge, is adequate.

(c) Except as set forth in Item 2.9(c) of the Disclosure Schedule, during the preceding 12 months, Seller has not granted discounts or rebates of more than 10% from the prices set forth in its price lists and has not lowered its prices generally.

#### 2.10 Permits; Compliance with Law.

(a) Seller holds all valid and subsisting permits, certificates, licenses, approvals and other authorizations of governmental authorities (collectively, "Permits") as are material to the conduct of the Business, is in compliance in all material respects with the terms of each thereof, has made all notifications and applications to governmental authorities required under law to continue its material manufacturing operations and has not received any notice or claim pertaining to the failure to obtain any such Permit, except for instances or notices of noncompliance which would not, individually or in the aggregate, have a Material Adverse Effect. Except as set forth in Item 2.10(a) of the Disclosure Schedule, all such Permits are assignable to Purchaser and no such Permits will terminate as of a result of the transactions contemplated by this Agreement, except any such Permits the termination of which will not, singly or in the aggregate, have a Material Adverse Effect. Except for violations that, individually or in the aggregate, do not and are not likely to have a Material Adverse Effect, Seller's business has not been, and is not being, conducted in violation of any law, ordinance, rule or regulation.

(b) The plants, structures and equipment, whether owned or leased, which are currently used by Seller conform to all applicable laws, orders, regulations, ordinances or governmental or contractual requirements relating to their construction, use and operation, except any such instances of noncompliance as do not, singly or in the aggregate, have a Material Adverse Effect.

#### 2.11 Taxes.

Seller has filed all federal, state, provincial, local and foreign returns, notices, reports and computations which were required to be filed prior to the date hereof in respect of all income, withholding, franchise, payroll, excise, property, value-added, sales, use or other taxes, duties or assessments (together with any related penalties, fines or interest, "Taxes"), each such return and report is complete and accurate in all material respects, and Seller has paid or made provision in the Interim Balance Sheet or, since June 30, 1993, in its books and records for (i) payment of all Taxes (and any related penalties, fines and interest) shown to be due on such returns or reports, (ii) assessments received with respect thereto, and (iii) any Taxes which otherwise may be due with respect to periods ending on or prior to June 30, 1993. Other than California State "S" corporation taxes reserved against on the Interim Balance Sheet or on the books and records of Seller for periods following June 30, 1993, Seller has no liability for income taxes. Seller has not received notice of any claims pending or threatened for taxes against Seller or any of its subsidiaries for periods ending on or before June 30, 1993 in excess of the amounts reflected in the Interim Balance Sheet.

#### 2.12 Employee Benefits.

(a) The Profit Sharing Plan of Seller (the "Profit Sharing Plan") is the only "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) maintained by Seller or to which Seller has any liability or obligation. Set forth in Item 2.12(a) of the Disclosure Schedule is a list of all "employee welfare benefit plans" (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, deferred compensation, stock ownership, stock bonus, stock option, phantom stock, retirement, vacation, disability, death benefit, unemployment, hospitalization, medical, severance, or other plan, agreement, arrangement or understanding providing benefits to any current or former employee, officer or director of Seller or to which Seller has any liability or obligation (all such plans, agreements, arrangements and

understandings referred to in this Section 2.12(a) being hereinafter referred to as the "Seller Benefit Plans"). Seller has delivered to Purchaser true, complete and correct copies of (w) each Seller Benefit Plan and any amendments thereto (or, in the case of any unwritten Seller Benefit Plans, descriptions thereof), (x) annual reports on Form 5500 for the past three years (together with accompanying financial statements) filed with the Internal Revenue Service or Department of Labor, as applicable, with respect to each Seller Benefit Plan (if any such report was required), (y) all summary plan descriptions for each Seller Benefit Plan for which such summary plan description is required or otherwise available and (z) each trust agreement and group annuity contract relating to any Seller Benefit Plan. Except as set forth in Item 2.12(a) of the Disclosure Schedule, Seller has not terminated any Seller Benefit Plan previously in effect. No Seller Benefit Plan provides for post-retirement medical benefits.

(b) The accrued obligations of Seller under all Seller Benefit Plans are reflected on the Interim Balance Sheet as of its date and on the books of Seller for periods thereafter up to the Closing Date.

(c) Each Seller Benefit Plan and any related trust complies currently, and has complied at all times in the past, both as to form and operation, in all material respects with the terms of such Seller Benefit Plan and with the applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended, and other applicable laws. All necessary government approvals for each Seller Benefit Plan have been or will be obtained on a timely basis.

(d) A determination letter has been applied for with respect to the Profit Sharing Plan. All contributions of Seller required by the Profit Sharing Plan have been made by Seller or properly accrued and reflected on the Interim Balance Sheet. With respect to the Profit Sharing Plan, (i) the financial statements of the Profit Sharing Plan, as of the close of its most recent Plan year for which financial statements are available, present fairly the financial condition of such Plan for such plan year; (ii) no "prohibited transaction" (as defined in Section 406 of ERISA) resulting in liability of Seller has occurred; (iii) no breach of fiduciary responsibility under Part 4 of Title I of ERISA resulting in liability of Seller has occurred; and (iv) the Profit Sharing Plan is qualified under Code Section 401 and the trusts maintained pursuant thereto are exempt from federal income taxation under Code Section 501.

(e) Seller does not maintain, and has no obligation to, any "multi-employer plan" (as such term is defined in Section 4001(a)(3) of ERISA). Seller has no liability ~~(contingent or otherwise) with respect to any terminated Seller Benefit Plan.~~ Seller is not a member of and does not have any liability with respect to a controlled group of corporations or a trade or business (whether or not incorporated) under common control which, together with Seller, is or was at any time treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA.

2.13 Litigation. Except as described in Item 2.13 of the Disclosure Schedule, there is no claim, action, suit, proceeding, investigation or criminal proceeding, at law or in equity, before any national, state or provincial, local or other governmental authority, court, arbitration tribunal or other forum (collectively, "Proceedings") pending or, to Seller's knowledge, threatened against Seller which, if adversely determined, would, singly or in the aggregate, have a Material Adverse Effect or would materially adversely affect consummation of the transactions contemplated by this Agreement, or which challenges the validity or propriety of the transactions contemplated by this Agreement. Item 2.13 of the Disclosure Schedule contains a list of all Proceedings to which Seller is a party or to which Seller or the Assets are subject. To the knowledge of Seller, there is no material outstanding and unsatisfied judgment, order, writ, ruling, injunction, stipulation or decree of any court, arbitrator or governmental authority against or relating to Seller or its assets.

