

FORM PTO-1594
(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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NAC-846 ▾

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Dietzgen LLC

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State: Delaware
 Other Delaware Limited Liability Company

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

2. Name and address of receiving party(ies)

Name: Nashua Corporation

Internal Address: _____

Street Address: 11 Trafalgar Square

City: Nashua State: NH ZIP: 03063

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

If assignee is not domiciled in the United States, a domestic representative designation is attached. Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: May 14, 2002

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

A. Trademark Application No.(s) _____

B. Trademark Registration No (s)
408,237; 1,599,587; 1,815,881 and 2,183,683

Additional numbers attached? Yes No

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

Name: Thomas V. Smurzynski

Internal Address: Lahive & Cockfield, LLP

Street Address: 28 State Street

City: Boston State MA ZIP: 02109

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41) \$ 115.00


Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
12-0080

DO NOT USE THIS SPACE

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

Thomas V Smurzynski
Name of Person Signing


Signature

February 20, 2004
Date

Total number of pages including cover sheet, attachments, and document 35

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office, facsimile no. (703) 306-5995, on the date shown below.

Dated: February 20, 2004

Signature:  (Thomas V. Smurzynski)

CH \$115.00 120080 0408237

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:) CHAPTER 11
)
DIETZGEN LLC,) Case No. 02 B 03821
)
Debtor and Debtor in) Hon. Jack B. Schmetterer
Possession.)
)

FINDINGS OF FACT AND CONCLUSIONS OF LAW
REGARDING DEBTOR'S MOTION FOR ENTRY OF ORDER
AUTHORIZING SALE OF ESTATE'S ASSETS AND RELATED RELIEF

THIS CAUSE coming to be heard upon the Motion, dated May 15, 2002, of Dietzgen, LLC (the "Debtor") for Entry of Order Authorizing and Scheduling Auction Sale of Assets, Approving Terms and Conditions of Sale, and Approving Form and Extent of Notice of Such Sale (the "Motion"), pursuant to which Debtor requested authority (i) to sell to Nashua Corporation (the "Purchaser") certain assets (the "Purchased Assets") of the Debtor's estate pursuant to that certain Asset Purchase Agreement dated May 14, 2002 (the "Purchase Agreement," a copy of which is attached as Exhibit A), free and clear of all liens, Claims and Security Interests¹ in or on the Purchased Assets; and this Court having entered an order dated May 20, 2002 (the "Sale Procedures Order") authorizing the Debtor to conduct, and approving the terms and conditions of, an auction (the "Auction") and bidding procedures to consider higher or otherwise better offers for the Purchased Assets, establishing a date for the Auction, and approving, inter alia, (i) the Sale Procedures (as defined in the Sales Procedures Order), and (ii) the form and manner of notice of the Auction; and the Court having jurisdiction to consider

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement (as defined below).

the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(b)(2) and 1334; and consideration of the Motion, the relief requested therein, and the responses thereto, if any, being a core proceeding in accordance with 28 U.S.C. § 157(b); and the appearance of all interested parties and all responses and objections to the Motion having been duly noted in the record of the Sale Hearing, the objection of the Tax Commissioner of DeKalb County, Georgia having been overruled as inapplicable to the proposed sale because no real property is included in the Purchased Assets, and upon the record at the hearing on the Motion and all other pleadings and proceedings in these cases, including the Motion; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

B. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

C. Proper, timely, adequate and sufficient notice of the Motion, the Auction and the Sale Hearing has been provided in accordance with sections 102(1), 363(b) and 365(b) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006, 9007, 9008 and 9014, the local rules of this Court, the procedural due process requirements of the United States Constitution, and the Sale Procedures Order. No other or further notice of the Motion, the Auction, the Sale Hearing, the assumption and assignment of the Assigned Agreements or of the entry of this Order is necessary.

D. A reasonable opportunity to object or be heard regarding the requested relief has been afforded to all interested persons and entities, including, without limitation, (i) all entities who claim any interest in or lien upon the Purchased Assets, (ii) all governmental taxing authorities who have, or as a result of the sale of the Purchased Assets may have, claims, contingent or otherwise, against the Debtor, (iii) all parties who filed requests for notices under Bankruptcy Rule 9010(b) or were entitled to notice under Bankruptcy Rule 2002, (iv) all creditors (whether liquidated, contingent or unsecured) of the Debtor, (v) all interested governmental, pension and environmental entities, (vi) the Office of the United States Trustee; and (vii) all entities that heretofore expressed to Debtor an interest in purchasing the Purchased Assets. Other parties interested in bidding on the Purchased Assets were provided, upon request, sufficient information by the Debtor to make an informed judgment on whether to bid on the Purchased Assets.

E. The Motion was served duly and properly on all required persons and entities in accordance with the Sale Procedures Order.

F. The Debtor has demonstrated a sufficient business justification requiring it to sell the Purchased Assets under section 363 of the Bankruptcy Code, and such actions are appropriate exercises of the Debtor's business judgment and in the best interests of the Debtor, its estate and its creditors.

G. The Debtor afforded interested potential purchasers a full, fair and reasonable opportunity to make a higher and better offer to purchase the Purchased Assets.

H. The offer of the Purchaser to purchase the Purchased Assets is the best offer received by the Debtor and the Purchase Price of \$1,685,000.00, as stated on the record of the

Sale Hearing is fair, is in the best interest of the Debtor's estate and constitutes full and adequate consideration and reasonably equivalent value for the Purchased Assets.

I. Without an expeditious sale of the Purchased Assets free and clear of liens, claims and encumbrances, there will be a substantial diminution in the value of the Debtor and its assets to the detriment of its creditors and other parties in interest.

J. Purchaser is a purchaser in good faith, as that term is used in the Bankruptcy Code and the decisions thereunder, and is entitled to the protections of sections 363(m) and (n) of the Bankruptcy Code with respect to all of the Purchased Assets. The Purchase Agreement was negotiated and entered into in good faith, based upon arm's length bargaining and without collusion. The Auction conducted in accordance with the Sale Procedures Order, was conducted in good faith within the meaning of section 363(m) of the Bankruptcy Code. Neither the Debtor nor the Purchaser has engaged in any conduct that would prevent the application of section 363(m) of the Bankruptcy Code or cause the application of section 363(n) to the Agreement.

K. The Debtor has full limited liability company power and authority to execute the Purchase Agreement and all other documents contemplated thereby, and the sale of the Purchased Assets has been duly and validly authorized by all necessary corporate authority necessary to consummate the transactions contemplated by the Purchase Agreement. No consents or approvals are required by the Debtor to consummate such transactions.