#### 2.14 Agreements and Commitments.

(a) Set forth in Item 2.14 of the Disclosure Schedule is a complete list of all of the following instruments to which Seller is a party ("Listed Instruments"): (i) each employment, consulting, severance or other agreement (including any "golden parachute" or similar arrangement) with any employee, consultant, sales or manufacturers representative, officer, director or stockholder of Seller (or any company which is controlled by any such individual) whose total rate of annual remuneration, including the fair market value of all non-cash "personal benefits" received by any such individual or company, exceeds \$60,000, and all employment and other agreements with any such individual or company which provide total aggregate compensation thereunder in excess of \$100,000; (ii) each lease requiring the payment of rentals aggregating at least \$25,000 per annum, pursuant to which real or personal property is held under lease, or leased to any person by

Seller (other than leases of its products to customers in the ordinary course of business); (iii) each loan, guaranty or other agreement or instrument evidencing indebtedness for monies borrowed by or credit available to Seller, or any guaranty of an obligation by Seller, in excess of \$50,000; (iv) each distribution, dealership, franchise, sales agency or similar agreement to which Seller is a party; (v) each manufacturing or supply agreement to which Seller is a party (other than purchase orders in the ordinary course listed in schedules supplied separately by Seller to Purchaser); (vi) each partnership, joint venture, shareholders or similar agreement to which Seller is a party; (vii) each agreement or understanding relating to the acquisition by Seller of any Intellectual Property or any rights therein, or the grant by Seller of any rights therein (including by license in either case), or any consulting or other services provided by any person with respect thereto; (viii) each research, development and technical assistance agreement; (ix) any covenants not to compete or similar restrictions on the conduct of the Business; and (x) each other contract, commitment or understanding to which Seller is a party (and which is not disclosed in any other Item of the Disclosure Schedule or in the Notes and which (A) involves in excess of \$75,000, (B) has a term of one year or more and is not terminable without further liability, penalty or premium or (C) was entered into other than in the ordinary course of business.

Except as set forth in the applicable Item of the Disclosure Schedule, (x) a true and complete copy of each written Listed Instrument has been furnished to Seller, (y) the rights of Seller under each of the Listed Instruments are fully assignable to Purchaser at the Closing and none of the Listed Instruments will be subject to termination or renegotiation as a result of the consummation of the transactions contemplated by this Agreement, and (z) Seller is not in breach or default in any material respect under any of the Listed Instruments. Neither Seller nor Stockholder has any knowledge of any other material breach or default under any Listed Instrument by any other party thereto or by any other person, firm or corporation bound thereby.

(b) Seller is not a party to any union or collective bargaining contracts with respect to any employees of Seller and there has not been, nor has Seller received written notice threatening, any representational or organizational activity, strike, slowdown, picketing or work stoppage by any union or other group of employees against Seller.



## 2.15 Intellectual Property.

(a) Seller owns or has valid and enforceable rights with respect to all ideas, inventions, improvements, ~~dis~~ ~~coveries~~, processes, formulae, technical data, know-how, information, drawings, plans, prototypes, tooling and other designs, specifications, computer software programs, processes, algorithms, related documentation, patents, patent applications, and trademarks, trade names, service marks and copyrights (whether or not registered) and any registrations or applications for the registration of any thereof and all rights of similar or equivalent effect however or wherever arising (together, the "Intellectual Property") which are necessary and sufficient to conduct the Business as currently conducted or proposed to be conducted. Seller holds the Intellectual Property owned by it free of any contractual or other restrictions, except any imposed by applicable law or regulations and any that are not material. Set forth in Item 2.15 of the Disclosure Schedule is a complete list of all United States and foreign patents, trademark and trade name registrations, and copyright registrations, all applications therefor pending on the date hereof, and all patent rights, trademarks, trade names, copyrights, and other trade rights, including any thereof relating to any computer or other program, software, algorithm or process, owned by or licensed to Seller or used by Seller in the conduct of the Business. All written or oral agreements or other instruments to which Seller is a party which relate in whole or in part to any Intellectual Property are listed under Section 2.14, and are fully assignable to Purchaser. Any co-holders of any such Intellectual Property have assigned all of their rights therein to Seller.

(b) Except as set forth in Item 2.15 of the Disclosure Schedule, Seller is not aware of any pending or threatened opposition or cancellation proceedings, foreign or domestic, against any of its Intellectual Property or any pending or threatened cancellation or revocation of any agreement granting to Seller rights to or under any such Intellectual Property of others. There is no infringement by Seller of any intellectual property of others in respect of its products or the conduct of its Business as now conducted or contemplated to be conducted, and Seller has not received any claims that it or its Intellectual Property has infringed the rights of others. Seller is not aware of any infringement of its Intellectual Property by others.

**2.16 Environmental Matters.**

~~(a) Set forth in Item 2.16 of the Disclosure Schedule is a true and complete list of all environmental reports and studies performed by or for Seller with respect to any of the Realty (the "Environmental Reports"). True and complete copies of all the Environmental Reports have been collected by Seller and made available to Sensoratic.~~

(b) Except as set forth in the Environmental Reports or in Item 2.16 of the Disclosure Schedule, neither Seller nor, to the knowledge of Seller, any other person has ever caused or permitted any Hazardous Material (as hereinafter defined) to be spilled, released, discharged or disposed of on, under or at the Realty or any part thereof other than in the ordinary course of business and in compliance with all laws (and rules and regulations thereunder), ordinances, Permits, guidelines, orders and consent decrees of any applicable federal, state, local or foreign government (or agency thereof) concerning the disposal, release or threatened release of hazardous substances, public health and safety, or pollution or protection of the environment (collectively, "Environmental Laws"). The Realty has never been used by Seller or, to the knowledge of Seller, by any other person as a dump site or storage site (whether permanent or temporary) for any Hazardous Material, except for temporary storage of Hazardous Material used or generated in the ordinary course of business and generated, used, stored and disposed of in accordance with all applicable Environmental Laws. For all purposes of this Agreement, "Hazardous Material" shall mean any pollutants, contaminants, chemicals, or industrial toxic or hazardous substance or material defined as such in (or for purposes of) the Environmental Laws, including, without limitation, any waste constituents coming within the definition or list of hazardous substances in 40 C.F.R. § 261.1 through 261.33.

(c) Except as set forth in Item 2.16 of the Disclosure Schedule, neither Seller nor, to the knowledge of Seller and Stockholder, any other person has ever caused or permitted any Hazardous Material to be placed, held, handled or located on, under or at the Realty or any part thereof other than in the ordinary course of business and in compliance with all Environmental Laws.

(d) Except as set forth in the Environmental Reports, the Realty does not have any environmentally sensitive areas (such as wetlands, floodplains and stream corridors) that restrict the current or contemplated uses of the Realty.

(e) Except as set forth in the Environmental Reports furnished to Sensormatic and in Item 2.16 of the Disclosure Schedule, Seller has not received any complaint, order, citation or other notice from any governmental authority (including, without limitation, the Environmental Protection Agency) of any misuse, spill, discharge or other release of any Hazardous Material by Seller or affecting the Realty, or any violation or alleged violation of any Environmental Law by Seller.

2.17 Suppliers and Customers. Set forth in Item 2.17 of the Disclosure Schedule is a list of all suppliers (including assemblers or manufacturers of component or finished products) and customers accounting for 5% or more of Seller's annual purchases and sales, respectively. Seller has adequate sources of supply for all products or the components thereof. The relationship of Seller with such suppliers and customers is good and there has been no expression of any intention to terminate or materially modify any of such relationships.

2.18 Information Supplied. None of the information to be supplied in writing by or on behalf of Seller or Stockholder for inclusion or incorporation by reference in the Registration Statement (which shall be deemed to include the initialing or other written evidence of approval of drafts submitted to Seller and Stockholder for review), including any amendments or supplements thereto, shall, at the time the Registration Statement becomes effective under the Securities Act of 1933 (the "Securities Act"), or, in the case of any subsequent amendment or supplement thereto, the date thereof, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.19 Insurance. All of the insurable Assets are adequately insured for Seller's benefit against loss or damage by theft, fire and all other hazards and risks of a character usually insured against by persons operating similar properties in the localities where such properties are located, under valid and enforceable policies issued by insurance carriers of substantial assets and recognized responsibility in amounts sufficient to prevent the insured from becoming a co-insurer within the terms of such policies. All such policies of insurance are in full force and effect on the date hereof in accordance with their terms, and neither Seller nor Stockholder has received notice of termination of any such policies.