L. The Debtor has advanced sound business reasons for seeking to enter into the Purchase Agreement and to sell the Purchased Assets, as more fully set forth in the Motion and as demonstrated at the Sale Hearing, and it is a reasonable exercise of the Debtor's business judgment to sell the Purchased Assets and to execute and deliver the Purchase Agreement to the Purchaser.

M. The terms and conditions of the Purchase Agreement, including the total consideration to be realized by the Debtor pursuant to the Agreement, are fair and reasonable and the transactions contemplated by the Purchase Agreement are in the best interest of the Debtor's estate.

N. A valid business purpose exists for approval of the transactions contemplated by the Motion pursuant to section 363(b) of the Bankruptcy Code. The transfer of the Purchased Assets from the Debtor to the Purchaser is a legal, valid and effective transfer of the Purchased Assets notwithstanding any requirement for approval or consent by any person.

O. The Debtor's sale of the Purchased Assets is in furtherance of a subsequent plan of reorganization to be filed by the Debtor.

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

Q. The sale of the Purchased Assets outside of a plan of reorganization pursuant to the Purchase Agreement neither impermissibly restructures the rights of the Debtor's creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtor.

Dated:

ENTER:

ENTERED

JUN 17 2002

UNITED STATES BANKRUPTCY COURT JACK B. SCHNEIDER, BANKRUPTCY JUDGE UNITED STATES BANKRUPTCY COURT

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	CHAPTER 11
)	
DIETZGEN LLC,)	Case No. 02 B 03821
)	
Debtor and Debtor in)	Hon. Jack B. Schmetterer
Possession.)	
)	

**ORDER APPROVING SALE OF ESTATE'S
ASSETS AND GRANTING RELATED RELIEF**

Pursuant to the Findings of Fact of Conclusions of Law Regarding Debtor's Motion for Entry of Order Authorizing Sale of Estate's Assets and Related Relief dated June 11, 2002, all as more particularly set forth therein,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. The relief requested in the Debtor's Motion for Entry of Order Authorizing Sale of Estate's Assets and Related Relief is granted in its entirety.
2. The Purchase Agreement and the transactions contemplated thereby be, and hereby are, approved and the Debtor is authorized and empowered and directed to enter into, and to perform its obligations under, the Purchase Agreement and to execute and perform such agreements or documents and take such other actions as are necessary or desirable to effectuate the terms of the Purchase Agreement.
3. All objections, responses, and requests for continuance concerning the Motion are resolved in accordance with the terms of this Order and as set forth in the record of the Sale Hearing. To the extent any such objection, response or request for continuance was not

otherwise withdrawn, waived, or settled, it, and all reservations and rights contained therein, is overruled and denied.

4. The Debtor shall be, and hereby is, authorized, empowered and directed, pursuant to sections 105 and 363(b) of the Bankruptcy Code, to sell the Purchased Assets to the Purchaser upon payment of the Purchase Price and completion of all other deliveries required under the Purchase Agreement. Such sale of the Purchased Assets shall be free and clear of any and all Security Interests and other liabilities and Claims, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, disputed or undisputed, or known or unknown, whether arising prior to or subsequent to the Petition Date, whether imposed by agreement, understanding, law, equity or otherwise with all such Security Interests to attach only to the proceeds of the sale with the same priority, validity, force and effect, if any, as they now have in or against the Purchased Assets, subject to any claims and defenses the Debtor may possess with respect thereto.

5. On the Closing Date, each of the Debtor's creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release any Security Interests of any kind against the Purchased Assets, as such Security Interests may have been recorded or may otherwise exist. If any person or entity that has filed financing statements or other documents or agreements evidencing Security Interests on the Purchased Assets shall not have delivered to the Debtor prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all liens or other interests which the person or entity has with respect to the Purchased Assets, the Debtor are hereby authorized and directed to execute and file such statements, instruments, releases and

other documents on behalf of the person or entity with respect to such Purchased Assets immediately prior to the Closing.

6. This Order shall be binding upon and govern the acts of all persons or entities, including without limitation, all filing agents, recording agencies, secretaries of state and all other persons and entities who may be required by operation of law to accept, file, register or otherwise record or release any documents or instruments.

7. Subject to the payment of the Purchase Price by Purchaser to the Debtor and completion of all other deliveries required under the Purchase Agreement, effective as of the Closing, (a) the sale of the Purchased Assets by the Debtor to the Purchaser shall constitute a legal, valid and effective transfer of the Purchased Assets notwithstanding any requirement for approval or consent by any person and shall vest Purchaser with all right, title and interest of the Debtors in and to the Purchased Assets, free and clear of all Security Interests pursuant to section 363(f) of the Bankruptcy Code.

8. All persons or entities, presently or on or after the Closing Date in possession of some or all of the Purchased Assets are directed to surrender possession of the Purchased Assets to the Purchaser on such Closing Date or at such time thereafter as the Purchaser may request.

9. The Purchaser is hereby granted and is entitled to the protections provided to a good-faith purchaser under section 363(m) of the Bankruptcy Code.

10. This Order and the Purchase Agreement shall be binding upon, and shall inure to the benefit of, the Debtor and the Purchaser, and their respective successors and assigns, including without limitation, any chapter 11 trustee hereinafter appointed for the Debtor's estate or any trustee appointed in a chapter 7 case if this case is converted from chapter 11.

11. This Court shall retain jurisdiction to enforce the provisions of this Order and the Purchase Agreement and to resolve any dispute concerning this Order, the Purchase Agreement, or the rights and duties of the parties hereunder or thereunder or any issues relating to the Purchase Agreement and this Order, including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Purchased Assets and the Assigned Agreements and all issues and disputes arising in connection with the relief authorized herein.

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

13. Notwithstanding Bankruptcy Rules 6004(g) and 6006(d), this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any entity obtaining a stay pending appeal, the Debtor and the Purchaser are free to close under the Purchase Agreement at any time. In the absence of any entity obtaining a stay pending appeal, if the Debtor and the Purchaser close under the Purchase Agreement, the Purchaser shall be deemed to be acting in "good faith" and shall be entitled to the protection of section 363(m) of the Bankruptcy Code as to all aspects of the transactions pursuant to the Purchase Agreement if this Order or any authorization contained herein is reversed or modified on appeal.

14. The Debtor and the Purchaser be, and they hereby are, authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtor or the Purchaser deems necessary or appropriate to implement and effectuate the terms of the Purchase Agreement and this Order. The Debtor and each other person having duties or responsibilities under the Purchase Agreement, any agreements related thereto or this Order, and their respective directors, members, officers, general partners, agents, representatives, and

attorneys, are authorized and empowered – subject to the terms and conditions contained in the Purchase Agreement and the schedules annexed thereto – to carry out all of the provisions of the Purchase Agreement and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents evidencing and consummating the Purchase Agreement, and any related agreements; to take any and all actions contemplated by the Purchase Agreement, any related agreements or this Order, and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, indentures, mortgages, deeds, bills of sale, assignments, leases, or other agreements or documents and to perform such other acts and execute and deliver such other documents, as are consistent with, and necessary or appropriate to implement, effectuate, and consummate, the Purchase Agreement, any related agreements and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Court or further action by their respective directors, members, stockholders, or partners, and with like effect as if such actions had been taken by unanimous action of the respective directors, members, stockholders, and partners of such entities. Without limiting the generality of the foregoing, this Order shall constitute all approvals and consents, if any, required by the limited liability laws of the States of Illinois and all other applicable business corporation, trust, and other laws of the applicable governmental units with respect to the implementation and consummation of the Agreement, any related agreements and this Order, and the transactions contemplated thereby and hereby.

15. Conditioned upon the entry of an order confirming a plan of reorganization or liquidation providing for this sale, the sale of the Purchased Assets to the Purchaser is exempt from any and all laws imposing a stamp tax or similar tax in accordance with section 1146(c) of the Bankruptcy Code.

16. Pursuant to sections 105 and 363 of the Bankruptcy Code, any and all creditors of the Debtor that received notice of this sale shall be barred, estopped and enjoined from taking any action of any kind against the Purchaser or the Purchased Assets on account of any claim against any Debtor or any Purchased Asset.

17. As to all creditors that have received notice of this sale, the Purchaser is not a successor to the Debtor or its estate by reason of any theory of law or equity and the Purchaser shall not assume or in any way be responsible for any liability or obligation of the Debtor and/or its estate, except as otherwise expressly provided in the Purchase Agreement.

18. Effective upon the Closing, all entities that have been served with notice of this sale, including, but not limited to, the Debtor's creditors, employees, former employees and shareholders, administrative agencies, governmental departments, federal and local officials, including such officials maintaining any authority relating to environmental, labor and health and safety laws, and their respective successors or assigns, shall be permanently and forever barred, restrained and enjoined from commencing or continuing in any manner any action or other proceeding of any kind against the Purchaser as alleged successor with respect to any existing Security Interests arising out of or related to the Purchased Assets.

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

20. The failure specifically to include any particular provisions of the Purchase Agreement or any related agreements in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court, the Debtors and the Purchaser that the

Purchase Agreement and any related agreements are authorized and approved in their entirety with such amendments thereto as may be made by the parties in accordance with this Order prior to Closing.

21. No bulk sale law or any similar law of any state or other jurisdiction shall apply in any way to the transaction contemplated by the Purchase Agreement.

22. To the extent any provisions of this Order conflict with the terms and conditions of the Purchase Agreement, this Order shall govern and control.

Dated: _____

Enter: _____
UNITED STATES BANKRUPTCY JUDGE

ENTERED
JUN 11 2002
JACK B. SCHMETTERER BANKRUPTCY JUDGE
UNITED STATES BANKRUPTCY COURT

EXHIBIT A
Asset Sale Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into by and between Dietzgen, LLC, an Illinois limited liability company, as Debtor and Debtor in Possession ("Seller"), and Nashua Corporation, a Delaware corporation ("Purchaser").

RECITALS

- A. Seller is a manufacturer and international distributor of specialty papers and supplies for the architectural, engineering and construction markets ("Business").
- B. Seller has been operating under the protection of Chapter 11 of the United States Bankruptcy Code since January 31, 2002, in case number 02 B 03821 in the United States Bankruptcy Court for the Northern District of Illinois ("Court").
- C. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller certain of the personal property interests of Seller described herein, subject to the terms and provisions contained herein.
- D. Capitalized terms not defined herein have the meanings ascribed to those terms in Title 11 of the United States Code (the "Bankruptcy Code").

AGREEMENTS

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

1. AGREEMENT FOR PURCHASE AND SALE.

Upon the terms and subject to the conditions set forth herein and in the Final Order (as defined below), on the Closing Date (as hereinafter defined), Seller agrees to sell, and Purchaser agrees to purchase certain assets of Seller related to the operation of the Business owned on and as of the Closing Date, which are identified on Schedule 1 ("Purchased Assets"), free and clear of all Liens, Claims, interests and encumbrances (collectively, "Security Interests"), pursuant to Section 363(f) of the Bankruptcy Code.

2. PURCHASE PRICE AND EARNEST MONEY.

- (a) The purchase price for the Purchased Assets shall be \$1,467,537 (the "Purchase Price"), including the payments set forth in Section 2(b)(1), subject to recalculation on the Closing Date in accordance with the Adjustment Procedure (as defined below), together with the payments set forth in Section 2(c) hereof. The Purchase Price shall be allocated as set forth on Schedule 1 for all purposes (including financial accounting and tax purposes). Neither party hereto shall take any contrary position regarding such final allocation in any tax filing or contest. The Purchase Price shall be paid in cash or its equivalent to Seller as follows (and as set forth in Section

TRADEMARK

(1) At or before the Initial Hearing (as defined below), but in any event no earlier than two (2) business days after the execution of this Agreement by Purchaser, Purchaser shall pay Seller \$100,000 as an earnest money deposit (the "Earnest Money") to be deposited into an interest bearing money market account at LaSalle Bank National Association, a national banking association ("LaSalle"), and to be refunded, with interest accrued thereon, to Purchaser, except as otherwise provided in Section 10(b) hereof.

(2) On the Closing Date, Purchaser shall pay Seller \$217,000 ("Closing Payment").

(b) Raw Materials and Inventory Payments.

(1) For a period of three (3) months immediately following the Closing Date, Purchaser shall pay Seller for the raw materials and inventory included among the Purchased Assets (the "Purchased Inventory"), as utilized by Purchaser in its business operations in the previous calendar month and at a purchase price per item equal to Seller's cost for such item, as calculated in accordance with generally accepted accounting principles on a first in/first out basis consistent with the information set forth on Schedule 1 (each monthly payment, a "Raw Materials and Inventory Payment"), subject to the Adjustment Procedure.