2.20 Bank Accounts, Etc. Seller has heretofore furnished Purchaser with a true, correct and complete list of (a) all accounts and credit arrangements maintained by Seller, ~~and all persons authorized to sign or act on behalf of seller with respect thereto, and all safe deposit boxes and other similar custodial arrangements and (b) the names of all~~ persons holding powers of attorney from Seller or otherwise authorized to act on behalf of Seller with respect to any matters and a summary of the terms thereof.

2.21 Net Proceeds. As set forth in Section 1.4(a), and subject to the terms and conditions set forth therein, with respect to all sales of Closing Date Shares by Seller during the Resale Period, within three business days following the end of the Resale Period and the delivery by Seller of a schedule showing the calculation on a trade-by-trade basis of the Net Proceeds of all sales during the Resale Period, Purchaser shall reimburse Seller, in cash or Sensormatic Common Stock at Purchaser's option, for the amount, if any, by which (i) the product of the Closing Date Price times the number of Closing Date Shares sold by Seller during the Resale Period exceeds (ii) the Net Proceeds of sale of such Closing Date Shares sold. If applicable, Purchaser shall further reimburse Seller as set forth in clause (ii) of Section 1.4(c). This representation repeats the agreements set forth or referred to herein at the request and for the comfort of Seller, and shall in no way be construed to require any payment or performance by Purchaser or Sensormatic in addition to that required by Section 1.4.

2.22 Miscellaneous. All representations and warranties of Seller and Stockholder set forth in this Agreement and all information set forth by Seller and Stockholder in the Disclosure Schedule or any schedules or exhibits hereto or thereto, were, as of the date of which they were made or given, true and complete in all material respects and no such representation, warranty or information contains or contained any untrue statement of a material fact or omits or omitted to state any material fact necessary in order to make such representation or warranty, in light of the circumstances under which it is or was made, not false or misleading. Any disclosure made pursuant to any of the representations in this Section 2 shall be deemed to have been made for purposes of any other such representations.

3. Representations and Warranties of Sensormatic and Purchaser. Sensormatic and Purchaser, jointly and severally, represent and warrant to Seller and Stockholder, as of the date hereof and as of the Closing Date, as follows:

3.1 Due Incorporation and Qualification. Each of Sensormatic and Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware. ~~Sensormatic and Purchaser have full~~ corporate power and authority to own, lease and operate their ~~respective properties and to carry on their respective busi-~~nesses in the places and in the manner currently conducted. Sensormatic is qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the activities conducted by it or the character of the properties owned or leased by it makes such qualification necessary and the failure to so qualify would have a material adverse effect on the business, financial condition or results of operations of Sensormatic and its subsidiaries, considered as a whole. Purchaser is a wholly-owned subsidiary of Sensormatic.

3.2 Authority; Due Authorization; Valid Obligation. Sensormatic and Purchaser have all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. Sensormatic and Purchaser have taken all corporate action necessary for the execution and delivery by them of this Agreement and for the consummation of the transactions contemplated hereby, and this Agreement constitutes the valid and binding obligations of Sensormatic and Purchaser, enforceable against Sensormatic and Purchaser in accordance with its terms, except as may be limited by principles of equity or by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

3.3 No Conflicts or Defaults. The execution and delivery of this Agreement by Sensormatic and Purchaser and the consummation of the transactions contemplated hereby do not and shall not (a) contravene the Certificate of Incorporation or By-Laws of Sensormatic or Purchaser or (b) with or without the giving of notice or the passage of time, or both, (i) violate or conflict with, or result in a breach of, or a default or loss of rights under, any material agreement, mortgage, indenture, lease, instrument, permit or license to which Sensormatic or Purchaser is a party or by which either of them or any material portion of their respective assets are bound, or any judgment, order, decree, law, rule or regulation to which either of them or any material portion of their respective assets are subject, (ii) result in the creation of, or give any party the right to create, any Lien upon any material portion of their respective assets, or (iii) terminate or give any party the right to terminate, abandon or refuse to perform any agreement, arrangement or commitment to which Sensormatic or Purchaser is

a party or by which it or any of their respective assets is bound, except any such violation conflict, breach, default, loss of rights, Lien, termination or failure of performance referred to in this clause (b) as will not, singly or in the aggregate, materially adversely affect the consummation of the transactions contemplated by this Agreement.

3.4 Authorizations. No authorization, approval, order, license, permit or consent of, or filing or registration with, any court or governmental authority, or consent of any other party, is required in connection with the execution, delivery and performance by Sensormatic or Purchaser of this Agreement, except for (a) the filing and effectiveness of the Registration Statement under the Securities Act, together with such filings or registrations as may be required by applicable state securities or "blue sky" laws, with respect only to the resale of the Closing Date Shares and any shares of Sensormatic Common Stock issued pursuant to section 1.4, and (b) such other authorizations, approvals, licenses, permits, consents, filings or registrations which, if not obtained or made, the failure to obtain or make would not materially adversely affect the consummation of the transactions contemplated by this Agreement.

3.5 Litigation. There are no Proceedings pending against Sensormatic or Purchaser, and Sensormatic and Purchaser have not received notice of any threatened Proceedings, which, if adversely determined, would, singly or in the aggregate, materially adversely affect consummation of the transactions contemplated by this Agreement, or which challenges the validity or propriety of the transactions contemplated by this Agreement.

3.6 Registration Statement. None of the information included or incorporated by reference in the Registration Statement shall, at the time the Registration Statement becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by Sensormatic or Purchaser with respect to statements made or incorporated by reference in the Registration Statement based upon information supplied in writing by Seller or Stockholder (which shall be deemed to include the initialling or other written evidence of approval of drafts submitted to Seller and Stockholder for review) for inclusion therein.

**3.7 Sensormatic Common Stock.** The Purchase Price Stock and any additional Sensormatic Common Stock issued pursuant to Section 1.4 will have been duly authorized and validly issued, will be fully paid and non-assessable and will not be issued in violation of any preemptive rights.

**3.8 Miscellaneous.** All representations and warranties of Sensormatic and Purchaser set forth in this Agreement and all information set forth by Sensormatic or Purchaser in any schedules or exhibits hereto or thereto were, as of the date on which they were made or given, true and complete in all material respects and no such representation, warranty or information contains or contained any untrue statement of a material fact or omits or omitted any material fact necessary in order to make such representation or warranty, in light of the circumstances under which it is made, not false or misleading. Any disclosure made pursuant to any of the representations in this Section 3 shall be deemed to have been made for purposes of any other such representations.