(2) A Raw Materials and Inventory Payment shall be paid to Seller on the 30th day of the month after the Closing Date and on the 30th day of each month thereafter for a period of three months total, with the final payment to be made 15 days after the end of the three-month period (which final payment amount shall include the unpaid Purchase Price, if any, for all raw materials and inventory included among the Purchased Assets, whether or not utilized prior to such date).

(3) After the Closing, Purchaser shall have an option (the "Inventory Option"), exercisable upon prior written notice to Seller from time to time during the three (3) month period following the Closing, to purchase Seller's raw materials and inventory set forth on Schedule 2(b)(3) (to be delivered at Closing in accordance with subsection 2(b)(6) below) (the "Optioned Inventory") at a purchase price per item equal to Seller's cost for such item, as calculated in accordance with generally accepted accounting principles and to be set forth on Schedule 2(b)(3) (collectively, "Optioned Inventory Payments"); provided, however, that Purchaser must exercise such option no later than ten (10) days prior to an auction sale of the applicable Optioned Inventory. Optioned Inventory Payments shall be due within thirty (30) days of Seller's invoice therefor.

(4) The payments due Seller under subsections 2(b)(1) and 2(b)(2) shall be secured by an irrevocable standby letter of credit drawn on a federally chartered commercial bank, in an amount equal to \$1,150,000 and on other terms mutually acceptable to Purchaser and LaSalle **(TRADEMARK)**

(5) Notwithstanding anything to the contrary contained in Section 11 or elsewhere in this Agreement, if Purchaser does not pay the applicable Raw Materials and Inventory Payment within three (3) business days after it becomes due, Seller shall have the right to draw on the Letter of Credit up to the liability amount then asserted if Purchaser defaults on its obligations under subsections 2(b)(1) and 2(b)(2) hereof.

(6) Within one (1) business day prior to the Closing Date, Seller shall conduct a physical count of the raw materials and inventory of Seller, which count shall reflect Seller's utilization of raw materials and inventory during the period between the date hereof and the Closing. Purchaser and its representatives shall be entitled to observe such physical count. Based on such physical count, Purchaser shall set forth the Optioned Inventory on Schedule 2(b)(3) and deliver such schedule at Closing (as well as perform the Adjustment Procedure in accordance with Section 1(d) below).

(7) After the Closing, Purchaser shall use commercially reasonable efforts to transfer the Purchased Inventory and Optioned Inventory to its warehouse premises for storage (with respect to the applicable Optioned Inventory, until the earlier of the exercise or expiration of the Inventory Option). The cost to transfer the Optioned Inventory shall be shared equally by Seller and Purchaser. Such Optioned Inventory shall be segregated from Purchaser's other stored inventory and raw materials. To the extent Purchaser is not reasonably able to store any Purchased Inventory or Optioned Inventory, it shall secure a public warehouse to store such items, with such storage costs to be shared equally by Seller and Purchaser (with respect to Purchased Inventory, until the applicable Raw Materials and Inventory Payment is made). With regard to any storage of Optioned Inventory hereunder, Purchaser disclaims any and all liabilities, unless due to its own (including that of its employees) gross negligence or willful misconduct.

(c) Additional Commission. Purchaser shall pay to Seller a commission of one percent (1%) of all sales of Seller's former products (including successor products) to Seller's customers set forth on Schedule 2(e) for a period of 5 years immediately following the Closing Date. All amounts owed to Seller under this Section 2(c) shall be paid on a quarterly basis within 30 days of the end of each calendar quarter, less the sum of \$15,000 to be deducted from each quarterly payment. Upon five (5) business days' prior notice, Seller, its designated agents or its assigns shall have the right to review Purchaser's records with respect to such sales at Purchaser's offices during normal business hours on a monthly basis and in a manner so as not to interfere with the normal business operations of Purchaser. Seller shall (and shall direct its agents and assigns to) treat and hold as such any confidential information it receives from Purchaser in the course of the reviews contemplated by this Section 2(c), and will not use any of the confidential information except in connection with this Agreement.

(d) Adjustment Procedure. The Purchase Price shall be subject to an

inventory count described in Section 2(b)(6) above, Purchaser shall recalculate the quantity of designated raw materials and inventory to be purchased on the Closing Date and revise such amounts on an updated Schedule I (to be delivered at Closing). As a result of the Adjustment Procedure, the Purchase Price payable pursuant to Sections 2(b)(1) and (2) shall be increased or decreased, as applicable, dollar-for-dollar based upon Seller's actual cost for such raw materials and inventory on a first in/first out basis; provided, however, that Purchaser shall not be required to purchase raw materials and inventory constituting a quantity greater than that actually utilized by Seller in its sales during the first seventeen (17) weeks of calendar year 2002.

3. EXECUTORY CONTRACTS: ASSUMPTION OF LIABILITIES.

At Purchaser's option, exercisable prior to ten (10) days prior to the Sale Hearing ("Lease Option"), Purchaser shall assume pursuant to §365(b) of the Code, and Seller shall assign pursuant to §365(f) of the Code, at Closing, Seller's unexpired lease of certain non-residential real property commonly known as 22437 76th Avenue South, Kent, Washington ("Kent Lease") and any other executory contracts or unexpired leases of Seller that Purchaser desires to have assigned to Purchaser at the Closing. As to the Kent Lease and any vehicle lease designated for assignment by Purchaser, Seller shall cure any defaults existing thereunder at the time of such assignment and provide the non-debtor party with adequate assurances of future performance. Purchaser shall not assume, nor have any responsibility with respect to, any other debts, liabilities or obligations of Seller, including without limitation the following:

- (a) accrued payroll and payroll taxes, employee benefits and vacation;
- (b) liability for failure to comply with any federal, state or local environmental statute, regulation, ordinance, ruling, decree, or other law;
- (c) any liability of Seller for taxes of any type, including sales, use, and other taxes arising in connection with the consummation of the transactions contemplated hereby;
- (d) any obligation of Seller to indemnify any person by reason of the fact that such person was a director, officer, employee, or agent of Seller or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise);
- (e) any liability of Seller for costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby including any liability related to the termination of any of Seller's employees, including under the Worker Adjustment and Retraining Notification Act or any similar statute of any state;
- (f) any liability or obligation of Seller under this Agreement; and

(g) any executory contract or unexpired lease not assumed and assigned to Purchaser.

4. EMPLOYEES.

Purchaser shall have the right, but no obligation, to offer employment to any employees of Seller. Purchaser anticipates that it may offer full-time employment to a certain number of Seller's employees and intends to offer appropriate Nashua-based compensation and benefits to any such employees.