**4. Pre-Closing Agreements.**

**4.1 Preserve Seller's Business.** Between the date of this Agreement and the Closing Date, Seller shall (and Stockholder shall cause Seller to), in all material respects, (a) preserve substantially intact the business organization of Seller and use its reasonable best efforts to keep available the services of Seller's present officers and key employees and preserve Seller's present relationships with persons having significant business relations therewith and (b) conduct Seller's Business only in the ordinary course. Without limiting the generality of the foregoing, Seller shall not, without the prior written consent of Sensormatic in each instance, (i) issue or commit to issue any Seller Shares or other capital stock, (ii) sell, or grant or commit to grant any options, warrants or other rights to subscribe for or purchase, any Seller Shares or other capital stock, (iii) declare, set aside, or pay any dividend with respect to any Seller Shares or other capital stock or make any distribution of capital (except as contemplated by Section 4.8), (iv) directly or indirectly redeem, purchase or otherwise acquire or commit to acquire any Seller Shares or other capital stock or other ownership interest of any party, (v) effect a split or reclassification of its capital stock, or a recapitalization, (vi) amend its Certificate of Incorporation or By-laws, (vii) make or grant any wage or salary increases or any bonuses other than pursuant to pre-existing commitments, or enter into or amend any material employment, consulting, agency, personal services, compensation or severance agreement or arrangement with any party, (viii) enter

into any material transaction, contract or commitment other than in the ordinary course of business, (ix) incur or commit to incur a material amount of additional indebtedness (other than under any existing bank lines of credit), or (x) sell, encumber or otherwise dispose of any material properties or assets. Seller shall use its best efforts to maintain in full force and effect insurance policies providing coverage and amounts of coverage comparable to the coverage and amounts of coverage provided under the policies of insurance now in effect for Seller.

4.2 Preserve Accuracy of Representations and Warranties; Updates. Between the date of this Agreement and the Closing Date, each of Seller, Stockholder, Sensormatic and Purchaser shall refrain from taking, without the prior written consent in each instance of Sensormatic or Seller, as applicable, any action which would render any of the representations or warranties set forth in Sections 2 or 3 inaccurate in any material respect as of the Closing Date, and shall notify the other promptly of the occurrence of any matter, event or change in circumstances known to it after the date hereof that would have been required to be disclosed by it hereunder if it had occurred on or prior to the date hereof. Between the date of this Agreement and the Closing Date, Seller shall supply to Sensormatic, Purchaser or their representatives, on a monthly basis, copies of all internally generated sales reports and financial statements, and such additional financial and business information as they may reasonably request, which shall be prepared in a manner consistent with the manner in which they are now prepared.

4.3 Further Investigation. Between the date of this Agreement and the Closing Date, Seller shall give to Sensormatic, Purchaser and their representatives full access during normal business hours, on reasonable prior notice, to all of their premises, files, books, records and employees and shall cause their officers, employees and representatives to furnish such financial and operating data and other information with respect to their respective businesses as any of the other parties shall from time to time request; provided, however, that any such investigation shall be conducted in such manner as not to interfere unreasonably with the operation of Seller's business. No such investigation shall impair or affect any representation or warranty, or any right to indemnification, under this Agreement. Any information obtained in the course of such investigation shall be subject to the confidentiality agreement entered into between Seller and Sensormatic. If the transactions contemplated by this Agreement are not consummated, each of the parties shall



return all confidential information and copies and derivations thereof to the party from which it originated.

~~4.4 Consents, Waivers and Filings.~~ Upon the terms and subject to the conditions set forth in this Agreement, Seller, Stockholder, Sensormatic and Purchaser shall use their respective best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things, reasonably necessary or desirable to consummate in an expeditious manner (by September 17, 1993 or as soon thereafter as is practicable) the transactions contemplated by this Agreement. Without limiting the foregoing, the parties shall cooperate to obtain from all relevant third parties and governmental authorities all consents and waivers to, and permits, authorizations and licenses for, the transactions contemplated by this Agreement that may be required under any agreement, lease, financing arrangement, license, Permit or other instrument or under any applicable law, rule or regulation, and to obtain and file appropriate registrations and transfers of Intellectual Property. Further in that connection, the parties note that the various agreements and schedules (including the Disclosure Schedule) contemplated by this Agreement have not been prepared or completed as of the date hereof, and agree to supply promptly and fully all schedules and other information contemplated by this Agreement to be supplied by them and not supplied as of the date hereof.

4.5 Preparation of Registration Statement. Sensormatic shall promptly prepare and file with the SEC the Registration Statement and shall use all reasonable efforts to have the Registration Statement declared effective under the Securities Act as of or as soon as practicable after the Closing Date. Sensormatic shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under any applicable state securities laws in connection with the issuance of Sensormatic Common Stock pursuant to this Agreement, and shall cause the Closing Date Shares (and any additional shares issued pursuant to Section 1.4) to be listed on the New York Stock Exchange as of the time the Registration Statement becomes effective. Seller and Stockholder shall cooperate with Sensormatic in the preparation of, and furnish and/or review drafts of such information concerning Seller as may be required to be included in, the Registration Statement or otherwise reasonably requested by Sensormatic, and take such actions as may reasonably be requested by Sensormatic in connection with the filing of the Registration Statement and any related "blue sky" filings and in causing the same to become effective.

4.6 No Solicitation. Neither Seller nor Stockholder shall, directly or through any other party, negotiate or conclude an agreement with any other party for a merger, or sale of the securities, or Seller or for the sale or other disposition of the business or assets of Seller (other than the sale of inventory in the ordinary course of business), or enter into any discussions with any other party for such purposes or knowingly take any other action that might materially prejudice the consummation of the transactions contemplated hereby, unless and until this Agreement is terminated prior to the Closing in accordance with Section 12.1.

4.7 Seller Benefit Plans. Seller will cooperate with Purchaser with respect to any termination, transfers or other actions reasonably requested by Purchaser with respect to the Seller Benefit Plans.

4.8 Tax Distribution. Purchaser agrees that Seller will make a distribution to Stockholder shortly prior to September 15, 1993 solely for the purpose of permitting Stockholder to make estimated income tax payments on that date with respect to the taxable income of Seller accrued or expected to accrue from January 1, 1993 through the Closing Date and attributable to Stockholder, over and above previous tax distributions made to Stockholder for 1993 income taxes. Stockholder warrants and agrees that all such distributions have been and will be applied to make income tax payments with respect to the taxable income of Seller for 1993 attributable to Stockholder. The amount of such September 15 distribution shall be reasonably estimated by Stockholder (in consultation with Purchaser) and is currently estimated by Stockholder to be \$550,000. As soon as practicable after the Closing Date, Purchaser and Seller shall cooperate in calculating the taxable income of Seller from January 1, 1993 through the Closing Date and the resulting income taxes payable by Stockholder thereon, and either Stockholder or Purchaser, as applicable, shall reimburse the other for the difference between such amount of income taxes and the total amount distributed to Stockholder for 1993 income taxes (including the September 15 distribution referred to above). In the event the two parties are unable to agree on the appropriate amount payable by one or the other of them pursuant to the preceding sentence, they shall designate (and share the cost of) a mutually acceptable accounting firm which shall finally determine the appropriate amount payable by the appropriate party.

4.9 Insurance Matters. The parties shall cooperate to preserve existing insurance coverage of Seller through and following the Closing and to effect an appropriate transition

to Purchaser's insurance at the time of Closing. Seller shall take such steps as are reasonably requested by Purchaser or Sensormatic to have Purchaser and Sensormatic named as ~~additional insureds under seller's existing liability policies~~ and otherwise to preserve Seller's existing insurance following the Closing Date with respect to occurrences prior to the Closing Date, but without expense to Seller (after the Closing Date) or Stockholder and without adversely affecting their coverage. Nothing in this Section 4.9 or otherwise in this Agreement shall be construed to require Seller (after the Closing Date) or Stockholder to incur additional expense to preserve insurance coverage for the benefit of Sensormatic or Purchaser or to require any party hereto to purchase insurance for the benefit of any other party hereto.