5. CLOSING.

Subject to the satisfaction or waiver of all of the conditions to each party's obligations to close, the closing of this transaction (the "Closing") shall take place at 10:00 a.m. CDT on or before the 12th business day after the entry of a Final Court Order approving the terms of this Agreement (the "Closing Date") at the offices of Kaye Scholer LLP, 311 S. Wacker Drive, Chicago, Illinois, or at such other time and place as the parties may hereafter agree in writing. Notwithstanding the foregoing, at any time prior thereto but after entry of the Final Court Order, Purchaser may, but shall not be required to, give written notice to Seller that the Closing shall occur on the next business day. A "Final Court Order" shall be an order approving the terms of this Agreement that is final for purposes of 28 U.S.C. §§158 and 1291 and is no longer subject to reconsideration, appeal or certiorari proceedings and no such proceedings are pending.

6. CONVEYANCE AT CLOSING.

(a) On the Closing Date, Seller shall sell, assign, transfer, convey and deliver title to the Purchased Assets, free and clear of Security Interests, to Purchaser by delivering a bill of sale executed by Seller which transfers all right, title and interest of Seller in and to the Purchased Assets, on an "AS IS, WHERE IS" basis, without express or implied warranties or representations including, but not limited to, warranties as to fitness for a particular purpose or merchantability, except for the representations and warranties made pursuant to Section 12 hereof.

(b) On the Closing Date, Purchaser shall deliver the Closing Payment to Seller, by wire transfer or by certified or cashier's check, and the Letter of Credit.

(c) Seller and Purchaser shall also deliver, or cause to be delivered or filed, such other documents as may be reasonably necessary to consummate the transactions contemplated by the Agreement, including, but not limited to, an assignment of Seller's Intellectual Property (as defined on Schedule 1) and title certificates (assigned to Purchaser) for the owned vehicles listed on Schedule 1.

7. CONDITIONS TO CLOSING.

Unless waived in writing by Purchaser, this Agreement is subject to the satisfaction or waiver prior to the Closing Date of the following conditions:

(a) On or before June 11, 2002, the Court shall have entered a Final Court Order, in the form attached hereto as Exhibit A or otherwise acceptable to Purchaser, authorizing the sale of the Purchased Assets to Purchaser in accordance with the provisions of this Agreement and pursuant to Section 363(b) and (f) of the Bankruptcy Code, containing a "good faith" finding as to Purchaser pursuant to §363(m) of the Bankruptcy Code, and an order pursuant to 11 U.S.C. §365(f), acceptable to Purchaser, authorizing Seller to assume and assign the executory contracts and unexpired leases designated for assignment by Purchaser pursuant to Section 3 hereof.

(b) Upon the execution of the Agreement, Seller shall prepare and present a motion to the Court on or about May 16, 2002 ("Initial Hearing"), and request that the Court enter an order (i) approving this Agreement and the proposed terms of sale set forth in Section 8 below, (ii) approving 10% bid protection for Purchaser, so that any competing offer for the Purchased Assets be no less than the sum of the Purchase Price plus \$145,000 ("Initial Overbid"), and be accompanied by a \$150,000 earnest money deposit, (iii) approving a "break up fee" for Purchaser of the lesser of \$72,000 or Purchaser's actual out of pocket expenditures in connection with its efforts to close the transaction contemplated hereby, including in connection with due diligence, negotiation of this Agreement and efforts to obtain the Final Court Order (the "Break Up Fee"), including fees and expenses incurred in collecting such Break Up Fee, and (iv) scheduling a final hearing on or about June 10, 2002 ("Sale Hearing") to entertain such competing offers. This Agreement shall automatically terminate at Purchaser's option if the Bankruptcy Court does not enter such an order at the Initial Hearing.

(c) Seller shall provide written notice of the Sale Hearing to all creditors of the estate (including all lessors of real property or equipment), any relevant environmental authorities, all parties who have appeared, the Official Creditors' Committee Counsel, the United States Trustee and any party whose interests in Seller's assets appear in the public record. At the Sale Hearing, Seller may, without any further or other liability to Purchaser hereunder, agree to sell the Purchased Assets to any person, firm or corporation for a price no less than \$1,610,000, and in such event this Agreement shall terminate and the Earnest Money and Break Up Fee shall be paid to Purchaser at the closing of such sale, and neither party thereto shall have any further obligation hereunder.

(d) The representations and warranties set forth in Section 12 below shall be true and correct in all material respects at and as of the Closing Date.

(e) Seller shall have performed and complied with all of its covenants hereunder in all material respects through the Closing.

(f) Seller shall not have suffered a change or effect beyond its reasonable control, including without limitation disasters, acts of war, civil disorder, fires, flood or other emergency conditions, that could reasonably be expected to be materially adverse to its financial condition, operations, results of operation, physical condition or prospects.

(g) Seller shall have delivered evidence satisfactory to Purchaser, in its sole

have agreed to cooperate, consistent with the terms of this Agreement, with respect to the transfer of the Purchased Assets from such facility after Closing.

8. **COMPETITIVE PROCESS.** Seller agrees that it shall offer the Purchased Assets to other prospective purchasers solely pursuant to the following procedure:

(a) Seller shall only consider bids to acquire the Purchased Assets on terms and conditions which are substantially the same as or better than those set forth herein ("Conforming Bids"). Such Conforming Bids shall conform to, and be submitted in the manner set forth in, this Section 8.

(b) Subject to appropriate confidentiality protections, Seller may provide information, and make its personnel available, to other prospective bidders to enable prospective bidders and their representatives to conduct due diligence of their own prior to the date of the Auction, and Seller may provide copies of this Agreement to prospective bidders.

(c) All Conforming Bids shall (i) be submitted to Seller in writing not less than three (3) Business Days prior to the Sale Hearing on approval of this Agreement; (ii) contain offers to purchase the Purchased Assets for cash or cash equivalents and otherwise on terms and conditions which are substantially similar to, and not more onerous to Seller than, the terms and conditions contained in this Agreement for a purchase price of not less than \$1,610,000 to be paid in full at the Closing; and (iii) contain evidence satisfactory to Seller that the person submitting such bid has resources sufficient in the aggregate to finance the purchase of the Purchased Assets, including proof of deposit of \$100,000 in escrow with Seller until completion of the Auction provided for in this Section 8.

(d) In the event that Seller has received Conforming Bids in accordance with this Section 8, then not less than forty-eight hours before the Hearing, Seller shall give written notice to such effect to Purchaser and all other parties submitting Conforming Bids identifying the parties submitting Conforming Bids and specifying the Conforming Bid or Bids that Seller believes most beneficial to the debtor's estate and the amount(s) thereof and Seller's reasons for such belief. Immediately prior to the Hearing, Seller shall conduct an Auction (the "Auction") of the Purchased Assets, at which time all Persons, including Purchaser, shall be entitled to make higher Conforming Bids to acquire the Purchased Assets. In such Auction all topping bids for the Purchased Assets shall be made in not less than \$25,000 cash increments.