5. Conditions to the Obligations of Sensormatic and Purchaser. The obligations of Sensormatic and Purchaser under Section 1 of this Agreement are subject to the satisfaction, at or prior to the Closing Date, of the following conditions:

5.1 Due Performance. Seller and Stockholder shall have performed in all material respects all obligations required by this Agreement to be performed by them on or prior to the Closing Date.

5.2 Accuracy of Representations and Warranties. All representations and warranties of Seller and Stockholder set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though made on and as of the Closing Date.

5.3 Certificate of Stockholder. Sensormatic and Purchaser shall have received a certificate executed by Stockholder and the chief operating officer of Seller, to the effect set forth in Sections 5.1 and 5.2, with respect to Seller's and Stockholder's representations and warranties and due performance of and compliance with its obligations and conditions.

5.4 Corporate Action. Purchaser shall have received copies of the resolutions of Seller's Board of Directors and Stockholders, certified by the Secretary or Assistant Secretary of Seller, approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

5.5 Legal Opinion. Sensormatic and Purchaser shall have received an opinion of Higgs, Fletcher & Mack, counsel for Seller, dated the Closing Date, reasonably satisfactory in

form and substance to counsel for Sensormatic and covering the matters set forth on Schedule 5.5.

~~5.6 Instruments of Assignment and Conveyance.~~  
Seller shall have delivered to Purchaser or its designee the ~~Bill of Sale and instruments of assignment, conveyance or~~ transfer in form reasonably acceptable to Sensormatic and its counsel with respect to the registrations of Intellectual Property, applications therefor and other items listed on Schedule 5.6.

5.7 Agreements of Certain Executives. Each of Thomas E. Cashman, Russell J. Mayworm, Howard J. Malen, Steven A. McLaughlin and Henry Dorsett shall have executed and delivered employment agreements with Purchaser substantially in accordance with the August 27, 1993 letter between Sensormatic and such individuals (the "Employment Agreements"), and Seller and Stockholder shall have executed and delivered an agreement as to confidentiality and assignment of Intellectual Property substantially in the form previously submitted by Sensormatic to Seller.

5.8 Completion of Due Diligence. Sensormatic and Purchaser shall have completed their due diligence investigation of Seller and the Assets and shall be satisfied with the results thereof, provided, that they will be deemed to be so satisfied (and this condition waived) if Seller is not notified to the contrary by Purchaser in writing on or before September 30, 1993.

5.9 Environmental Reports. Purchaser shall have received current environmental reports satisfactory to it with respect to the Realty, provided, that such reports will be deemed satisfactory (and this condition waived) if Seller is not notified to the contrary by Purchaser in writing on or before September 30, 1993.

5.10 No Claims. No legislation, regulation, claim, action, suit, investigation or proceeding shall be enacted, adopted, pending or threatened against Seller, Sensormatic or Purchaser which, if enacted, adopted or adversely determined, might (a) prevent or hinder consummation of the transactions contemplated by this Agreement, (b) result in the payment by Seller, Sensormatic or Purchaser of substantial damages as a result of the transactions contemplated hereby or (c) have a Material Adverse Effect or a material adverse effect on the business, financial condition or results of operations of Sensormatic and its subsidiaries considered as a whole.

5.11 Governmental Action. Sensormatic, Purchaser and Seller shall have received all authorizations, orders, grants, confirmations, consents, permits and approvals necessary in respect of the transactions contemplated by this Agreement from all relevant governments and governmental authorities and agencies and supranational or trade agencies and regulatory bodies, without the imposition of any materially burdensome conditions or restrictions, and all thereof shall continue to be in full force and effect at the Closing Date unless the failure to receive unreceived authorizations, orders, grants, confirmations, consents, permits and approvals would not have a Material Adverse Effect or materially adversely affect consummation of the transactions contemplated this Agreement. The foregoing shall not include effectiveness of the Registration Statement, which may occur following the Closing. Neither Seller, Stockholder, Sensormatic nor Purchaser shall have received notice from any court or governmental authority, board, agency, commission or instrumentality of its intention to (i) institute any action or proceeding to restrain, enjoin, nullify or render ineffective this Agreement or the transactions contemplated hereby, or (ii) commence any investigation into the consummation of this Agreement and the transactions contemplated hereby, which would make it inadvisable to consummate such transactions.

5.12 Consents and Waivers. All consents listed in Item 2.5 of the Disclosure Schedule and all further consents, waivers, permits and licenses from third parties to the consummation of the transactions contemplated by this Agreement required under any agreement, lease, license or other instrument or under any applicable law, rule or regulation, shall have been obtained unless the failure to obtain unobtainable consents, waivers, permits and licenses shall not have a Material Adverse Effect or materially adversely affect the Assets or the consummation of the transactions contemplated by this Agreement.

5.13 Satisfaction of Counsel. All actions, proceedings, instruments, documents and other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory to counsel for Sensormatic.

6. Conditions to the Obligations of Seller and Stockholder. The obligations of Seller and Stockholder under Section 1 of this Agreement are subject to the satisfaction, at or prior to the Closing Date, of the following conditions:

6.1 Due Performance. Sensormatic and Purchaser shall have performed in all material respects all obligations

required by this Agreement to be performed by Sensormatic and Purchaser on or prior to the Closing Date.

~~6.2 Accuracy of Representations and Warranties.~~

All representations and warranties of Sensormatic and Purchaser set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date.

6.3 Officers' Certificate. Seller shall have received a certificate executed by the chief executive officer and chief operating officer of Sensormatic to the effect set forth in Sections 6.1 and 6.2 with respect to Sensormatic and Purchaser's representations and warranties and due performance of and compliance with their respective obligations and conditions.

6.4 Corporate Action. Seller and Stockholder shall have received copies of the resolutions of Sensormatic's and Purchaser's Board of Directors, or the Executive Committee of Sensormatic, certified by the Secretary or an Assistant Secretary of Sensormatic, approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

6.5 Legal Opinion. Seller and Stockholder shall have received an opinion of Christy & Viener, counsel for Sensormatic and Purchaser, dated the Closing Date, reasonably satisfactory in form and substance to counsel for Seller and covering the matters set forth in Schedule 6.5.

6.6 Employment Agreements. Purchaser shall have executed and delivered the Employment Agreements.

6.7 No Claims. No legislation, regulation, claim, action, suit, investigation or proceeding shall be enacted, adopted, pending or threatened against Seller, Sensormatic or Purchaser which, if enacted, adopted or adversely determined, might (a) prevent or hinder consummation of the transactions contemplated by this Agreement, or (b) result in the payment by Seller or Stockholder of substantial damages as a result of the transactions contemplated hereby.

6.8 Governmental Action. Neither Seller, Stockholder, Sensormatic nor Purchaser shall have received notice from any court or governmental authority, board, agency, commission or instrumentality of its intention to institute any action or proceeding to restrain, enjoin, nullify or render ineffective this Agreement or the transactions contemplated hereby.

6.9 Satisfaction of Counsel. All actions, proceedings, instruments, documents and other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory to counsel for Seller and Stockholder.

6.10 Purchase Price. Purchaser shall have delivered the Purchase Price and the Instrument of Assumption to Seller and the amount contemplated by Section 1.2(b) to Stockholder.

7. Waiver of Conditions. Each of the parties hereto shall have the right to waive, in whole or in part, any of the conditions to its performance set forth in this Agreement and, upon such waiver, the waiving party may proceed with the consummation of the transactions contemplated hereby, it being expressly understood that such waiver shall not constitute a waiver of any right which such party may have by reason of the breach by the other party of any representation, warranty or agreement contained herein, or by reason of any misrepresentation made by such other party herein.