(e) Plan of Reorganization. In the event that the Buyers are the successful bidders at the Auction, any plan or reorganization and any order of the Bankruptcy Court confirming such plan shall be subject to and not supersede any of the terms of this Agreement and the Approval Order.

(f) Breakup Fee.

(1) In the event that this Agreement is terminated, Seller

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above in the event that prior to such date Purchaser is not in material default or material breach of obligations under this Agreement and either (x) Purchaser is not the successful bidder to acquire the Purchased Assets in the Auction or (y) Seller is in material default of or materially breached its obligations under this Agreement; provided, however, that if the material default or breach is of a representation or warranty set forth in Section 12 below, then Purchaser may terminate this Agreement and receive the return of the Earnest Money, but shall not be entitled to a Breakup Fee.

(2) The Breakup Fee shall be (a) entitled to administrative expense priority under the Bankruptcy Code, (b) considered a reasonable and necessary cost of preserving and disposing of the Purchased Assets and, pursuant to Section 506(c) of the Bankruptcy Code, if necessary, shall be recovered and paid from the proceeds of the Purchased Assets and any allowed secured Claim therein, and (c) paid upon the closing of the sale of the Purchased Assets (or any material part thereof) or within ten (10) days after such material default or material breach, as applicable.

9. ACCOUNTS RECEIVABLE.

(a) Purchaser is not purchasing any of Seller's accounts receivable. Purchaser shall act as a collection agent for Seller's customer accounts identified in Schedule 8 for a fee of five percent (5%) of the amounts actually collected for a period of six months immediately following the Closing Date. Purchaser will provide Seller with a weekly report on collection activities and will tender the net collections to Seller on a weekly basis. Purchaser will apply any amounts collected from Seller's customers to the oldest receivable related to that customer provided (i) the customer does not designate or indicate which invoice the payment relates to, or (ii) the customer has not made prior commercial objection to a specific transaction or invoice relating to a particular receivable, which otherwise would have been credited pursuant to this paragraph. Purchaser will not apply any amounts collected relating to a specific invoice to a different invoice. Purchaser shall not be required to institute any legal proceedings against any of the customers that do not tender payment in the ordinary course of business; provided, however, that in the event Purchaser desires to institute any such proceedings, it shall obtain the prior written consent of LaSalle. The obligations of Purchaser under this Section 9 shall survive the Closing Date. Notwithstanding the above, at LaSalle's option, any accounts receivable that are over 120 days old, shall be returned to LaSalle and LaSalle shall be entitled to use any lawful means to effect collection.

10. DEFAULT AND TERMINATION.

(a) If Seller defaults hereunder, or if a condition to Closing fails to occur, and Seller fails to cure such default or condition within five days after written notice of such default, Purchaser may terminate this Agreement and the Earnest Money (including interest accrued thereon) shall be returned to Purchaser, and Purchaser may, at Purchaser's option, pursue any remedy available at law or in equity, including seeking specific performance of this Agreement by Seller. ~~TRADEMARK~~ terminates this

Agreement because Seller fails to cure a default (other than the breach of a representation or warranty set forth in Section 12 below, in which case Purchaser's sole remedy shall be to terminate this Agreement and receive the return of the Earnest Money) within five days after written notice of such default, Seller shall also pay Purchaser the Breakup Fee as partial compensation for any loss or damage that Purchaser may incur. Seller and Purchaser acknowledge and agree that the Breakup Fee is not, and shall not be deemed to be, liquidated damages and the payment of the Breakup Fee to Purchaser shall not prevent Purchaser from pursuing any other remedy against Seller as a result of such default. In no event shall Seller be liable to Purchaser for any actual, punitive, speculative or consequential damages resulting from any default by Seller.

(b) If Purchaser defaults hereunder and fails to cure such default within five days of written notice of such default, this Agreement shall be automatically terminated and Seller may, at Seller's option, pursue any remedy available at law or in equity. If Purchaser defaults hereunder and Purchaser fails to cure such default within five days after written notice of such default, notwithstanding anything herein to the contrary, Seller is entitled to retain the Earnest Money (including interest accrued thereon) as partial compensation for any loss or damage that Seller may incur. Seller and Purchaser acknowledge and agree that the Earnest Money is not, and shall not be deemed to be, liquidated damages and the retention of the Earnest Money by Seller shall not prevent Seller from pursuing any other remedy against Purchaser as a result of such default. Purchaser hereby agrees to direct that all amounts held in the Earnest Money account be disbursed to Seller upon any such termination relating to Purchaser's uncured default.

(c) Purchaser acknowledges that Seller and its employees and agents are obligated under applicable bankruptcy or business law to continue to cooperate with third parties who may be interested in acquiring the Purchased Assets by providing such third parties with information about the Purchased Assets, until such time as the sale contemplated by this Agreement has been approved and ratified by the Court. In view of the foregoing, Purchaser agrees that Seller shall have no liability to Purchaser as a consequence of continuing to solicit such bids or as a consequence of cooperating with third parties who may be seeking information in connection with a potential purchase of the Purchased Assets until such time as this Agreement is ratified and approved by the Court.

11. TERMINATION.

(a) Notwithstanding anything to the contrary contained elsewhere in this Agreement, this Agreement may be terminated at any time prior to Closing by the mutual written consent of Seller and Purchaser, at which time the Earnest Money shall be returned to Purchaser and this Agreement shall become null and void.

(b) Either party may terminate this Agreement if Closing has not occurred by June 24, 2002, unless the failure of any condition precedent to Closing results primarily from the terminating party's breach of any representation, warranty or covenant contained in this Agreement. Upon any such termination, this Agreement shall become

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null and void and the Earnest Money (and the interest accrued thereon) shall be returned to Purchaser.

12. REPRESENTATIONS AND WARRANTIES.

(a) Subject to issuance by the Court of a Final Court Order, Seller represents and warrants that Seller has full power and authority to execute this Agreement and to consummate the transactions contemplated hereby and to perform its obligations hereunder.

(b) Seller represents and warrants that Seller has good title to the Purchased Assets and upon issuance by the Court of a Final Court Order, will be able to transfer the Purchased Assets to Purchaser free and clear of all Security Interests and other title defects pursuant to Section 363(f) of the Code.