8. Acts and Instruments of Transfer; Change of Name.

8.1 Acts and Instruments. Whenever reasonably requested to do so by Purchaser, on or after the Closing Date, Seller and Stockholder shall do, execute, acknowledge and deliver all such acts, bills of sale, assignments, confirmations, consents, other instruments of assignment, transfer and conveyance, and any and all such further instruments and documents, in form reasonably satisfactory to Sensormatic and its counsel, as shall be reasonably necessary or advisable to carry out the intent of this Agreement and to vest in Purchaser all the right, title and interest of Seller in and to the Assets. Seller shall take such steps as may be required to put Sensormatic in actual possession and control of the Assets as of the time of Closing.

8.2 Authorization to Purchaser. Without limiting in any respect the right, title and interest in and to the Assets to be acquired by Purchaser hereunder, effective upon the Closing, Seller hereby irrevocably authorizes Sensormatic and Purchaser, their successors and assigns: to demand and receive, from time to time, any and all of the Assets, to give receipts and releases for or in respect of the same, to collect, assert or enforce any claim, right or title of any kind therein or thereto and, for such purpose, from time to time, to institute and prosecute in the name of Seller, or otherwise, any and all proceedings at law, in equity or otherwise, which Purchaser shall deem expedient or desirable.

Seller further agrees that Purchaser shall retain for its own account any amounts collected pursuant to the foregoing authorization, and they agree to pay to Purchaser, if and when received, ~~any amounts which shall be received by Seller after the Closing Date in respect of any Acquired Assets.~~

8.3 Change of Name. On or as soon as practicable after the Closing Date, Seller and Stockholder shall take steps to change the name of Seller to a name dissimilar to its present name. Such change of name will be coordinated with Purchaser in order to permit Purchaser simultaneously to succeed to such name. Seller is hereby authorized and licensed to use the "Robot" and "Robot Research" names following the Closing Date as it sees fit until its name can be changed in accordance with the preceding sentence.

## 9. Correspondence and Records.

9.1 Correspondence. Seller hereby authorizes Sensormatic and Purchaser, on and after the Closing Date, to receive and open mail addressed to Seller and to deal with the contents thereof in a responsible manner, provided that such mail relates to the Business, the Assets or to the liabilities and obligations assumed by Purchaser pursuant to this Agreement, but Purchaser shall deliver to Seller all other mail addressed to Seller which is delivered to and received by Purchaser or Sensormatic.

9.2 Records. Purchaser and Sensormatic shall have the right to examine, use and make excerpts from any corporate minute books, books of account and other records and documents which are not included in the Assets, or connected with or relating to any liabilities and obligations assumed by Purchaser pursuant to this Agreement, and Seller shall not destroy any such books or records without Sensormatic's consent. Seller shall have the right to examine, use and make excerpts from any books of account and other records and documents which are transferred to Purchaser pursuant to this Agreement for any purpose connected with or relating to any event occurring prior to the Closing Date.

## 10. Indemnification.

10.1 General -- Seller. Seller and Stockholder, jointly and severally, shall indemnify, defend and hold harmless Sensormatic and Purchaser from and against any loss, damage, liability or expense (including reasonable attorneys' fees and disbursements) (collectively "Damages") (i) arising out or connected with any breach or inaccuracy of any representation, warranty or covenant of Seller or Stockholder



contained in this Agreement or in any certificate or other instrument or document delivered pursuant to or in connection with this Agreement, (ii) arising out of or in connection with any matter which Purchaser does not assume liability pursuant to Section 1.3, or (iii) otherwise arising out of or connected with the ownership by Seller of the Assets (except with respect to the obligations expressly assumed by Purchaser pursuant to Section 1.3) or the operation of the Business on or prior to the Closing Date; subject, however, to the limitations set forth in Section 10.5.

10.2 Proceedings -- Seller. Sensormatic shall give Seller and Stockholder prompt notice of any claim, action, suit or proceeding which Sensormatic believes might give rise to indemnification under Section 10.1. Stockholder, on behalf of himself and Seller, shall have the right to participate in, and, with the consent of Sensormatic, which consent shall not be unreasonably withheld, to control, the defense against any such claim, action, suit or proceeding, at their expense, and with counsel of his own choosing reasonably acceptable to Sensormatic; provided, however, that Stockholder shall not have the right to control such defense in the case of any claim, action, suit or proceeding respecting any patents, patent rights, copyrights or other proprietary rights or with respect to which an adverse outcome could have a material adverse effect on the business, results of operations or financial condition of Sensormatic, in which case Sensormatic shall have the right to direct any such defense with counsel of its own choosing. No settlement or compromise of any such claim, action, suit or proceeding shall be made without the prior consent of Sensormatic and Seller (on behalf of himself and Seller), which consent shall not be unreasonably withheld by either of them.

10.3 Purchaser and Sensormatic's Indemnification. Sensormatic and Purchaser, jointly and severally, shall indemnify, defend and hold harmless Seller and Stockholder from and against any Damages arising out or connected with any breach or inaccuracy of any representation, warranty or covenant of Sensormatic or Purchaser contained in this Agreement or in any certificate or other instrument or document delivered pursuant to or in connection with this Agreement; subject, however, to the limitations set forth in Section 10.5. Seller or Stockholder shall give Sensormatic prompt notice of any claim, action, suit or proceeding which they believe might give rise to indemnification under this Section 10.3. Sensormatic shall have the right to participate in, and, with the consent of Stockholder, which consent shall not be unreasonably withheld, to control, the defense against any such claim, action, suit or proceeding, at its expense, and with counsel of its own

choosing reasonably acceptable to Stockholder. No settlement or compromise of any such claim, action, suit or proceeding shall be made without the prior consent of Sensormatic and Stockholder ~~(on behalf of himself and seller)~~, which consent shall not be unreasonably withheld by either of them.

10.4 Related Costs and Expenses. Each indemnifying party hereto shall, in addition to such indemnifying party's obligations under Section 10.1 or 10.3, as applicable, indemnify and hold harmless the indemnified party hereto from, against and in respect of any and all actions, suits, proceedings, demands, assessments, judgments, settlements, costs (including reasonable attorneys' fees and disbursements) and legal and other expenses of the indemnified party incident to any matter as to which the indemnified party is entitled to indemnification under such Sections, or incident to any allegations or claims which, if true, would give rise to Damages subject to indemnification thereunder, or incident to the enforcement by the indemnified party of this Section 10.

10.5 Limitations on Indemnification. No payment shall be required to be made by Seller or Stockholder pursuant to Section 10.1 or by Sensormatic or Purchaser pursuant to Section 10.3 unless the amount of damages suffered by the party claiming indemnification in connection with such claim, together with all claims asserted therewith or previously asserted under this Section 10 by any of them, in the aggregate exceeds \$200,000 in the aggregate; provided, however, that the foregoing limitation shall not apply to the obligations of Purchaser under Section 1, the representations set forth in Sections 2.1, 2.2, 2.4, 2.6(g), 2.13, 3.1, 3.2, 3.6 or 3.7, the respective obligations of the parties under Sections 4.8 or Section 12.7 or the obligations of Seller and Stockholder under Section 11. No right to indemnification may be asserted under this Section 10 after the second anniversary of the Closing Date, except any such rights to indemnification (i) arising under or in connection with any matter referred to in Sections 2.11, 2.12, or 2.16, none of which shall be subject to any time limitation other than any statutes of limitation applicable to such matters, (ii) arising pursuant to Section 11 or Section 12.7, or (iii) arising out of or in connection with any claim as to which the notice required by Section 10.2 or 10.3, as applicable, has been given on or prior to the second anniversary of the Closing Date. In no event shall the amount payable by Seller and the Stockholder collectively pursuant to this Section 10 exceed \$20,000,000.