(c) Each of Seller and Purchaser represents and warrants to the other that it has not dealt with any brokers, finders or agents with respect to the transaction contemplated hereby. Each party agrees to indemnify and hold harmless the other party, its successors, assigns and agents from the payment of any commission, compensation, loss, damages, costs, and expenses (including court costs and reasonable attorneys' fees) incurred in connection with, or arising out of, claims for any broker's, agent's or finder's fees of any person claiming by or through such party. The obligations of Seller and Purchaser under this Section 12(c) shall survive the termination of this Agreement and the Closing Date.

(d) Each of Seller and Purchaser represents and warrants to the other that it has complied with all laws, rules and regulations relating to the transactions contemplated by this Agreement.

(e) Seller represents and warrants that, to its knowledge, it has complied with all applicable laws, rules and regulations relating to its Business, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against Seller alleging any failure so to comply, except where the failure to comply would not have a material adverse effect on the business, financial condition, operations, results of operations, or future prospects of Seller.

(f) Seller represents and warrants that, to its knowledge, it has not interfered with, infringed upon, misappropriated, or violated any material Intellectual Property (as defined on Schedule 1) rights of third parties in any material respect, and, Seller has not received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation. To the knowledge of Seller, no third party has interfered with, infringed upon, misappropriated, or violated any material Intellectual Property rights of Seller in any material respect. With respect to each item of owned Intellectual Property included in the Purchased Assets, to its knowledge, Seller possesses all right, title, and interest in and to the item, free and clear of any Security Interest, license, or other restriction.

(g) Seller represents and warrants that, to its knowledge, the machinery, equipment, and other tangible assets included among the Purchased Assets are free from material defects (patent and latent), have been maintained in accordance with normal industry practice, and are in good operating condition and repair (subject to normal wear and tear).

(h) Seller represents and warrants that, to its knowledge, the inventory of Seller reflected on its books and records is in good and marketable condition, first quality material and is saleable in the ordinary course of business. Seller represents and warrants that, to its knowledge, its inventory of raw materials, work in process and finished goods reflected on its books and records consists of items of a quality and quantity usable and, with respect to finished goods only, salable at their respective normal profit levels, in each case, in the ordinary course of business. Seller represents and warrants that, to its knowledge, its inventory of finished goods reflected on its books and records is not obsolete or damaged and is merchantable and fit for its particular use.

(i) Notwithstanding anything contained herein to the contrary, the representations and warranties made in this Section 12 shall not survive the Closing.

13. PRE-CLOSING COVENANTS. Purchaser and Seller agree as follows with respect to the period between the execution of this Agreement and the Closing:

(a) Ordinary Course. Prior to and up to the Closing, Seller shall operate the Business in the manner in which it has been operated since the commencement of the bankruptcy proceedings and maintain the Purchased Assets in substantially the same condition as of the date of this Agreement.

(b) Notice of Developments. Each party hereto shall give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties made herein. No disclosure by either party pursuant to this Section 13(b), however, shall be deemed to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

(c) Reasonable Best Efforts. Subject to the terms and conditions herein, Seller and Purchaser agree to use their reasonable best good faith efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. Purchaser acknowledges that a failure by Seller to obtain entry of the Final Court Order on or before June 11, 2002 shall not constitute a default hereunder, provided that Seller has exercised reasonable diligence in attempting to do so.

(d) Full Access. Seller shall permit representatives of Purchaser to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of Seller, to all premises, properties, personnel, books, records, contracts, and documents of or pertaining to the Purchased Assets.

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(e) Transition Plan. Seller and Purchaser shall each use their reasonable best efforts to agree on a transition plan to minimize the disruption to the post-Closing operations of Purchaser with regard to the Purchased Assets.

14. POST-CLOSING COVENANTS. Purchaser and Seller agree as follows with respect to the period after the Closing:

(a) Transfer of Assets. To facilitate Purchaser's physical transfer of the Purchased Assets from Seller's facilities in Gardena, California, Atlanta, Georgia, Kent, Washington (to the extent Purchaser does not exercise the Lease Option with respect thereto) and Palatine, Illinois (to the extent, on or prior to Closing, Purchaser has not entered into a new lease with regard to the Palatine, Illinois facility), Seller shall permit representatives of Purchaser to have full access to such premises at all reasonable times during the thirty (30) days following the Closing Date. Purchaser shall use its best efforts to remove any Purchased Assets from such facilities of Seller within such thirty (30) day period.

(b) Maintenance of Leases. In order to comply with Seller's obligations set forth in Section 14(a) above, Seller shall maintain its real property leases relating to its facilities located in Gardena, California, Kent, Washington (to the extent Purchaser does not exercise the Lease Option with respect thereto) and Palatine, Illinois (to the extent, on or prior to Closing, Purchaser has not entered into a new lease with regard to the Palatine, Illinois facility) for a period ending no earlier than thirty (30) days following the Closing Date.

(c) No Other Transfers of Purchased Assets. Seller shall not have any right to, and shall not, sell, assign, transfer, convey or deliver to any party other than Purchaser any of the Purchased Assets, including without limitation the customer lists and intellectual property included therein.

15. NOTICES.

(a) Any notice, demand, request or other communication which either party hereto may be required or may desire to give under this Agreement shall be in writing, served upon LaSalle and shall be deemed to have been properly given (a) if hand delivered (effective upon delivery), (b) if mailed (effective three (3) days after mailing) by United States registered or certified mail, postage prepaid, return receipt requested, (c) if sent by a nationally recognized overnight delivery service (effective one (1) day after delivery to such courier) or (d) if sent by facsimile (effective upon confirmation of transmission), in each case addressed as follows:

IF TO SELLER:

Dierzgen LLC
Attn: Larry Kujovich
1218 W. Northwest Highway
Palatine, Illinois 60067

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Daniel A. Zazove
Richard M. Fogel
Kaye Scholer LLP
311 S. Wacker Drive
Suite 6200
Chicago, IL 60606
Facsimile No.: 312-583-2360

IF TO PURCHASER:

Nashua Corporation
Attn: President
11 Trafalgar Square
Nashua, NH 03063
Facsimile No.: 603-880-2633

Neal, Gerber & Eisenberg
Suite 2100
Two North LaSalle Street
Chicago, Illinois 60602
Attention: Stephen L. Berger
Facsimile No.: (312) 269-1747

IF TO LASALLE:

Ronald R. Peterson
Jenner & Block LLC
One IBM Plaza
Chicago, Illinois 60611-7603
Facsimile No.: 312-840-7381

16. MISCELLANEOUS.

(a) Time is of the essence of each provision of this Agreement.