10.6 Bulk Sales. Sensormatic hereby waives compliance by Seller with the provisions of any applicable bulk sales law. Seller shall promptly pay or otherwise discharge

any all valid claims of the respective creditors of Seller (as defined by the applicable bulk sales law), as and when they become due and payable, not specifically assumed by Purchaser in accordance with this Agreement.

11. ~~Non-Competition.~~ Each of Stockholder and Seller agrees that, for a period of five years after the Closing Date, he and it shall not; anywhere in the United States of America, or elsewhere in the world (or for such lesser area or such lesser period as may be determined by a court of competent jurisdiction to be a reasonable limitation on the competitive activity of Stockholder or Seller, as the case may be), directly or indirectly:

(a) engage, directly or indirectly, as an independent contractor or otherwise, in any activity for or on behalf of any person or entity, in a competitive line of business to that carried on by Sensormatic (including the business conducted by Seller prior to the Closing), or engage in any manner in the design, development, manufacturing, marketing or servicing of CCTV, electronic article surveillance or other electronic security equipment or systems;

(b) solicit or attempt to solicit business of any customers of Sensormatic (including prospective customers solicited by Sensormatic) for products or services the same or similar to those offered, sold, produced or under development by Sensormatic;

(c) otherwise divert or attempt to divert from Sensormatic any business whatsoever;

(d) solicit or attempt to solicit for any business endeavor any employee of Sensormatic;

(e) interfere with any business relationship between Sensormatic and any other person;

(f) except as provided in Section 8.3, use the "Robot" name; or

(g) render any services as an officer, director, employee, partner, consultant or otherwise to, or have any interest as a stockholder, partner, lender or otherwise in, any person which is engaged in activities which, if performed by Seller or Stockholder, would violate this Section 11.

The foregoing shall not prevent Seller and Stockholder in the aggregate from purchasing or owning up to two percent of the

voting securities of any corporation, the securities of which are publicly-traded.

~~Because Sensormatic does not have an adequate remedy at law to protect its business from Seller's or Stockholder's competition or to protect its interest in its trade secrets, privileged, proprietary or confidential information and similar commercial assets, Sensormatic shall be entitled to injunctive relief, in addition to such other remedies and relief that would, in the event of a breach of the provisions of this Section 11, be available to Sensormatic. The amount specifically allocated to Stockholder's agreement not to compete pursuant to Section 1.2(b) or to Seller's agreement not to compete on the Allocation Schedule, if any, shall in no event be construed as limiting the damages to the business and good will of Purchaser and Sensormatic that would be suffered in the event of the breach by Stockholder or Seller of this Section 11. The provisions of this Section 11 shall survive the Closing Date. For purposes of this Section 11, the term "Sensormatic" includes Sensormatic's subsidiaries, joint ventures and other affiliates.~~

## 12. Miscellaneous.

12.1 Termination. This Agreement may be terminated at any time prior to the Closing Date (a) by mutual written consent of Seller and Sensormatic; (b) by either Seller or Sensormatic, by written notice to the other, if the transactions contemplated by this Agreement shall not have been consummated on or before October 31, 1993 (other than by reason of the default of the party seeking to terminate), provided, however, that such right to terminate shall be postponed by up to an additional 60 days at the option of either Sensormatic or Seller if required to obtain any of the consents listed on Item 2.5 of the Disclosure Schedule; (c) by Sensormatic by written notice to Seller given on or before September 30, 1993, if Sensormatic determines prior to such date that the conditions specified in Sections 5.8 and 5.9 will not be met, or (d) by Sensormatic if Sensormatic determines that any additions to the Disclosure Schedule (or the lack thereof) are unacceptable, provided, that the termination right provided in this clause (d) shall be deemed waived if such notice is not given within five business days after Seller notifies Sensormatic in writing (not subsequently withdrawn) that its disclosures under this Agreement are complete.

12.2 Entire Agreement. This Agreement, together with the schedules hereto, the Disclosure Schedule and the exhibits thereto, sets forth the entire understanding of the

parties with respect to its subject matter, merges and super-  
sedes all prior and contemporaneous understandings of the  
parties hereto with respect to its subject matter, except any  
confidentiality agreements executed by Seller and Sensormatic.  
Failure of any party to enforce any provision of this Agree-  
ment shall not be construed as a waiver of its rights under  
such or any other provision.

12.3 Communications. All notices, consents and  
other communications given under this Agreement shall be in  
writing and shall be deemed to have been duly given (a) when  
delivered by hand or by Federal Express or a similar overnight  
courier to, (b) five days after being deposited in any United  
States post office enclosed in a postage prepaid registered or  
certified envelope addressed to, or (c) when successfully  
transmitted by telecopier (with a confirming copy of such com-  
munication to be sent as provided in (a) or (b) above) to, the  
party for whom intended, at the address or telecopier number  
for such party set forth below, or to such other address or  
telecopier number as may be furnished by such party by notice  
in the manner provided herein; provided, however, that any  
notice of change of address or telecopier number shall be ef-  
fective only upon receipt.

If to Sensormatic or Purchaser:

Sensormatic Electronics Corporation  
500 N.W. 12th Avenue  
Deerfield Beach, Florida 33442  
Attention: Terry Price  
Telecopier number: 305-420-2829

With a copy to:

Christy & Viener  
620 Fifth Avenue  
New York, New York 10020  
Attention: Anthony J. Carroll  
Telecopier number: 212-632-5555

If to Seller or Stockholder:

c/o Robot Research Inc.  
5636 Ruffin Road  
San Diego, California 92123  
Attention: Thomas E. Cashman  
Telecopier number: 619-279-7931

With a copy to:

~~Biggs, Fletcher & Mack~~  
2000 First National Bank Building  
401 West "A" Street  
San Diego, California 92101  
Attention: Franklin T. Lloyd, Esq.  
Telecopier number: 619-696-1410

12.4 **Successors and Assigns.** This Agreement shall be binding on, enforceable against and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein is intended to confer any right, remedy or benefit upon any other person. No party hereto may assign its rights or delegate its obligations under this Agreement without the express written consent of Sensormatic or Seller, as applicable; provided, however, that Purchaser may assign its rights and obligations under this Agreement to Sensormatic or any wholly-owned subsidiary of Sensormatic, provided that Sensormatic remains a party to this Agreement.

12.5 **Public Announcements.** No public announcement or disclosure with respect to this Agreement and the transactions contemplated hereby prior to the Closing shall be made for or on behalf of any party without the prior approval of the other parties, except to the extent required by applicable securities laws or the rules and regulations of any stock exchange or otherwise required by law.

12.6 **Survival of Representations, warranties and Agreements.** All representations and warranties made by any party hereto in this Agreement or in any document or certificate delivered pursuant hereto shall survive the Closing and shall be unaffected by any investigation made by or on behalf of any party hereto or by any notice of breach of, or failure to perform under, this Agreement which is not effectively waived pursuant to Section 7, subject, however, to the limitations on indemnification set forth in Section 10.5.