(b) This Agreement and all provisions hereof shall extend to and be obligatory upon and inure to the benefit of the respective heirs, legatees, legal representatives, successors and assigns of the parties hereto. No party hereto may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other party; provided, however, that Purchaser may (i) assign any or all of its rights and interests hereunder to one of its affiliates and (ii) designate one of its affiliates to perform its obligations hereunder (in which case Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder). This Agreement shall not confer any rights or remedies upon any person or entity other than the parties hereto and their respective successors and permitted assigns.

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(c) Seller shall not issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of Purchaser; provided, however, that Seller may make any public disclosure it believes in good faith is required by applicable law.

(d) The section and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof. The terms "hereby," "herein," "hereof," "hereto," "hereunder" and any similar terms used in this Agreement refer to this Agreement. The term "including" shall not be construed in a limiting nature, but shall be construed to mean "including, without limitation." Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons. Words importing the singular shall include the plural and vice versa. Words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders.

(e) This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein. No representations, warranties, undertakings or promises (whether oral or written, express or implied), can be made or have been made by either party hereto or its agents, representatives or brokers to the other party or any other person unless expressly stated herein. No modification or amendment of this Agreement or any waiver of any provision hereof shall be effective unless the same is in writing signed by both parties hereto.

(f) This Agreement shall be governed by and construed in accordance with the Code and where the Code does not apply, the internal laws and not the conflicts of laws rules of the State of Illinois. If any of the provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be deemed invalid or unenforceable, the remainder of this Agreement and the application of such provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Whenever, under the terms of this Agreement, the time for performance of a covenant or condition or for giving of a notice falls upon a Saturday, Sunday or holiday, such time for performance shall be extended to the next business day. Otherwise, all references to "days" mean calendar days.

(h) The "date of this Agreement" or "the date hereof" as used herein, shall mean the date on which both Seller and Purchaser have executed this Agreement.

(i) This Agreement and any document or instrument executed pursuant hereto may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(j) The submission by Seller of this Agreement to Purchaser for examination does not constitute an offer by Seller to sell, or a reservation of or option to purchase the

Purchased Assets. This Agreement shall not become a contract until executed and delivered by Purchaser and Seller in the manner set forth herein.

(k) If Purchaser consists of more than one person or entity, then each such person or entity executing this Agreement as Purchaser shall be jointly and severally liable for the obligations of Purchaser hereunder.

(l) Purchaser shall not record this Agreement or any memorandum hereof, and any such recording shall be a default hereunder.

(m) If either party institutes a legal action against the other relating to this Agreement, the transactions contemplated hereby or any default hereunder, the unsuccessful party to such action shall reimburse the successful party for the reasonable expenses of prosecuting or defending such action, including without limitation, attorneys fees and disbursements and court costs.

(n) This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that the Agreement may have been prepared primarily by counsel for one of the parties, it being recognized that both Purchaser and Seller have contributed substantially and materially to the preparation of this Agreement.

(o) Any disputes concerning the obligations arising under this Agreement shall be resolved by the Court.

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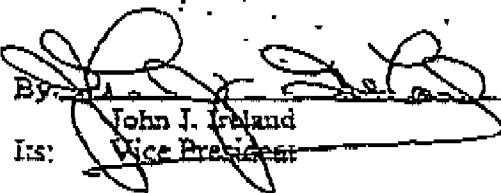
IN WITNESS WHEREOF, this Agreement has been executed on the dates provided below, to be effective as of the date of Seller's acceptance of this Agreement.

PURCHASER:

SELLER:

NASHUA CORPORATION

DIETZGEN LLC

By: 
John J. Ireland
Its: Vice President

By: _____
Larry R. Kujovich
Its: President

Date Offered:

Date Accepted:

May 14, 2002

May __, 2002

MAY 14 02 02:29p Human Resources
MAY 14 2002 3:26 PM FR

847-863-2195
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IN WITNESS WHEREOF, this Agreement has been executed on the dates provided below, to be effective as of the date of Seller's acceptance of this Agreement.

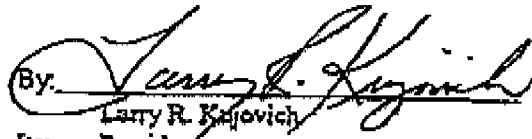
PURCHASER:

SELLER:

NASHUA CORPORATION.

DIETZGEN LLC

By: _____

By: 
Larry R. Kajovich
Its: President

Its:

Its: President

Date Offered:

Date Accepted:

May 14, 2002

May 14, 2002

SCHEDULE 1
PURCHASED ASSETS
MACHINERY & EQUIPMENT

<u>Asset #</u>	<u>Unit</u>	<u>Item</u>	<u>Price</u>
200004	1	72" Ashe Slitter	\$ 175,000.00
4144	1	Computer System	50,000.00
4145	1	Telephone System	13,000.00
A100	1	Label System (software for private label)	1,500.00
4146	Various	40% of Office Furniture (to be defined)	10,000.00
201007	1	Beck 55" Sheeter	8,000.00
202001	1	Beck 55" Sheeter	8,000.00
00204	1	Beck 45" Sheeter	15,000.00
990107	1	Beck 50" Sheeter	15,000.00
200003	1	ITOH Paper Cutter	12,000.00
N/A	2	Diazo Blueprint Printing Machines	500.00
N/A	Various	Kent, WA Warehouse Equipment	2,000.00
991605	1	Hino Truck (1990 VIN: JHBF1955L2T11002)	2,500.00
991609	1	Isuzu Van (1992 VIN: JALC4B1K1N7011891)	4,000.00
991614	1	Dodge Van (1973 VIN: B36BE3X073117)	500.00

Seller shall also assign, and Purchaser shall assume, the lease agreement(s) with Wheels, Inc. relating to two (2) 1995 GMAC trucks and one (1) 1991 Ford truck.

RAW MATERIALS

SEE ATTACHED LISTS OF RAW MATERIALS, WORK IN PROCESS AND PACKAGING

FINISHED GOODS

SEE ATTACHED LIST OF FINISHED GOODS INVENTORY

CUSTOMER LISTS AND INTELLECTUAL PROPERTY

[The parties have agreed to attach the Customer Lists at Closing.]

All of Seller's right, title, and interest in and to Intellectual Property (defined below), goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions. "Intellectual Property" means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, recipes, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including data and related documentation), (g) all other proprietary rights, and (h) all copies and tangible embodiments thereof (in whatever form or medium).