12.7 **Expenses.** Each of the parties hereto shall bear and pay, without any right of reimbursement from any other party, all costs, expenses and fees incurred by it or on its or his behalf incident to the preparation, execution and delivery of this Agreement and the performance of such party's obligations hereunder, whether or not the transactions contemplated by this Agreement are consummated, including, without limitation, the fees and disbursements of attorneys, accountants and consultants employed by such party, and all brokers, investment bankers, finders and financial advisors retained or

utilized by it, or otherwise acting on its behalf, in connection with the transactions contemplated by this Agreement, and shall indemnify and hold harmless the other parties from and against all such fees, costs and expenses.

12.8 Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of New York.

12.9 Savings Clause. If any provision of this Agreement is held to be invalid or unenforceable by any court or tribunal of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and such provision shall be carried out as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

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

12.11 Construction. Headings contained in this Agreement are for convenience only and shall not be used in the interpretation of this Agreement. References herein to the Agreement shall be deemed to include all Schedules (including the Disclosure Schedule) and Exhibits hereto, and references herein to Sections, Schedules and Exhibits are to the sections, schedules and exhibits of this Agreement. As used herein, the singular includes the plural, and the masculine, feminine and neuter gender each includes the others where the context so indicates.

12.12 Resolution of Disputes. Stockholder, on behalf of himself and Seller, and Terry Price or another representative designated by Sensormatic, on behalf of Sensormatic and Purchaser, shall attempt to reach an amicable solution of any dispute or controversy arising under or in connection with this Agreement. Any disputes, controversies or differences which may arise between Sensormatic, Purchaser, Seller or Stockholder out of or in connection with this Agreement, or the breach hereof, which cannot be resolved after good faith attempts to reach an amicable solution, shall be finally settled by arbitration pursuant to the applicable rules of the American Arbitration Association. Such arbitration shall take place in New York, New York or San Diego, California, as designated by Sensormatic, before three arbitrators, one of which shall be appointed by Sensormatic, one by Stockholder and the third by the arbitrators so appointed; provided, however, that the parties by mutual agreement may

EXECUTION COPY

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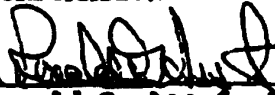
designate a single arbitrator. The parties further agree that (i) the arbitrator shall be empowered to include arbitration costs and attorney fees in the award to the prevailing party in such proceedings and (ii) the award in such proceedings shall be final and binding on the parties. Judgment on the award may be entered in any court having the requisite jurisdiction, and each party hereto hereby submits himself or herself to the jurisdiction of any federal or state court sitting in New York, New York or San Diego, California, and hereby waives any and all objections it may have with respect to the jurisdiction of such forum or the inconvenience of such forum or venue, but only for the purpose of the entry, enforcement of judgment on and/or appeal of the arbitrators' award. Notwithstanding the foregoing, in the case of a claim under Section 10 of this Agreement arising out of or based upon a claim brought by a third party in a forum other than the arbitral panel referred to above, any issue as to the liability of a party to this Agreement for indemnification based upon such claim shall be decided by the forum before which such claim is brought, provided that such forum has or



obtains the requisite jurisdiction over the subject matter and the party or parties thereto.

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


SENSORMATIC ELECTRONICS CORPORATION

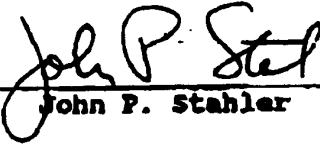
By:   
Ronald G. Assaf, Chairman of the Board and President

ROBOT ACQUISITION CORP.

By:   
Ronald G. Assaf, President

ROBOT RESEARCH INC.

By:   
John P. Stahler, President

  
John P. Stahler

DISCLOSURE SCHEDULE  
Item 2.15

**TRADEMARKS**

**HyperScan**  
Reg No. 1,777,074  
Reg date: June 15, 1993  
United States

**Multivision**  
Reg No. (77) 52525  
Reg date: November 16, 1988  
Taiwan

**Multivision**  
Reg No. 1,585,358  
Reg date: March 6, 1990  
United States

**Robot**  
Reg No. 1,114,424  
Reg date: March 6, 1979  
United States

**Multivision**  
Reg No. 088741  
Reg date: October 25, 1988  
State of California

**Robot**  
Reg No. 088740  
Reg date: October 25, 1988  
State of California

**TRADEMARK**  
**REEL: 002044 FRAME: 0906**

**COPYRIGHT**

**Video Compressor Software**

**Reg No. TX 2-135-476**

**August 7, 1987**

**United States**

**Multivision Operating Instructions**

**Reg No. TX 2 469 442**

**January 17, 1989**

**United States**

**Multivision Operating Instructions**

**Reg No. TX 2-117-301**

**August 7, 1987**

**United States**

**Video Compressor Software**

**Reg No. TX 2 388 002**

**September 22, 1988**

**United States**

**Video Compressor Software**

**Reg No. TX 2 388 004**

**September 22, 1988**

**United States**

**Video Compressor Software**

**Reg No. TX 2 388 003**

**September 22, 1988**

**United States**

**Video Compressor Software**

**Reg No. 67586**

**December 1988**

**Taiwan**

**PATENTS**

~~DE Patent No. 4,651,195~~

~~Dated May 17, 1987~~

~~Monochrome - Compatible Color slow Scan Television System~~

~~Inventor: John P. Stahler~~

~~Assignee: ROBOT RESEARCH INC.~~

US Patent No. 4,564,823

Dated January 14, 1986

Fractional-Cycle Time/Amplitude Modulation

Inventor: John P. Stahler

Assignee: ROBOT RESEARCH INC.

US Patent No. 4,516,151

Dated May 7, 1985

Color Slow Scan Video Signal Translation

Inventor: John P. Stahler

Assignee: ROBOT RESEARCH INC.

US Patent No. 4,099,202

Dated July 4, 1978

Multiplexed Communication of Voice Signals and Slow Scan

Television Signals over Common Communications Channel

Inventor: Leo Francis Cavanaugh

Assignee: ROBOT RESEARCH INC.

US Patent No. 4,057,836

Dated November 8, 1977

Slow Scan Television Scan Converter

Inventor: Clarence Jennings Mansey

Assignee: ROBOT RESEARCH INC.

US Patent No. 4,053,931

Dated October 11, 1977

Enhancement of a Video signal Produced from Information Stored  
in a Digital Memory

Inventor: Joseph Key Hawkins

Assignee: ROBOT RESEARCH INC.

US Design Patent No. DES 306,155

Face Panel for Electrical Apparatus

Issued February 20, 1990

(front panel on MV96 Multiplexer)

**TRADEMARK**

**REEL: 002044 FRAME: 0908**

**FOREIGN PATENTS**

Canadian Patent No. 1,208,768

~~Issued July 29, 1980~~

Monochrome Compatible Slow Scan Television System

Inventor: JOHN P. STAHLER

Assignee: ROBOT RESEARCH INC.

UK Patent No. 1,567,660

Issued July 23, 1980

Slow Scan Television Scan Converter

Inventor: Clarence Jennings Munsey

Assignee: ROBOT RESEARCH INC.

EPO Patent NO. 0124222

Issued October 18, 1989

Monochrome Compatible Slow Scan Television System

Inventor: John P. Stahler

Assignee: ROBOT RESEARCH INC.

Canadian Patent No. 1,160,963

Slow Scan Television Scan Converter

Issued August 11, 1981

RECORDED: 02/29/2000

TRADEMARK  
REEL: 002044 FRAME: 0909